



Financial Statements,  
Schedule of Expenditures of Federal Awards, and  
Reports Required by Government Auditing Standards and  
the Uniform Guidance  
June 30, 2016 and 2015  
**Catholic Community Services of Utah**

Catholic Community Services of Utah

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June 30, 2016 and 2015

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## Independent Auditor's Report

The Board of Directors  
Catholic Community Services of Utah  
Salt Lake City, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Community Services of Utah, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Community Services of Utah as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Report on Supplementary Information**

The supplemental schedules on pages 22-25 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2016, on our consideration of Catholic Community Services of Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Community Services of Utah's internal control over financial reporting and compliance.



Salt Lake City, Utah  
September 2, 2016

Catholic Community Services of Utah  
Statements of Financial Position  
June 30, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,855,835	\$ 4,232,272
Promises to give, grants and contracts receivable, net	980,168	973,720
Inventory	353,542	281,304
Prepaid expenses and other assets	73,751	66,710
Total current assets	7,263,296	5,554,006
Property and equipment, net	5,262,117	5,317,398
Beneficial interest in assets held by Catholic Foundation of Utah	1,225,607	1,322,146
	\$ 13,751,020	\$ 12,193,550
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 230,110	\$ 330,860
Accrued expenses and other liabilities	306,127	244,297
Advances and deposits	111,792	111,792
Capital lease payable - current portion	8,450	15,472
Total current liabilities	656,479	702,421
Long-term Liabilities		
Capital lease payable	-	8,450
Total liabilities	656,479	710,871
Net Assets		
Unrestricted		
Undesignated	5,259,898	4,241,475
Invested in property and equipment	5,238,195	5,293,476
Total unrestricted net assets	10,498,093	9,534,951
Temporarily restricted	1,596,448	947,728
Permanently restricted	1,000,000	1,000,000
Total net assets	13,094,541	11,482,679
	\$ 13,751,020	\$ 12,193,550

Catholic Community Services of Utah  
Statement of Activities  
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Support, and Gains</b>				
Public support				
Private donors	\$ 2,414,905	\$ 1,290,696	\$ -	\$ 3,705,601
Special events	201,952	-	-	201,952
Less cost of direct benefit to donors	(77,348)	-	-	(77,348)
In-kind donations	7,994,442	-	-	7,994,442
Net assets released from restrictions	545,437	(545,437)	-	-
Total public support	11,079,388	745,259	-	11,824,647
Grants and contracts	7,135,844	-	-	7,135,844
Program income	122,730	-	-	122,730
Rental income	109,828	-	-	109,828
Change in value of beneficial interest in assets held by Catholic Foundation of Utah	-	20,393	-	20,393
Dividend and interest income	37,692	-	-	37,692
Other income	11,446	-	-	11,446
Net assets released from restrictions	116,932	(116,932)	-	-
Total revenue, support, and gains	18,613,860	648,720	-	19,262,580
<b>Expenses and Losses</b>				
Program services expenses				
Immigration and refugee resettlement services	7,095,603	-	-	7,095,603
Treatment services	293,911	-	-	293,911
Homeless services	2,024,840	-	-	2,024,840
Catholic Community Services of Northern Utah	7,004,341	-	-	7,004,341
Total program services expenses	16,418,695	-	-	16,418,695
Supporting services expense				
Management and general	936,598	-	-	936,598
Fundraising and development	295,425	-	-	295,425
Total supporting services expenses	1,232,023	-	-	1,232,023
Total expenses and losses	17,650,718	-	-	17,650,718
Change in Net Assets	963,142	648,720	-	1,611,862
Net Assets, Beginning of Year	9,534,951	947,728	1,000,000	11,482,679
Net Assets, End of Year	\$ 10,498,093	\$ 1,596,448	\$ 1,000,000	\$ 13,094,541

Catholic Community Services of Utah  
Statement of Activities  
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Support, and Gains</b>				
Public support				
Private donors	\$ 1,767,996	\$ 535,044	\$ -	\$ 2,303,040
Special events	204,415	-	-	204,415
Less cost of direct benefit to donors	(61,536)	-	-	(61,536)
In-kind donations	8,142,227	-	-	8,142,227
Net assets released from restrictions	400,355	(400,355)	-	-
Total public support	10,453,457	134,689	-	10,588,146
Grants and contracts	7,031,156	-	-	7,031,156
Program income	153,927	-	-	153,927
Rental income	96,581	-	-	96,581
Change in value of beneficial interest in assets held by Catholic Foundation of Utah	-	24,905	-	24,905
Dividend and interest income	35,985	-	-	35,985
Other income	13,999	-	-	13,999
Net assets released from restrictions	41,149	(41,149)	-	-
Total revenue, support, and gains	17,826,254	118,445	-	17,944,699
<b>Expenses and Losses</b>				
Program services expense				
Immigration and refugee resettlement services	6,234,189	-	-	6,234,189
Treatment services	789,477	-	-	789,477
Homeless services	1,861,373	-	-	1,861,373
Catholic Community Services of Northern Utah	7,272,756	-	-	7,272,756
Total program services expenses	16,157,795	-	-	16,157,795
Supporting services expense				
Management and general	843,229	-	-	843,229
Fundraising and development	255,904	-	-	255,904
Total supporting services expenses	1,099,133	-	-	1,099,133
Total expenses and losses	17,256,928	-	-	17,256,928
Change in Net Assets	569,326	118,445	-	687,771
Net Assets, Beginning of Year	8,965,625	829,283	1,000,000	10,794,908
Net Assets, End of Year	\$ 9,534,951	\$ 947,728	\$ 1,000,000	\$ 11,482,679

