



Financial Statements,  
Schedule of Expenditures of Federal Awards, and Reports  
Required by Government Auditing Standards and the Uniform  
Guidance

June 30, 2019 and 2018

## Catholic Community Services Of Utah

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## Independent Auditor's Report

The Board of Trustees  
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, 2019 and 2018, 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, 2019 and 2018, 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**

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, Catholic Community Services of Utah has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the June 30, 2018 financial statements have been presented with the adoption of this standard. Our opinion is not modified with respect to this matter.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 24-27 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* (Uniform Guidance), 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 18, 2019, 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 solely 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 the effectiveness of Catholic Community Services of Utah's 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.

The signature is written in a cursive, handwritten style. It reads "Eric Bailly LLP".

Salt Lake City, Utah  
September 18, 2019

Catholic Community Services of Utah  
Statements of Financial Position  
June 30, 2019 and 2018

	2019	2018 (Adopted Change in Accounting Principle)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,647,676	\$ 2,908,159
Promises to give, grants and contracts receivable, net	1,417,665	585,486
Inventory, net	508,260	372,600
Prepaid expenses and other assets	140,769	137,221
Total current assets	3,714,370	4,003,466
Investments, Including Amounts Restricted to Long-Term Purposes	4,300,159	1,528,775
Property and Equipment, Net	6,101,799	6,554,578
Beneficial Interest in Assets Held by Catholic Foundation of Utah	5,591,616	4,776,333
	\$ 19,707,944	\$ 16,863,152
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 449,559	\$ 256,835
Accrued expenses and other liabilities	388,671	350,967
Advances and deposits	111,792	111,792
Current portion of capital lease payable	15,319	13,225
Total current liabilities	965,341	732,819
<b>Long-Term Liabilities</b>		
Capital lease payable, less current portion	26,949	8,119
Total liabilities	992,290	740,938
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	1,691,915	2,377,961
Invested in endowments	4,430,112	3,683,005
Invested in investments - operating portion	2,398,550	1,528,775
Invested in property and equipment	6,059,531	6,533,234
	14,580,108	14,122,975
With donor restrictions	4,135,546	1,999,239
Total net assets	18,715,654	16,122,214
	\$ 19,707,944	\$ 16,863,152

# Catholic Community Services of Utah

Statement of Activities  
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Public support			
Private donors	\$ 2,752,275	\$ 2,167,225	\$ 4,919,500
Gross special events revenue	464,970	-	464,970
Less cost of direct benefit to donors	(63,849)	-	(63,849)
Net special events revenue	401,121	-	401,121
In-kind donations	7,302,373	-	7,302,373
Total public support	10,455,769	2,167,225	12,622,994
Grants and contracts	5,473,446	-	5,473,446
Program income	88,340	-	88,340
Rental income	75,173	-	75,173
Change in value of beneficial interest in assets held by Catholic Foundation of Utah	266,898	68,176	335,074
Net investment return - operating investments	90,770	-	90,770
Other income	18,662	-	18,662
Net assets released from restrictions	99,094	(99,094)	-
Total revenue, support, and gains	16,568,152	2,136,307	18,704,459
<b>Expenses and Losses</b>			
Program services expenses			
Migration Refugee Services	4,894,417	-	4,894,417
Treatment services	58,860	-	58,860
Homeless services	2,555,876	-	2,555,876
Catholic Community Services of Northern Utah	6,580,146	-	6,580,146
Total program services expenses	14,089,299	-	14,089,299
Supporting services expenses			
Management and general	1,155,961	-	1,155,961
Fundraising and development	341,418	-	341,418
Total supporting services expenses	1,497,379	-	1,497,379
Loss on disposal of property and equipment	524,341	-	524,341
Total expenses and losses	16,111,019	-	16,111,019
Change in Net Assets	457,133	2,136,307	2,593,440
Net Assets, Beginning of Year	14,122,975	1,999,239	16,122,214
Net Assets, End of Year	\$ 14,580,108	\$ 4,135,546	\$ 18,715,654

# Catholic Community Services of Utah

## Statement of Activities

Year Ended June 30, 2018 (Adopted Change in Accounting Principle)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Public support			
Private donors	\$ 3,413,322	\$ 396,708	\$ 3,810,030
Gross special events revenue	568,373	-	568,373
Less cost of direct benefit to donors	(98,232)	-	(98,232)
Net special events revenue	470,141	-	470,141
In-kind donations	6,862,307	-	6,862,307
Total public support	10,745,770	396,708	11,142,478
Grants and contracts	5,591,349	-	5,591,349
Program income	98,168	-	98,168
Rental income	108,314	-	108,314
Change in value of beneficial interest in assets held by Catholic Foundation of Utah	185,574	61,964	247,538
Net investment return - operating investments	77,595	-	77,595
Other income	7,496	-	7,496
Net assets released from restrictions	806,299	(806,299)	-
Total revenue, support, and gains	17,620,565	(347,627)	17,272,938
Expenses and Losses			
Program services expense			
Migration Refugee Services	5,515,775	-	5,515,775
Treatment services	83,526	-	83,526
Homeless services	2,231,080	-	2,231,080
Catholic Community Services of Northern Utah	6,396,848	-	6,396,848
Total program services expenses	14,227,229	-	14,227,229
Supporting services expense			
Management and general	1,037,765	-	1,037,765
Fundraising and development	308,224	-	308,224
Total supporting services expenses	1,345,989	-	1,345,989
Total expenses and losses	15,573,218	-	15,573,218
Change in Net Assets	2,047,347	(347,627)	1,699,720
Net Assets, Beginning of Year	12,075,628	2,346,866	14,422,494
Net Assets, End of Year	\$ 14,122,975	\$ 1,999,239	\$ 16,122,214