Catholic Community Services of Utah  
Statement of Functional Expenses  
Year Ended June 30, 2016

	Program Services				Total	Management and General	Fundraising and Development	Total
	Immigration and Refugee Resettlement Services	Treatment Services	Homeless Services	Catholic Community Services of Northern Utah				
Bad debt expense	\$ -	\$ 2,376	\$ -	\$ 1,225	\$ 3,601	\$ -	\$ -	\$ 3,601
Communications	53,774	1,825	12,132	8,683	76,414	10,333	9,434	96,181
Conferences and meetings	22,192	261	2,412	3,704	28,569	13,778	3,981	46,328
Depreciation and amortization	82,466	79,714	84,901	95,812	342,893	32,488	1,763	377,144
Dues and subscriptions	19,711	722	1,981	3,089	25,503	5,235	745	31,483
Events	-	-	-	-	-	-	77,348	77,348
Insurance	5,505	6,883	8,440	11,758	32,586	2,293	15	34,894
Interest expense	3,275	67	287	279	3,908	284	35	4,227
Miscellaneous	809	1,586	-	275	2,670	2,111	5,826	10,607
Participant assistance	1,513,427	2,683	72,447	19,606	1,608,163	-	-	1,608,163
Participant assistance (in-kind)	602,843	7,612	836,256	6,364,868	7,811,579	17,299	2,795	7,831,673
Professional fees	270,341	5,320	62,220	4,630	342,511	67,200	4,107	413,818
Rent	61,691	-	72,204	-	133,895	41,864	6,173	181,932
Repairs and maintenance	20,735	6,144	48,438	28,663	103,980	19,160	1,023	124,163
Salaries, benefits and taxes	2,652,375	154,695	741,320	390,839	3,939,229	702,421	244,188	4,885,838
Subcontractors	1,650,750	-	-	-	1,650,750	-	-	1,650,750
Supplies	29,455	5,545	16,274	11,281	62,555	13,245	12,902	88,702
Transportation	91,964	1,692	9,741	22,645	126,042	991	2,359	129,392
Utilities	14,290	16,786	55,787	36,984	123,847	7,896	79	131,822
	7,095,603	293,911	2,024,840	7,004,341	16,418,695	936,598	372,773	17,728,066
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	-	-	-	-	-	-	77,348	77,348
Total functional expenses	<u>\$ 7,095,603</u>	<u>\$ 293,911</u>	<u>\$ 2,024,840</u>	<u>\$ 7,004,341</u>	<u>\$ 16,418,695</u>	<u>\$ 936,598</u>	<u>\$ 295,425</u>	<u>\$ 17,650,718</u>

See Notes to Financial Statements



Catholic Community Services of Utah  
Statement of Functional Expenses  
Year Ended June 30, 2015

	Program Services				Total	Management and General	Fundraising and Development	Total
	Immigration and Refugee Resettlement Services	Treatment Services	Homeless Services	Catholic Community Services of Northern Utah				
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ 10
Communications	44,382	6,440	10,762	11,827	73,411	10,207	5,982	89,600
Conferences and meetings	16,883	2,020	1,058	3,500	23,461	11,917	3,670	39,048
Depreciation and amortization	88,766	77,469	80,218	92,234	338,687	31,324	846	370,857
Dues and subscriptions	12,407	2,373	1,421	2,257	18,458	4,330	445	23,233
Events	-	-	-	-	-	539	60,997	61,536
Insurance	3,961	7,362	8,069	11,083	30,475	1,301	-	31,776
Interest expense	5,682	281	528	499	6,990	466	94	7,550
Miscellaneous	3,623	1,388	-	39	5,050	6,028	4,369	15,447
Participant assistance	1,324,891	31,385	57,703	26,944	1,440,923	-	-	1,440,923
Participant assistance (in-kind)	482,565	79,282	853,309	6,664,488	8,079,644	14,415	1,688	8,095,747
Professional fees	122,108	3,420	4,953	9,579	140,060	64,085	2,136	206,281
Rent	68,218	-	72,448	-	140,666	35,771	933	177,370
Repairs and maintenance	10,073	29,598	42,991	52,873	135,535	7,534	451	143,520
Salaries, benefits and taxes	2,028,314	502,131	649,562	329,145	3,509,152	638,865	207,960	4,355,977
Subcontractors	1,900,974	-	-	-	1,900,974	-	-	1,900,974
Supplies	17,405	17,435	11,877	12,529	59,246	8,220	25,846	93,312
Transportation	89,797	3,074	10,009	20,573	123,453	5,116	2,023	130,592
Utilities	14,140	25,819	56,465	35,186	131,610	3,101	-	134,711
	6,234,189	789,477	1,861,373	7,272,756	16,157,795	843,229	317,440	17,318,464
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	-	-	-	-	-	-	61,536	61,536
Total functional expenses	<u>\$ 6,234,189</u>	<u>\$ 789,477</u>	<u>\$ 1,861,373</u>	<u>\$ 7,272,756</u>	<u>\$ 16,157,795</u>	<u>\$ 843,229</u>	<u>\$ 255,904</u>	<u>\$ 17,256,928</u>

See Notes to Financial Statements

Catholic Community Services of Utah  
Statements of Cash Flows  
Years Ended June 30, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	\$ 1,611,862	\$ 687,771
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	377,144	370,858
Change in beneficial interest in assets held by others	(20,393)	(24,905)
Changes in operating assets and liabilities		
Promises to give, grants and contracts receivable	(6,448)	128,763
Inventory	(72,238)	31,116
Prepaid expenses and other assets	(7,041)	(23,556)
Accounts payable	(100,750)	(8,660)
Accrued expenses and other liabilities	61,830	16,733
Net Cash from Operating Activities	1,843,966	1,178,120
Investing Activities		
Purchases of property and equipment	(321,863)	(201,535)
Proceeds from beneficial interest in assets held by Catholic Foundation of Utah	116,932	41,149
Net Cash used for Investing Activities	(204,931)	(160,386)
Financing Activities		
Principal payments on capital lease obligations	(15,472)	(12,134)
Net Cash used for Financing Activities	(15,472)	(12,134)
Net Change in Cash and Cash Equivalents	1,623,563	1,005,600
Cash and Cash Equivalents, Beginning of Year	4,232,272	3,226,672
Cash and Cash Equivalents, End of Year	\$ 5,855,835	\$ 4,232,272
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	\$ 4,227	\$ 7,550

## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

Catholic Community Services of Utah (CCS) is a nonprofit corporation organized under the laws of the State of Utah. CCS is the social service organization of the Catholic Diocese of Salt Lake City (the Diocese). CCS provides social services to those in need in certain communities throughout Utah.

CCS' principal programs comprise the following:

- **Refugee Resettlement and Immigration Services:** Provides refugees with resettlement services and orientation, and case management including job development. Also provides legal services to non-residents seeking citizenship, work permits, and family reunification.
- **Treatment Services:** Provides residential and outpatient drug and alcohol treatment, case management and transitional housing.
- **Homeless Services:** Provides basic needs services, including food, clothing, day shelter, referrals and case management to the homeless and those at risk of homelessness.
- **Catholic Community Services of Northern Utah:** Provides food to individuals and local food pantries, and baby layettes to poor, working families.

### **Cash and Cash Equivalents**

CCS considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of CCS are excluded from this definition.

### **Grants and Contracts Receivable and Credit Policies**

CCS receives substantial funding through federal, state, and other grants and contracts. The majority of these grants and contracts operate on a cost reimbursement basis. Generally, accounts receivable and the related revenues are recorded when the applicable expenses to grant awards have been incurred. Certain grants require that CCS match the funds received with other funds in varying percentages. Management determines the allowance for uncollectable contracts and grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contracts and grants receivable are written off when deemed uncollectable.

### **Promises to Give**

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

### **Inventory**

Inventory represents food inventory on hand, net of an allowance for perishables, in the Catholic Community Services of Northern Utah program and bulk supplies held by CCS. A substantial portion of food inventory is received from the Utah Food Bank, another nonprofit organization. Contribution revenue, participant assistance, and food inventory is valued at \$1.72 and \$1.66 per pound of food during the years ended June 30, 2016 and 2015.

### **Property and Equipment**

Property and equipment additions are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty nine years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

CCS reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2016 and 2015.

### **Beneficial Interest in Assets Held by Catholic Foundation of Utah**

CCS and donors have transferred funds to an affiliated organization, the Catholic Foundation of Utah (CFU), for the benefit of CCS or its programs. CCS has evaluated the terms of the agreements governing the funds held by CFU for the benefit of CCS or its programs and recognizes its right to the assets (financial or nonfinancial) held by CFU as an asset unless CFU is explicitly granted variance power, that is, the unilateral power to redirect the use of the transferred assets to another beneficiary. Because CCS and CFU are financially interrelated organizations, as defined by generally accepted accounting principles (GAAP), if variance power is not granted to CFU, CCS recognizes its interest in the net assets of CFU and adjusts that interest for its share of the change in net assets of CFU related to the transferred assets. In cases where CFU has been granted variance power, CCS recognizes its rights to the assets held by CFU as receivable and contribution revenue in accordance with GAAP provisions for unconditional promises to give.