Catholic Community Services of Utah  
Statement of Functional Expenses  
Year Ended June 30, 2019

	Program Services				Total	Management and General	Fundraising and Development	Total
	Migration Refugee Services	Treatment Services	Homeless Services	Catholic Community Services of Northern Utah				
Bad debt expense	\$ 8,611	\$ -	\$ -	\$ 500	\$ 9,111	\$ -	\$ -	\$ 9,111
Communications	35,979	65	8,563	6,971	51,578	8,422	5,645	65,645
Conferences and meetings	18,178	-	8,823	1,969	28,970	18,593	3,268	50,831
Depreciation and amortization	96,761	35,481	84,793	134,994	352,029	92,697	3,645	448,371
Dues and subscriptions	10,025	78	3,268	4,201	17,572	5,477	2,163	25,212
Events	-	-	-	-	-	-	63,849	63,849
Insurance	7,277	4,085	9,196	18,603	39,161	2,705	160	42,026
Interest expense	360	-	135	102	597	161	8	766
Miscellaneous	1,137	-	106	2,934	4,177	-	5,199	9,376
Participant assistance	698,039	-	44,202	12,381	754,622	-	-	754,622
Participant assistance (in-kind)	160,955	1,469	896,571	5,839,835	6,898,830	4,837	739	6,904,406
Professional fees	450,975	905	204,528	3,393	659,801	84,171	3,607	747,579
Rent	75,879	-	79,099	103	155,081	55,107	11,892	222,080
Repairs and maintenance	25,912	4,811	40,125	32,263	103,111	35,524	3,699	142,334
Salaries, benefits and taxes	2,243,873	652	1,065,275	422,178	3,731,978	824,528	271,445	4,827,951
Subcontractors	962,965	-	-	-	962,965	-	-	962,965
Supplies	21,708	10	30,954	27,281	79,953	7,433	28,662	116,048
Transportation	60,107	215	15,489	23,593	99,404	-	1,074	100,478
Utilities	15,676	11,089	64,749	48,845	140,359	16,306	212	156,877
	<u>4,894,417</u>	<u>58,860</u>	<u>2,555,876</u>	<u>6,580,146</u>	<u>14,089,299</u>	<u>1,155,961</u>	<u>405,267</u>	<u>15,650,527</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	-	-	-	-	-	-	(63,849)	(63,849)
Total functional expenses	<u>\$ 4,894,417</u>	<u>\$ 58,860</u>	<u>\$ 2,555,876</u>	<u>\$ 6,580,146</u>	<u>\$ 14,089,299</u>	<u>\$ 1,155,961</u>	<u>\$ 341,418</u>	<u>\$ 15,586,678</u>

See Notes to Financial Statements



Catholic Community Services of Utah  
Statement of Functional Expenses  
Year Ended June 30, 2018

	Program Services				Total	Management and General	Fundraising and Development	Total
	Migration Refugee Services	Treatment Services	Homeless Services	Catholic Community Services of Northern Utah				
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 20
Communications	43,150	1	8,875	14,546	66,572	9,356	4,422	80,350
Conferences and meetings	16,581	-	4,897	2,971	24,449	24,947	2,462	51,858
Depreciation and amortization	132,292	58,780	84,965	113,975	390,012	94,639	3,451	488,102
Dues and subscriptions	21,324	77	2,760	2,697	26,858	5,177	2,223	34,258
Events	-	-	-	-	-	-	98,232	98,232
Insurance	9,446	7,316	8,717	13,923	39,402	1,811	94	41,307
Interest expense	638	-	191	148	977	127	14	1,118
Miscellaneous	10,026	-	649	447	11,122	-	5,970	17,092
Participant assistance	686,666	-	30,457	38,452	755,575	-	41	755,616
Participant assistance (in-kind)	291,475	1,119	848,720	5,673,578	6,814,892	5,199	4,577	6,824,668
Professional fees	373,888	219	162,798	5,765	542,670	86,493	3,673	632,836
Rent	25,861	-	72,415	-	98,276	44,781	11,599	154,656
Repairs and maintenance	14,955	3,165	34,470	33,883	86,473	10,217	328	97,018
Salaries, benefits and taxes	2,576,083	363	886,144	411,248	3,873,838	745,073	263,836	4,882,747
Subcontractors	1,196,191	-	-	-	1,196,191	-	-	1,196,191
Supplies	17,227	-	10,098	27,274	54,599	8,402	4,484	67,485
Transportation	77,114	-	8,534	21,558	107,206	-	940	108,146
Utilities	22,858	12,486	66,390	36,383	138,117	1,543	90	139,750
	<u>5,515,775</u>	<u>83,526</u>	<u>2,231,080</u>	<u>6,396,848</u>	<u>14,227,229</u>	<u>1,037,765</u>	<u>406,456</u>	<u>15,671,450</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	-	-	-	-	-	-	(98,232)	(98,232)
Total functional expenses	<u>\$ 5,515,775</u>	<u>\$ 83,526</u>	<u>\$ 2,231,080</u>	<u>\$ 6,396,848</u>	<u>\$ 14,227,229</u>	<u>\$ 1,037,765</u>	<u>\$ 308,224</u>	<u>\$ 15,573,218</u>