## **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets available for use in general operations.

*Temporarily Restricted Net Assets* – CCS reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of CCS. The restrictions stipulate that resources be maintained permanently but permit CCS to expend the income generated in accordance with the provisions of the agreements.

## **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

## **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to CCS' program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. Contributed goods are recorded at fair value at the date of donation. CCS records donated professional services at the respective fair values of the services received.

## **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## **Income Taxes**

CCS is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), that qualifies for the charitable contribution deduction under Section

170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). CCS' activity is included with other charitable activity of the Catholic Diocese of Salt Lake City. This combined entity is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS because the Catholic Diocese of Salt Lake City is a religious organization exempt from filing. In addition, the combined entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. CCS has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

CCS believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. CCS would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

### **Financial Instruments and Credit Risk**

CCS manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, CCS has not experienced losses in any of these accounts. Credit risk associated with grants and contracts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of CCS' mission.

### **Subsequent Events**

CCS has evaluated subsequent events through September 2, 2016, the date the financial statements were available to be issued.

## **Note 2 - Fair Value Measurements and Disclosures**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that CCS can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, CCS develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to CCS' assessment of the quality, risk or liquidity profile of the asset or liability.

The fair value of CCS' beneficial interest in assets held by CFU is based on the fair value of fund investments as reported by CFU. These are considered to be Level 2 measurements.

Catholic Community Services of Utah  
Notes to Financial Statements  
June 30, 2016 and 2015

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2016:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Beneficial interest in assets held by Catholic Foundation of Utah	\$ 1,225,607	\$ -	\$ 1,225,607	\$ -

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2015:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Beneficial interest in assets held by Catholic Foundation of Utah	\$ 1,322,146	\$ -	\$ 1,322,146	\$ -

**Note 3 - Promises to Give, Grants and Contracts Receivable**

Promises to give, grants and contracts receivable are expected to be received within one year and consist of the following at June 30, 2016 and 2015:

	2016	2015
State of Utah - various	\$ 471,952	\$ 472,941
United States Conference of Catholic Bishops	350,691	253,201
Veterans - St. Marys	-	115,591
United Way	106,446	89,698
Other	71,079	62,289
Less estimated uncollectible amounts	(20,000)	(20,000)
	<u>\$ 980,168</u>	<u>\$ 973,720</u>



**Note 4 - Inventory**

Inventory consists of the following at June 30, 2016 and 2015:

	2016	2015
Food bank	\$ 370,991	\$ 301,167
Allowance for perishable food	(23,049)	(23,049)
Supplies	5,600	3,186
	\$ 353,542	\$ 281,304

**Note 5 - Property and Equipment**

Property and equipment consists of the following at June 30, 2016 and 2015:

	2016	2015
Buildings and improvements	\$ 5,933,281	\$ 5,811,556
Equipment	1,108,448	1,059,449
Land	669,968	669,968
Autos and trucks	644,311	724,303
Leasehold improvements	722,641	643,347
Computer equipment	260,699	239,178
Furniture and fixtures	99,871	97,981
Software	31,857	24,798
	9,471,076	9,270,580
Less accumulated depreciation and amortization	(4,208,959)	(3,953,182)
	\$ 5,262,117	\$ 5,317,398

**Note 6 - Line of Credit**

CCS has a \$200,000 unsecured revolving line of credit with a bank. As of June 30, 2016 and 2015 there were no borrowings on the line of credit. The line of credit is available until November 5, 2016. The line bears interest at the greater of a floating rate of the Prime Rate plus 0.75% or a floor of 4.00%.

**Note 7 - Concentrations**

As the social service arm of the Diocese, a substantial portion of the support received by CCS comes from various Catholic organizations. A loss of this support would have a materially adverse effect on CCS.

**Note 8 - Leases**

CCS leases office space under operating leases expiring at various dates through 2020 and leases equipment under a capital lease expiring 2017.

Future minimum lease payments are as follows:

Years Ending June 30,	Capital Leases	Operating Leases
2017	\$ 9,020	\$ 142,430
2018	-	74,281
2019	-	61,834
2020	-	9,819
Total minimum lease payments	9,020	<u>\$ 288,364</u>
Less amount representing interest	570	
Capital lease obligation	<u>\$ 8,450</u>	

Total rent expense for the years ended June 30, 2016 and 2015 totaled \$181,932 and \$177,370, respectively.

CCS leases the St. Vincent de Paul Dining Hall from the Diocese, a related party, for the operation of part of its Homeless Services program. The Diocese donates the cost of the rent to CCS as further described in Note 11.

At June 30, 2016 and 2015, leased property under capital lease totals \$41,000 with associated accumulated amortization of \$35,305 and \$21,639.

**Note 9 - Beneficial Interest in Assets Held by Catholic Foundation of Utah**

In 1992, Jon and Karen Huntsman Foundation, (the Donor) made a permanently restricted contribution of \$1 million and stipulated that the earnings be used to benefit the St. Vincent de Paul Center operated by CCS. In 1994, CCS, CFU, and the Donor, entered into a gift agreement whereby CFU was made responsible for the investment and administration of the \$1 million permanently restricted contribution.

CCS' Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. The donor has specifically stipulated that the original endowment principal may only be expended with the prior written consent of the donor, but the earnings on the endowment are to be used to benefit the St. Vincent de Paul Center. As a result of this interpretation, CCS classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment, and (b) the original value of subsequent gifts donated to the endowment. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CCS in a manner consistent with the standard of prudence prescribed by

UPMIFA. CCS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

At June 30, 2016 and 2015, CCS has recorded \$1,225,607 and \$1,322,146, respectively, as the value of the beneficial interest in assets administered by CFU relating to this permanently restricted contribution. During the years ended June 30, 2016 and 2015, CCS recorded gains of \$20,393 and \$24,905, respectively, as change in interest in the net assets of CFU. During the years ended June 30, 2016 and 2015, \$116,932 and \$41,149, respectively, was transferred to and received in cash by CCS.

CFU held other permanently restricted contributions, with a value of approximately \$400,000 at June 30, 2016 and 2015. These contributions were designated by the donors, either in whole or in part, for the benefit of CCS or its programs; however, CFU retains variance power to redirect these contributions and the earnings on these contributions. Accordingly, with respect to these contributions, CCS has recorded no unconditional promises to give at June 30, 2016 and 2015.

Changes in beneficial interest in assets held by Catholic Foundation of Utah for the year ended June 30, 2016 are as follows:

Beneficial interest in assets held by Catholic Foundation of Utah, beginning of year	\$ 1,322,146
Investment return	
Investment income, net of fees	2,041
Net realized and unrealized gain (loss)	18,352
	20,393
Contributions	-
Distributions	
Appropriation of endowment assets pursuant to spending-rate policy	(116,932)
	1,225,607
Allocations	
Allocation to temporarily restricted net assets	(225,607)
	\$ 1,000,000

Changes in beneficial interest in assets held by Catholic Foundation of Utah for the year ended June 30, 2015 are as follows:

Beneficial interest in assets held by Catholic Foundation of Utah, beginning of year	\$ 1,338,390
Investment return	
Investment income, net of fees	10,164
Net realized and unrealized gain (loss)	14,741
	24,905
Contributions	-
Distributions	
Appropriation of endowment assets pursuant to spending-rate policy	(41,149)
	1,322,146
Beneficial interest in assets held by Catholic Foundation of Utah, end of year	1,322,146
Allocations	
Allocation to temporarily restricted net assets	(322,146)
	\$ 1,000,000
Permanently restricted net assets at June 30, 2015	\$ 1,000,000

**Note 10 - Restricted Net Assets**

**Temporarily Restricted**

Temporarily restricted net assets consist of the following at June 30, 2016 and 2015:

	2016	2015
Restricted by donors for		
St. Vincent de Paul Center (held by CFU)	\$ 225,607	\$ 322,146
Northern Utah	200,490	270,693
Refugee Resettlement program	143,282	-
Capital needs	121,799	29,507
ALSAM Foundation - capital needs	681,535	-
United Way - time restriction	106,446	89,698
Emergency crisis fund	28,005	77,606
Evening meals program	50,600	100,000
Quarters for Christmas	20,004	30,656
Training	2,030	2,030
Tuition and books	1,095	1,095
Refugee dental and vision screenings	4,268	473
Lunch truck	2,563	2,563
Bus tokens	1,895	1,895
Car seats	1,871	12,671
Backpacks	1,825	-
Other	1,261	1,261
Bicycles	882	1,000
Background checks	395	395
Immigration and refugee restrictions	273	273
Tool kits for R&P clients	200	200
Supplies for orientation	122	451
Computer and internet access	-	1,615
Printer	-	1,500
	\$ 1,596,448	\$ 947,728

**Permanently Restricted**

Permanently restricted net assets totaling \$1 million at June 30, 2016 and 2015 represent a permanently restricted donation from the Jon and Karen Huntsman Foundation (Donor). As further discussed in Note 9, an agreement was entered into between CCS, CFU, and the Donor, whereby the responsibility for the investment and administration of this donation was transferred to CFU. Earnings on this donation are restricted to provide food, shelter, and clothing to homeless persons and other persons who by reason of condition of poverty or otherwise are in need of such assistance; provided, however, that for so long as the St. Vincent de Paul Center shall have need of funds to provide food, clothing, and shelter to homeless persons in the State of Utah, all income derived from the endowment shall be directed to the St. Vincent de Paul Center for such purposes.