See Notes to Financial Statements

# Catholic Community Services of Utah

## Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Operating Activities		
Change in net assets	\$ 2,593,440	\$ 1,699,720
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	448,371	488,102
Return on investments	(90,770)	(18,922)
Change in beneficial interest in assets held by others	(335,074)	(247,538)
Contributions restricted to building projects	(2,357,951)	-
Contributed property and equipment capitalized	(85,000)	-
Loss on disposal of property and equipment	524,341	446
Changes in operating assets and liabilities		
Promises to give, grants and contracts receivable	(832,179)	691,004
Inventory	(135,660)	34,569
Prepaid expenses and other assets	(3,548)	28,888
Accounts payable	192,724	3,990
Accrued expenses and other liabilities	37,704	(15,354)
Net Cash from (used for) Operating Activities	(43,602)	2,664,905
Investing Activities		
Purchases of property and equipment	(3,371,038)	(1,569,403)
Proceeds from sale of fixed assets	2,970,254	-
Transfers to board designated endowment	(480,209)	(753,550)
Proceeds from beneficial interest in assets held by Catholic Foundation of Utah	-	140,841
Purchase of investments	(2,680,614)	-
Net Cash used for Investing Activities	(3,561,607)	(2,182,112)
Financing Activities		
Collections of contributions restricted to building projects	2,357,951	-
Principal payments on capital lease payable	(13,225)	(12,578)
Net Cash from (used for) Financing Activities	2,344,726	(12,578)
Net Change in Cash and Cash Equivalents	(1,260,483)	470,215
Cash and Cash Equivalents, Beginning of Year	2,908,159	2,437,944
Cash and Cash Equivalents, End of Year	\$ 1,647,676	\$ 2,908,159
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 680	\$ 1,145
Supplemental Disclosure of Non-Cash Investing and Financing Activity		
Equipment financed through capital lease arrangement	\$ 34,149	\$ -

**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:

Migration Refugee Services: Provides refugees with resettlement services and orientation as well as 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. CCS terminated this program during the year ended June 30, 2019.

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.

**Investments - Operating**

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**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 statements 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 \$1.58 and \$1.70, respectively, per pound of food during the years ended June 30, 2019 and 2018.

**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, 2019 and 2018.

**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:

*Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. CCS reports contributions restricted by donors as increases in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**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.

**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. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include, occupancy, utilities and rentals and depreciation, which are allocated on a square footage basis, as well as employment costs, contract services, professional and license fees, supplies, interest, and insurance, which are allocated on the basis of estimates of time and effort.

## 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.

## Adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14

As of July 1, 2018, CCS adopted the provisions of FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit-Entities*. CCS believes the standard improves the usefulness and understandability of CCS' financial statement reporting. Accordingly, the accompanying financial statements and related notes follow the net asset classification, presentation, and disclosure requirements prescribed by the ASU. The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption the disclosure about liquidity and availability of resources. CCS has elected not to present comparative information for the disclosure about liquidity and availability of resources.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events**

CCS has evaluated subsequent events through September 18, 2019, the date the financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

CCS operates on a balanced budget and regularly monitors liquidity to meet its operating needs and other contractual commitments while also striving to maximize its mission. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2019</u>
Cash and cash equivalents	1,647,676
Promises to give, grants and contracts receivable, net	<u>1,417,665</u>
	<u><u>\$ 3,065,341</u></u>

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposit, money market funds and other investments deemed to be prudent and conservative CCS' board of trustees (the Board). Under this plan, CCS has made investments to a board-designated endowment which totals \$4,430,112 at June 30, 2019 (Note 10). At June 30, 2019, CCS also has \$4,300,159 invested with investment firms and financial institutions deemed qualified by the Board (Note 3). Of this amount, \$1,901,609 is restricted to long-term purposes for facilities and \$2,398,550 is available for unrestricted purposes. If the need arose, management could make the board-designated endowment assets and the investments for unrestricted purposes available for general use. CCS is also entitled to make distributions from an endowment (Note 10). However, the use of the earnings from this fund is restricted to certain programs of CCS and accordingly, any expected distributions CCS might receive in the next period are not considered in the table above. As described in Note 7, CCS also has a \$200,000 unsecured revolving line of credit with a bank.