**Note 11 - Donated Professional Services and Materials**

CCS received donated materials and professional services as follows during the years ended June 30, 2016 and 2015:

	2016	2015
Food and consumables	\$ 6,836,830	\$ 6,852,623
Clothing and furnishings	946,896	1,106,419
Rent	72,000	72,000
Other	138,716	111,185
	\$ 7,994,442	\$ 8,142,227

Related expenses included in the statement of activities total \$7,903,671 and \$8,167,749 for the years ended June 30, 2016 and 2015, respectively. Donated materials primarily represent the donation of food items that are provided to or consumed by participants in CCS' Homeless Services and Catholic Community Services of Northern Utah programs. The differences between the revenue and expense primarily represent an increase or decrease in food inventory. Substantially all of these donated materials were used in CCS' programs.

**Note 12 - Employee Benefits**

CCS participates in the Lay Employees' Pension Plan and Trust (the Plan), which is the defined contribution (profit sharing) retirement plan sponsored by the Diocese. All employees twenty one years of age and older who have at least six hundred hours of service in a plan year are eligible to participate in the Plan. An employee begins vesting in the Plan after three years and is fully vested at the end of five years. CCS contributes six percent of its eligible employees' gross wages to the Plan. For the years ended June 30, 2016 and 2015, CCS contributed \$179,169 and \$155,117 to the Plan.

**Note 13 - Related Party Transactions**

During the years ended June 30, 2016 and 2015, CCS received cash donations of \$40,056 and \$90,000 and in-kind rent of \$72,000 and \$72,000 from the Diocese. In addition, CCS reimburses the Diocese for costs of insurance and certain employee benefits as these costs are incurred by the Diocese.

During the years ended June 30, 2016 and 2015, CCS recorded revenue of \$2,464,079 and \$2,176,968 as a sub-recipient of federal grant awards made by the United States Conference of Catholic Bishops (USCCB). At June 30, 2016 and 2015, \$350,691 and \$253,201 is recorded as receivable from USCCB.

CFU and CCS are both affiliates of the Diocese. CFU raises and holds contributions for CCS and other local affiliates of the Diocese. At June 30, 2016 and 2015, CCS has recorded its interest in the net assets of CFU totaling \$1,225,607 and \$1,322,146 relating to funds transferred to CFU over which CFU has not been granted variance power. CCS has not recorded an unconditional promise to give from CFU at June 30, 2016 and 2015.



Supplementary Information and  
Schedule of Expenditures of Federal Awards and Reports  
Required by Government Auditing Standards and the  
Uniform Guidance  
June 30, 2016  
**Catholic Community Services of Utah**

Catholic Community Services of Utah  
Combining Statement of Functional Expenses  
Year Ended June 30, 2016

Immigration and Refugee Resettlement Services

	Reception and Placement	Match Grant	TANF	Preferred Communities	Health Screening Services	Refugee Preventative Health	Refugee Youth Coordinator	Refugee Foster Care	Unaccompanied Refugee Minor	Immigration Services	Citizen Integration Services	Sharehouse Operations	Total
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Communications	6,542	5,618	9,565	2,208	3,104	771	1,170	13,975	55	6,956	3,132	678	53,774
Conferences and meetings	4,045	3,078	2,225	1,423	1,513	200	852	8,362	-	454	-	40	22,192
Depreciation and amortization	16,585	30,093	8,900	6,809	4,009	449	1,089	8,919	1	3,953	1,576	83	82,466
Dues and subscriptions	6,668	1,328	609	395	1,448	2,630	400	3,352	24	2,173	311	373	19,711
Events	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	1,399	1,424	386	191	395	50	64	232	-	809	155	400	5,505
Interest expense	936	419	448	16	91	3	3	133	-	827	396	3	3,275
Miscellaneous	-	-	-	25	-	-	-	784	-	-	-	-	809
Participant assistance	738,145	473,135	-	42	1,441	1,982	2,513	277,489	18,000	680	-	-	1,513,427
Participant assistance (in-kind)	365,167	202,064	223	-	4	-	2,513	32,868	-	4	-	-	602,843
Professional fees	6,717	4,969	6,415	813	1,702	69	15,522	232,054	-	1,925	35	120	270,341
Rent	17,366	9,351	-	-	-	-	-	34,974	-	-	-	-	61,691
Repairs and maintenance	6,086	4,193	4,067	238	2,918	109	113	2,057	-	384	50	520	20,735
Salaries, benefits and taxes	418,220	395,361	475,200	152,091	293,402	46,551	62,410	502,963	20,217	186,170	39,366	60,424	2,652,375
Subcontractors	-	-	295,284	-	-	-	-	1,355,466	-	-	-	-	1,650,750
Supplies	5,071	3,151	1,532	820	1,334	3,466	587	12,425	-	871	101	97	29,455
Transportation	12,492	7,820	12,182	6,326	14,851	2,111	2,364	28,887	631	417	100	3,783	91,964
Utilities	4,795	4,711	1,674	1,037	1,163	169	203	77	-	382	79	-	14,290
	<u>\$ 1,610,234</u>	<u>\$ 1,146,715</u>	<u>\$ 818,710</u>	<u>\$ 172,434</u>	<u>\$ 327,375</u>	<u>\$ 58,560</u>	<u>\$ 89,803</u>	<u>\$ 2,515,017</u>	<u>\$ 38,928</u>	<u>\$ 206,005</u>	<u>\$ 45,301</u>	<u>\$ 66,521</u>	<u>\$ 7,095,603</u>



Catholic Community Services of Utah  
Combining Statement of Functional Expenses  
Year Ended June 30, 2016

	Treatment Services			Total
	St. Mary's Home for Men	Outpatient Services	Residential Services	
Bad debt expense	\$ -	\$ 2,376	\$ -	\$ 2,376
Communications	1,684	138	3	1,825
Conferences and meetings	261	-	-	261
Depreciation and amortization	49,919	3,691	26,104	79,714
Dues and subscriptions	692	-	30	722
Events	-	-	-	-
Insurance	3,582	318	2,983	6,883
Interest expense	67	-	-	67
Miscellaneous	1,586	-	-	1,586
Participant assistance	2,683	-	-	2,683
Participant assistance (in-kind)	7,612	-	-	7,612
Professional fees	4,362	800	158	5,320
Rent	-	-	-	-
Repairs and maintenance	5,416	28	700	6,144
Salaries, benefits and taxes	148,478	6,119	98	154,695
Subcontractors	-	-	-	-
Supplies	4,838	707	-	5,545
Transportation	1,692	-	-	1,692
Utilities	7,178	596	9,012	16,786
<b>Total</b>	<b>\$ 240,050</b>	<b>\$ 14,773</b>	<b>\$ 39,088</b>	<b>\$ 293,911</b>

Catholic Community Services of Utah  
Combining Statement of Functional Expenses  
Year Ended June 30, 2016

	Homeless Services			Total
	St. Vincent de Paul Dining	Evening Meal Service	Weigand Center	
Bad debt expense	\$ -	\$ -	\$ -	\$ -
Communications	5,569	1,424	5,139	12,132
Conferences and meetings	1,257	-	1,155	2,412
Depreciation and amortization	30,937	23,565	30,399	84,901
Dues and subscriptions	1,095	393	493	1,981
Events	-	-	-	-
Insurance	3,196	576	4,668	8,440
Interest expense	138	-	149	287
Miscellaneous	-	-	-	-
Participant assistance	72,447	-	-	72,447
Participant assistance (in-kind)	356,124	289,242	190,890	836,256
Professional fees	11,178	10,733	40,309	62,220
Rent	50,604	21,600	-	72,204
Repairs and maintenance	18,552	11,591	18,295	48,438
Salaries, benefits and taxes	352,137	107,299	281,884	741,320
Subcontractors	-	-	-	-
Supplies	8,273	1,976	6,025	16,274
Transportation	8,388	1,186	167	9,741
Utilities	21,425	8,229	26,133	55,787
Total	<u>\$ 941,320</u>	<u>\$ 477,814</u>	<u>\$ 605,706</u>	<u>\$ 2,024,840</u>

Catholic Community Services of Utah  
Combining Statement of Functional Expenses  
Year Ended June 30, 2016

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	Community Services of Northern Utah
Bad debt expense	\$ 1,225
Communications	8,683
Conferences and meetings	3,704
Depreciation and amortization	95,812
Dues and subscriptions	3,089
Events	-
Insurance	11,758
Interest expense	279
Miscellaneous	275
Participant assistance	19,606
Participant assistance (in-kind)	6,364,868
Professional fees	4,630
Rent	-
Repairs and maintenance	28,663
Salaries, benefits and taxes	390,839
Subcontractors	-
Supplies	11,281
Transportation	22,645
Utilities	36,984
	\$ 7,004,341
Total	\$ 7,004,341

Catholic Community Services of Utah  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

<b>Federal Grantor Agency Administrator</b>	<b>Grant Title</b>	<b>Federal CFDA Number</b>	<b>Passthrough Grant Number</b>	<b>2015-16 Expenditures</b>
<b><u>U.S. Department of Health &amp; Human Services</u></b>				
Passed through Utah State Department of Workforce Services	Refugee Foster Care	93.566	116191	\$ 2,579,802
Passed through Utah State Department of Health	Refugee Health Screening - TB - 026568	93.566	156237	326,606
	Refugee Preventative Health	93.566	126222	56,925
Passed through Utah State Department of Workforce Services	Refugee Social Services	93.566	16DWS0204	46,602
				<u>3,009,935</u>
	Temporary Assistance for Needy Families (TANF)	93.558	136284	836,698
Passed through United States Conference of Catholic Bishops	Refugee Resettlement Match Grant Program	93.567	Unavailable	960,655
	Refugee Resettlement Preferred Communities	93.576	Unavailable	178,404
Passed through the State of Utah	LIHEAP Energy Crisis Fund	93.568	15-6237	18,791
Passed through Salt Lake County Division of Community Resources and Development.	Social Services Block Grant - Immigration	93.667	BJ-14105	60,000
	<b>Subtotal for US Department of Health &amp; Human Services</b>			<b><u>5,064,483</u></b>