**Note 3 - 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. This is classified within Level 2. CCS invests in U.S. government obligations that are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The following table presents assets measured at fair value on a recurring basis at June 30, 2019:

	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)
Beneficial interest in assets held				
by Catholic Foundation of Utah	\$ 5,591,616	\$ -	\$ 5,591,616	\$ -
Investments				
Cash and equivalents (at cost)	2,393,728	-	-	-
Certificates of deposit (at cost)	1,557,337	-	-	-
U.S. government obligations	349,094	-	349,094	-
	<u>4,300,159</u>	<u>-</u>	<u>349,094</u>	<u>-</u>
	<u>\$ 9,891,775</u>	<u>\$ -</u>	<u>\$ 5,940,710</u>	<u>\$ -</u>



# Catholic Community Services of Utah

Notes to Financial Statements

June 30, 2019 and 2018

The following table presents assets measured at fair value on a recurring basis at June 30, 2018:

	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)
Beneficial interest in assets held				
by Catholic Foundation of Utah	\$ 4,776,333	\$ -	\$ 4,776,333	\$ -
Investments				
Certificates of deposit (at cost)	1,528,775	-	-	-
	<u>\$ 6,305,108</u>	<u>\$ -</u>	<u>\$ 4,776,333</u>	<u>\$ -</u>

#### Note 4 - 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, 2019 and 2018:

	2019	2018
State of Utah - various	\$ 1,003,560	\$ 376,627
United States Conference of Catholic Bishops	128,163	52,254
United Way	50,000	60,000
American Express	-	40,000
Catholic Charities USA	13,221	28,776
Salt Lake City Corporation - various	153,435	-
Other	89,286	47,829
Less estimated uncollectible amounts	(20,000)	(20,000)
	<u>\$ 1,417,665</u>	<u>\$ 585,486</u>

#### Note 5 - Inventory

Inventory consists of the following at June 30, 2019 and 2018:

	2019	2018
Food and consumables inventory	\$ 523,796	\$ 386,895
Allowance for perishable food	(23,049)	(23,049)
Supplies	7,513	8,754
	<u>\$ 508,260</u>	<u>\$ 372,600</u>

**Note 6 - Property and Equipment**

Property and equipment consists of the following at June 30, 2019 and 2018:

	2019	2018
Land	\$ 1,250,468	\$ 669,968
Buildings and improvements	5,074,156	7,554,635
Leasehold improvements	531,867	733,753
Equipment	1,351,990	1,262,073
Autos and trucks	745,449	821,952
Computer equipment	337,062	323,085
Furniture and fixtures	41,480	40,949
Software	53,307	53,307
	<u>9,385,779</u>	<u>11,459,722</u>
Less accumulated depreciation and amortization	<u>(3,283,980)</u>	<u>(4,905,144)</u>
	<u>\$ 6,101,799</u>	<u>\$ 6,554,578</u>

**Note 7 - Line of Credit**

CCS has a \$200,000 unsecured revolving line of credit with a bank. As of June 30, 2019 and 2018, there were no borrowings on the line of credit. The line of credit is available until November 5, 2019. 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 8 - Concentrations**

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

**Note 9 - Leases**

CCS leases office space under operating leases expiring at various dates through 2020 and leases equipment under capital leases expiring in 2022.

Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Capital Leases</u>
2020	\$ 18,452
2021	15,696
2022	<u>11,665</u>
Total minimum lease payments	45,813
Less amount representing interest	<u>(3,545)</u>
Capital lease obligation	<u><u>\$ 42,268</u></u>

Rent expense for the years ended June 30, 2019 and 2018, totaled \$222,080 and \$154,656, 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, 2019 and 2018, leased property under capital lease totals \$85,255 and \$38,156, respectively, with associated accumulated amortization of \$22,286 and \$16,812, respectively.

#### **Note 10 - 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.

At June 30, 2019 and 2018, CCS has recorded \$1,161,504 and \$1,093,328 respectively, as the value of the beneficial interest in assets administered by CFU relating to this permanently restricted contribution.

CCS' Board 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. At June 30, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure 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

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). CCS has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

In addition, CCS has established a board-designated endowment from net assets without restrictions. During the years ended June 30, 2019 and 2018, CCS transferred \$480,209 and \$753,550, respectively, to CFU in board-designated endowment. This board-designated endowment at CFU was established in order to generate a higher return on investment. Amounts will be distributed back to CCS at the direction of the Board.

During the years ended June 30, 2019 and 2018, CCS recorded gains of \$335,074 and \$247,538, respectively, as change in interest in the net assets of CFU. During the years ended June 30, 2019 and 2018, \$0 and \$140,840, respectively, was appropriated and received in cash by CCS.

CFU held other donor-restricted net assets to be held in perpetuity, with a value of approximately \$1,130,000 and \$1,075,000, respectively, at June 30, 2019 and 2018. 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 not recorded its interest in these net assets of CFU at June 30, 2019 and 2018.

At June 30, 2019, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 4,430,112	\$ -	\$ 4,430,112
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,000,000	1,000,000
Accumulated investment gains	-	161,504	161,504
	<u>\$ 4,430,112</u>	<u>\$ 1,161,504</u>	<u>\$ 5,591,616</u>

Catholic Community Services of Utah

Notes to Financial Statements

June 30, 2019 and 2018

At June 30, 2018, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 3,683,005	\$ -	\$ 3,683,005
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,000,000	1,000,000
Accumulated investment gains	-	93,328	93,328
	<u>\$ 3,683,005</u>	<u>\$ 1,093,328</u>	<u>\$ 4,776,333</u>

Changes in endowment net assets for the year ended June 30, 2019, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Beneficial interest in assets held by CFU, beginning of year	\$ 3,683,005	\$ 1,093,328	\$ 4,776,333
Investment return, net	266,898	68,176	335,074
Contributions	480,209	-	480,209
	<u>\$ 4,430,112</u>	<u>\$ 1,161,504</u>	<u>\$ 5,591,616</u>

Changes in endowment net assets for the year ended June 30, 2018, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Beneficial interest in assets held by CFU, beginning of year	\$ 2,743,883	\$ 1,172,203	\$ 3,916,086
Investment return, net	185,572	61,966	247,538
Contributions	753,550	-	753,550
Appropriation of endowment assets pursuant to spending rate policy	-	(140,841)	(140,841)
	<u>\$ 3,683,005</u>	<u>\$ 1,093,328</u>	<u>\$ 4,776,333</u>

**Note 11 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

	2019	2018 (Adopted Change in Accounting Principle)
Subject to expenditure for specified purpose		
Homeless Services - capital needs	\$ 1,081,642	\$ 41,755
Northern Utah - capital needs	819,967	91,630
Northern Utah - operations and client assistance	751,089	404,965
St. Marthas - operations and program supplies	100,954	110,738
MRS - staff sustainability	66,244	68,934
Homeless Services - client assistance	49,890	40,591
MRS program Supplies	34,817	-
MRS client assistance	14,089	67,034
Other	5,350	20,264
Subject to the passage of time		
United Way	50,000	60,000
Endowment fund earnings subject to spending policy or appropriation - St Vincent de Paul Center (held by CFU)	161,504	93,328
Endowment fund to be held in perpetuity		
Beneficial interest in assets held by CFU	1,000,000	1,000,000
	<u>\$ 4,135,546</u>	<u>\$ 1,999,239</u>

**Note 12 - Donated Professional Services and Materials**

CCS received donated materials and professional services as follows during the years ended June 30, 2019 and 2018:

	2019	2018
Food and consumables	\$ 6,171,918	\$ 5,833,047
Clothing and furnishings	803,318	835,141
Rent	163,890	72,000
Professional realty services capitalized to property and equipment	85,000	-
Other	78,247	122,119
	<u>\$ 7,302,373</u>	<u>\$ 6,862,307</u>

Related expenses included in the statements of activities total \$7,074,295 and \$6,896,668 for the years ended June 30, 2019 and 2018, 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 13 - 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 6% of its eligible employees' gross wages to the Plan. For the years ended June 30, 2019 and 2018, CCS contributed \$191,659 and \$197,999, respectively, to the Plan.

**Note 14 - Related Party Transactions**

During the years ended June 30, 2019 and 2018, CCS received cash donations of \$103,211 and \$103,318, respectively, and in-kind rent of \$163,890 and \$72,000, respectively, 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, 2019 and 2018, CCS recorded revenue of \$869,606 and \$1,136,330, respectively, as a sub-recipient of federal grant awards made by the United States Conference of Catholic Bishops (USCCB). At June 30, 2019 and 2018, \$128,163 and \$52,254, respectively, 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, 2019 and 2018, CCS has recorded its interest in the net assets of CFU totaling \$5,591,616 and \$4,776,333, respectively, relating to funds transferred to CFU over which CFU has not been granted variance power. CCS has not recorded any unconditional promises to give from CFU at June 30, 2019 and 2018.

**Note 15 - Adoption of Change in Accounting Principle**

As disclosed in Note 1, CCS adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities* as of July 1, 2018. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in CCS' June 30, 2018, net assets.

The effect on CCS' statement of financial position as of June 30, 2018, is as follows:

	As Previously Reported	Change in Accounting Principle	Adopted Change in Accounting Principle
Unrestricted net assets	\$ 14,122,975	\$ (14,122,975)	\$ -
Temporarily restricted net assets	999,239	(999,239)	-
Permanently restricted net assets	1,000,000	(1,000,000)	-
Net assets without donor restrictions	-	14,122,975	14,122,975
Net assets with donor restrictions	-	1,999,239	1,999,239

The effect on CCS' statement of activities as of June 30, 2018, is as follows:

	As Previously Reported	Change in Accounting Principle	Adopted Change in Accounting Principle
Net Assets, Beginning of Year			
Unrestricted	\$ 12,075,628	\$ (12,075,628)	\$ -
Temporarily restricted	1,346,866	(1,346,866)	-
Permanently restricted	1,000,000	(1,000,000)	-
Net assets without donor restrictions	-	12,075,628	12,075,628
Net assets with donor restrictions	-	2,346,866	2,346,866
Net Assets, End of Year			
Unrestricted	\$ 14,122,975	\$ (14,122,975)	\$ -
Temporarily restricted	999,239	(999,239)	-
Permanently restricted	1,000,000	(1,000,000)	-
Net assets without donor restrictions	-	14,122,975	14,122,975
Net assets with donor restrictions	-	1,999,239	1,999,239





Supplementary Information and  
Schedule of Expenditures of Federal Awards and Reports  
Required by Government Auditing Standards and the  
Uniform Guidance  
June 30, 2019

**Catholic Community Services of Utah**

Catholic Community Services of Utah  
Combining Schedule of Functional Expenses  
Year Ended June 30, 2019

Migration Refugee 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	\$ 1,949	\$ -	\$ -	\$ -	\$ 1,520	\$ 5,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,611
Communications	1,623	1,640	4,391	1,363	678	174	895	15,549	-	6,276	3,032	358	35,979
Conferences and meetings	1,044	656	2,395	1,136	427	33	1,416	10,515	-	521	35	-	18,178
Depreciation and amortization	5,832	15,650	18,414	9,189	8,538	1,891	6,196	24,337	-	5,156	1,174	384	96,761
Dues and subscriptions	1,082	781	1,076	329	528	49	347	4,405	-	1,020	278	130	10,025
Events	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	327	498	1,727	411	720	166	488	1,783	-	680	77	400	7,277
Interest expense	43	13	61	10	7	3	11	91	6	82	33	-	360
Miscellaneous	252	-	-	-	-	-	-	476	-	409	-	-	1,137
Participant assistance	178,618	184,236	2	-	923	-	-	318,196	16,050	14	-	-	698,039
Participant assistance (in-kind)	50,878	34,826	51,918	843	-	-	375	22,115	-	-	-	-	160,955
Professional fees	4,831	2,831	2,602	1,119	1,446	346	281	435,343	-	911	1,265	-	450,975
Rent	47,910	-	-	-	-	-	-	-	-	-	-	27,969	75,879
Repairs and maintenance	1,555	2,906	5,898	1,736	1,594	721	1,348	8,359	-	1,239	547	9	25,912
Salaries, benefits and taxes	80,636	167,316	517,132	146,141	117,700	36,422	82,969	832,260	13,418	126,971	89,429	33,479	2,243,873
Subcontractors	-	-	-	-	-	-	-	962,965	-	-	-	-	962,965
Supplies	6,837	958	1,259	708	198	48	1,947	7,889	-	1,745	119	-	21,708
Transportation	3,648	3,851	8,854	5,119	1,017	563	2,243	31,992	-	(287)	327	2,780	60,107
Utilities	1,617	1,985	4,072	914	1,219	412	877	3,790	-	511	279	-	15,676
	<u>\$ 388,682</u>	<u>\$ 418,147</u>	<u>\$ 619,801</u>	<u>\$ 169,018</u>	<u>\$ 136,515</u>	<u>\$ 45,970</u>	<u>\$ 99,393</u>	<u>\$ 2,680,065</u>	<u>\$ 29,474</u>	<u>\$ 145,248</u>	<u>\$ 96,595</u>	<u>\$ 65,509</u>	<u>\$ 4,894,417</u>

Catholic Community Services of Utah  
Combining Schedule of Functional Expenses  
Year Ended June 30, 2019

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	<u>Treatment Services</u>
Bad debt expense	\$ -
Communications	65
Conferences and meetings	-
Depreciation and amortization	35,481
Dues and subscriptions	78
Events	-
Insurance	4,085
Interest expense	-
Miscellaneous	-
Participant assistance	-
Participant assistance (in-kind)	1,469
Professional fees	905
Rent	-
Repairs and maintenance	4,811
Salaries, benefits and taxes	652
Subcontractors	-
Supplies	10
Transportation	215
Utilities	11,089
	<hr/>
Total	<u>\$ 58,860</u>

Catholic Community Services of Utah  
Combining Schedule of Functional Expenses  
Year Ended June 30, 2019

	Homeless Services				Total
	St. Vincent de Paul Dining	Evening Meal Service	Weigand Center	Gail Miller Resource Center	
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -
Communications	3,690	1,814	2,950	109	8,563
Conferences and meetings	4,407	913	3,340	163	8,823
Depreciation and amortization	35,556	28,809	20,428	-	84,793
Dues and subscriptions	1,440	845	863	120	3,268
Events	-	-	-	-	-
Insurance	2,355	1,341	5,500	-	9,196
Interest expense	33	54	48	-	135
Miscellaneous	51	-	-	55	106
Participant assistance	38,477	495	5,230	-	44,202
Participant assistance (in-kind)	179,736	203,674	513,161	-	896,571
Professional fees	1,958	31,439	171,041	90	204,528
Rent	35,485	43,614	-	-	79,099
Repairs and maintenance	13,651	13,894	12,580	-	40,125
Salaries, benefits and taxes	302,827	217,418	495,827	49,203	1,065,275
Subcontractors	-	-	-	-	-
Supplies	3,765	4,151	2,523	20,515	30,954
Transportation	6,470	7,373	568	1,078	15,489
Utilities	17,201	16,219	31,329	-	64,749
<b>Total</b>	<b>\$ 647,102</b>	<b>\$ 572,053</b>	<b>\$ 1,265,388</b>	<b>\$ 71,333</b>	<b>\$ 2,555,876</b>