Catholic Community Services of Utah  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

<b>Federal Grantor Agency Administrator</b>	<b>Grant Title</b>	<b>Federal CFDA Number</b>	<b>Passthrough Grant Number</b>	<b>2015-16 Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through Salt Lake City Corporation	CDBG - Weigand Resource Center	14.218	Unavailable	\$ 18,000
	CDBG - St. Mary's Home for Men	14.218	Unavailable	<u>3,291</u>
				21,291
Passed through Salt Lake City Corporation	ESG - Weigand Resource Center	14.231	Unavailable	<u>20,000</u>
	<b>Subtotal for US Department of Housing &amp; Urban Development</b>			<b><u>41,291</u></b>
<b><u>U.S. Department of State</u></b>				
Passed through United States Conference of Catholic Bishops	Reception and Placement Grant - Program Administration	19.510	Unavailable	561,417
	Reception and Placement Grant - Direct Assistance	19.510	Unavailable	590,343
	Refugee and Placement Grant - Flex Funds	19.510	Unavailable	125,292
	Refugee and Placement Grant - C/H Program/Safe Passage	19.510	Unavailable	4,600
	Refugee and Placement Grant - POWR	19.510	Unavailable	4,293
	Reception and Placement Grant - URM	19.510	Unavailable	<u>39,075</u>
	<b>Subtotal for US Department of State</b>			<b><u>1,325,020</u></b>

Catholic Community Services of Utah  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

Federal Grantor Agency Administrator	Grant Title	Federal CFDA Number	Passthrough Grant Number	2015-16 Expenditures
<b><u>U.S. Department of Homeland Security</u></b>				
Emergency Food and Shelter Program	Northern Utah	97.024	Unavailable	\$ 15,000
Passed through Office of US Citizen & Immigration Services	English Skills Learning Ctr - USCIS	97.010	20U-CS-010-000007	<u>44,715</u>
	<b>Subtotal for US Department of Homeland Security</b>			<b><u>59,715</u></b>
<b><u>U.S. Department of Veterans' Affairs</u></b>				
Passed through Regional Department of Veteran's Affairs	St. Mary's Center for Recovery - OSAT	64.019	VA259-14-D-0134	79,077
	St. Marys Center for Recovery - GPD 02-074-UT	64.024	02-074-UT	34,743
	St. Marys Center for Recovery - GPD 04-146-UT	64.024	04-146-UT	<u>35,219</u>
				69,962
	<b>Subtotal for US Department of Veterans' Affairs</b>			<b><u>149,039</u></b>
<b><u>U.S. Department of Justice</u></b>				
Passed through United States Conference of Catholic Bishops	Juvenile Mentoring Program	16.726	2012-JU-FX-0013	<u>18,140</u>
	<b>Subtotal for US Department of Justice</b>			<b><u>18,140</u></b>
<b><u>U.S. Department of Agriculture</u></b>				
Passed through Utah State Department of Education	Northern Utah Food Distribution	10.568	TEFAP 01-15	<u>45,660</u>
	<b>Subtotal for US Department of Agriculture</b>			<b><u>45,660</u></b>
<b>Total Federal Expenditures</b>				<b><u><u>\$ 6,703,348</u></u></b>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Catholic Community Services of Utah, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Catholic Community Services of Utah received federal awards both directly from federal agencies and indirectly through pass-through entities.

**Note 2 - Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Catholic Community Services of Utah’s summary of significant accounting policies is presented in Note 1 in the Catholic Community Services of Utah’s basic financial statements.

The Organization has not elected to use the 10% de minimis cost rate.

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
Catholic Community Services of Utah  
Salt Lake City, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Catholic Community Services of Utah, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Catholic Community Services of Utah's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Catholic Community Services of Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Community Services of Utah's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Catholic Community Services of Utah's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned in the lower-left area of the page.

Salt Lake City, Utah  
September 2, 2016



## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Catholic Community Services of Utah  
Salt Lake City, Utah

### **Report on Compliance for Each Major Federal Program**

We have audited Catholic Community Services of Utah's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Catholic Community Services of Utah's major federal programs for the year ended June 30, 2016. Catholic Community Services of Utah's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of Catholic Community Services of Utah's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catholic Community Services of Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Catholic Community Services of Utah's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Catholic Community Services of Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control over Compliance

Management of Catholic Community Services of Utah is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catholic Community Services of Utah's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Catholic Community Services of Utah's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Salt Lake City, Utah  
September 2, 2016

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a)	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
U.S. Refugee Admissions Program	19.510
Refugee and Entrant Assistance - Matching Grant Program	93.567

Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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None.

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**Section III – Federal Award Findings and Questioned Costs**

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None.

No findings reported in the prior year.