Catholic Community Services of Utah  
Combining Schedule of Functional Expenses  
Year Ended June 30, 2019

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	Catholic Community Services of Northern Utah
Bad debt expense	\$ 500
Communications	6,971
Conferences and meetings	1,969
Depreciation and amortization	134,994
Dues and subscriptions	4,201
Events	-
Insurance	18,603
Interest expense	102
Miscellaneous	2,934
Participant assistance	12,381
Participant assistance (in-kind)	5,839,835
Professional fees	3,393
Rent	103
Repairs and maintenance	32,263
Salaries, benefits and taxes	422,178
Subcontractors	-
Supplies	27,281
Transportation	23,593
Utilities	48,845
	\$ 6,580,146
Total	\$ 6,580,146

Catholic Community Services of Utah  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>U.S. Department of Health &amp; Human Services</u>			
Passed through Utah State Department of Workforce Services			
Refugee and Entrant Assistance - Refugee Foster Care	93.566	116191	\$ 2,805,291
Refugee and Entrant Assistance - ORR	93.566	136284	52,336
Temporary Assistance for Needy Families (TANF)	93.558	136284	546,211
Passed through Utah State Department of Health			
Refugee and Entrant Assistance - Refugee Health Screening	93.566	156237	117,032
Refugee and Entrant Assistance - Refugee Health Promotion	93.576	126222	37,220
Passed through United States Conference of Catholic Bishops			
Refugee and Entrant Assistance - Match Grant Program	93.567	Unavailable	309,840
Refugee and Entrant Assistance - Preferred Communities	93.576	Unavailable	<u>174,283</u>
Subtotal for US Department of Health & Human Services			<u>4,042,213</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Salt Lake City Corporation			
Emergency Solutions Grants - Weigand Resource Center	14.231		<u>50,000</u>
Subtotal for U.S. Department of Housing & Urban Development			<u>50,000</u>
<u>U.S. Department of State</u>			
Passed through United States Conference of Catholic Bishops			
Refugee Admissions - R&P - Program Administration	19.510	Unavailable	125,205
Refugee Admissions - R&P - Direct Assistance	19.510	Unavailable	139,444
Refugee Admissions - R&P - Flex Funds	19.510	Unavailable	33,201
Refugee Admissions - R&P - POWR	19.510	Unavailable	6,368
Refugee Admissions - R&P - URM	19.510	Unavailable	<u>29,050</u>
Subtotal for U.S. Department of State			<u>333,268</u>
<u>U.S. Department of Justice</u>			
Passed through United States Conference of Catholic Bishops			
Juvenile Mentoring Program	16.726	2015-JU-FX-0013	<u>52,215</u>
Subtotal for U.S. Department of Justice			<u>52,215</u>

Catholic Community Services of Utah  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed through Office of US Citizen & Immigration Services			
Citizenship Education and Training - English Skills Learning Ctr	97.010	20U-CS-010-000007	\$ 59,426
FEMA - Emergency Food and Shelter Program - Northern Utah	97.024	Unavailable	8,500
FEMA - Emergency Food and Shelter Program - St. Vincent de Paul Center	97.114	Unavailable	38,320
Subtotal for U.S. Federal Emergency Management Agency			<u>106,246</u>
<u>U.S. Department of Agriculture</u>			
Passed through Utah State Department of Education			
Food Distribution Cluster - Emergency Food Assistance Program - Northern Utah Food Distribution	10.568	TEFAP 01-15	110,425
Subtotal for US Department of Agriculture			<u>110,425</u>
Total Federal Expenditures			<u>\$ 4,694,367</u>

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Catholic Community Services of Utah (CSS) under programs of the federal government for the year ended June 30, 2019. The information is presented in accordance with 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). Because the schedule presents only a selected portion of the operations of CCS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CCS.

**Note B - 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note C - Indirect Cost Rate**

The Organization has 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 Trustees  
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, 2019, 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 18, 2019.

**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 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 and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

**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*.

**Catholic Community Services of Utah's Response to Finding**

Catholic Community Services of Utah's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Catholic Community Services of Utah's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Salt Lake City, Utah  
September 18, 2019



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

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

**Report on Compliance for the 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 Catholic Community Services of Utah's major federal program for the year ended June 30, 2019. Catholic Community Services of Utah's major federal program is 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 compliance for the Catholic Community Services of Utah's major federal program 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 the major federal program. However, our audit does not provide a legal determination of Catholic Community Services of Utah's compliance.

**Opinion on the 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 its major federal program for the year ended June 30, 2019.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on the major federal program is not modified with respect to this matter.

**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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-002 that we consider to be a significant deficiency.

**Catholic Community Services of Utah's Response to Finding**

Catholic Community Services of Utah's response to the noncompliance and internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Catholic Community Services of Utah's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 18, 2019

**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	Yes
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	Yes
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 Uniform Guidance 2 CFR 200.516	Yes

**Identification of Major Programs**

Name of Federal Program	CFDA Number
Refugee and Entrant Assistance	93.566
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

**2019-001      Audit Adjustments**

*Criteria:* The Organization should ensure that all accounts are properly adjusted as part of the accounting closing process.

*Condition:* Some of the Organization’s accounts required adjustment for them to be properly stated.

*Cause:* The Organization engaged in unique transactions during the period relating to acquisition and disposal of facilities.

*Effect:* Adjustments were required to properly state account balances related to the acquisition and disposal of facilities.

*Recommendation:* The Organization should ensure that all accounts are properly adjusted as part of the accounting closing process.

*Views of Responsible Officials:* Management is in agreement with this recommendation.

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

**2019-002**      **U.S. Department of Health and Human Services**  
**Passed through Utah State Department of Workforce Services**  
**CFDA# 93.566**  
**Refugee and Entrant Assistance**

**Allowable Costs**  
**Immaterial Instance of Noncompliance**  
**Significant Deficiency**

*Criteria:* The Organization’s processes and controls should ensure that costs submitted for reimbursement through federal programs are in accordance with program guidelines and requirements.

*Condition:* A case manager employed by the Organization and a foster family arranged for under a subcontractor worked together to continue to reimburse the foster family for lodging benefits provided to a program participant after the program participant was no longer eligible for lodging benefits due to having moved to student housing. The incident was brought to the attention of the Organization through a whistleblower and the offending case manager was immediately terminated. In addition the incident was self-reported by the Organization to the grantor and Organization’s auditor. Reimbursement for the unallowed costs was sought and has been received by the Organization from the subcontractor.

*Cause:* The individuals involved inappropriately submitted the costs for reimbursement.

*Effect:* During the year ended June 30, 2019, the Organization submitted for \$10,400 of reimbursements from the grant that were not allowable costs.

*Questioned Costs:* Not applicable

*Context/Sampling:* Not applicable

*Repeat Finding from Prior Year:* No

*Recommendation:* The Organization should improve its processes to ensure that only allowed costs are submitted for reimbursement. Note that as of June 30, 2019, the Organization reports that appropriate new procedures have been implemented to address this incident.

*Views of Responsible Officials:* Management is in agreement with this recommendation.



CATHOLIC  
COMMUNITY  
SERVICES

Management's Response to Auditor's Findings:  
Corrective Action Plan  
June 30, 2019

Prepared by Management of  
Catholic Community Services of Utah



## Corrective Action Plan

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### *Finding 2019-001*

*Finding Summary:* The Organization should ensure that all accounts are properly adjusted as part of the accounting closing process. Some of the Organization's accounts required adjustment for them to be properly stated.

*Corrective Action Plan:* The Organization believes that the adjustments that were required mainly relate to unique transactions that occurred during the year. The Organization will ensure such transactions are properly accounted for if they occur in the future by applying proper accounting research and consultation with the finance committee and outside professionals as needed.

*Responsible Individuals:* Jeanne Audiss, Director of Finance

*Anticipated Completion Date:* September 30, 2019

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### *Finding 2019-002*

*Federal Agency Name:* U.S. Department of Health and Human Services  
Passed through Utah State Department of Workforce Services

*Program Name:* Refugee and Entrant Assistance

*CFDA #* 93.566

*Finding Summary:* A case manager employed by the Organization and a foster family, arranged for under a subcontractor, worked together to continue to reimburse the foster family for lodging benefits provided to a program participant after the program participant was no longer eligible for lodging benefits due to having moved to student housing. The incident was brought to the attention of the Organization through a whistleblower and the employee was immediately terminated. Catholic Community Services has been reimbursed by the Subcontractor for all unallowable costs. The funds have also been repaid to the Department of Workforce Services.

*Responsible Individuals:* Aden Batar, Director of Refugee Resettlement

*Corrective Action Plan:* Catholic Community Services Utah reported a fraudulent incident to Eide Bailly that had happened in the spring of 2019. The original report of fraud came through the channels established in our whistleblower procedure

Catholic Community Services of Utah has taken the following actions:

- Immediately notified the Department of Workforce Services handling the Federal Funds

- Updated Policies and Procedures and immediately implemented them to ensure future compliance
- New training for all staff has been developed and scheduled on a regular ongoing basis. The training covers all allowable and unallowable costs.
- Updated the Department of Workforce Services monthly on the status of the case.
- Notified the subcontractor that their service will conclude as of September 30, 2019

Additionally, the unallowed costs have been reimbursed to Catholic Community Services by the Subcontractor. The funds have also been repaid to the Department of Workforce Services.

*Completion Date:* June 30, 2019