

**CATHOLIC COMMUNITY SERVICES OF UTAH
(A NON-PROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

June 30, 2012 and 2011



ADAMS & PETERSEN, CPAS LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

**Board of Directors and Management
Catholic Community Services of Utah
(A Non-Profit Organization)
Salt Lake City, Utah**

We have audited the accompanying combined statement of financial position of Catholic Community Services of Utah (a nonprofit organization) as of June 30, 2012, and the related combined statements of activities, functional expenses, and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Catholic Community Services of Utah as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2012, 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* and should be considered in assessing the results of our audit.

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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Adams & Petersen, CPAs LLC

September 6, 2012

CATHOLIC COMMUNITY SERVICES OF UTAH
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,494,641	\$ 1,524,137
Receivables:		
Grants and contracts receivable, net	1,132,991	981,984
Promises to give, net	86,412	115,205
Total receivables	1,219,403	1,097,189
Inventories	216,547	295,830
Prepaid expenses	14,323	10,173
TOTAL CURRENT ASSETS	2,944,914	2,927,329
EQUIPMENT	5,743,639	5,753,479
OTHER ASSETS		
Endowment fund	1,124,458	1,128,962
TOTAL ASSETS	\$ 9,813,011	\$ 9,809,770
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 305,581	\$ 255,537
Accrued expenses	214,238	291,278
Advances and deposits	147,750	152,250
TOTAL CURRENT LIABILITIES	667,569	699,065
NET ASSETS		
Unrestricted:		
Unrestricted	2,142,049	1,977,910
Property and equipment	5,743,639	5,753,479
Total unrestricted net assets	7,885,688	7,731,389
Temporarily restricted	259,754	379,316
Permanently restricted	1,000,000	1,000,000
TOTAL NET ASSETS	9,145,442	9,110,705
TOTAL LIABILITIES AND NET ASSETS	\$ 9,813,011	\$ 9,809,770

The accompanying notes are an integral part of the financial statements.

CATHOLIC COMMUNITY SERVICES OF UTAH
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT				
Public support:				
Private donors, other	\$ 1,372,797	\$ 421,967	\$ -	\$ 1,794,764
Special events	211,687	-	-	211,687
less direct costs of special events	(57,155)	-	-	(57,155)
In-kind donations	7,190,804	-	-	7,190,804
Net assets released from restrictions	422,723	(422,723)	-	-
Total public support	9,140,856	(756)	-	9,140,100
Revenue:				
Grants and contracts	5,867,262	-	-	5,867,262
Program income	112,157	-	-	112,157
Rental income	97,322	-	-	97,322
Dividend and interest income	17,899	-	-	17,899
Other income	7,454	-	-	7,454
Total Revenue	6,102,094	-	-	6,102,094
TOTAL REVENUES AND SUPPORT	15,242,950	(756)	-	15,242,194
EXPENSES				
Program services:				
Immigration and refugee resettlement services	4,644,180	-	-	4,644,180
Treatment services	836,510	-	-	836,510
Basic needs - Salt Lake City	2,305,150	-	-	2,305,150
Basic needs - Northern Utah	6,345,885	-	-	6,345,885
Total program services	14,131,725	-	-	14,131,725
Supporting services:				
Management and general	796,721	-	-	796,721
Development and fundraising	259,367	-	-	259,367
Total supporting services	1,056,088	-	-	1,056,088
TOTAL EXPENSES	15,187,813	-	-	15,187,813
CHANGE IN NET ASSETS FROM OPERATIONS	55,137	(756)	-	54,381
Change in value of endowment fund	99,162	(118,806)	-	(19,644)
CHANGE IN NET ASSETS	154,299	(119,562)	-	34,737
Balance - beginning of year	7,731,389	379,316	1,000,000	9,110,705
Balance - end of year	<u>\$ 7,885,688</u>	<u>\$ 259,754</u>	<u>\$ 1,000,000</u>	<u>\$ 9,145,442</u>

The accompanying notes are an integral part of the financial statements.

CATHOLIC COMMUNITY SERVICES OF UTAH
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT				
Public support:				
Private donors, other	\$ 1,349,648	\$ 761,758	\$ -	\$ 2,111,406
Special events	185,156	-	-	185,156
less direct costs of special events	(65,944)	-	-	(65,944)
In-kind donations	7,167,613	-	-	7,167,613
Net assets released from restrictions	<u>772,519</u>	<u>(772,519)</u>	<u>-</u>	<u>-</u>
Total public support	9,408,992	(10,761)	-	9,398,231
Revenue:				
Grants and contracts	6,129,321	-	-	6,129,321
Program income	116,840	-	-	116,840
Rental income	126,810	-	-	126,810
Dividend and interest income	16,718	-	-	16,718
Other income	<u>15,316</u>	<u>-</u>	<u>-</u>	<u>15,316</u>
Total Revenue	6,405,005	-	-	6,405,005
TOTAL REVENUES AND SUPPORT	15,813,997	(10,761)	-	15,803,236
EXPENSES				
Program services:				
Immigration and refugee resettlement services	4,460,297	-	-	4,460,297
Treatment services	746,629	-	-	746,629
Basic needs - Salt Lake City	2,372,760	-	-	2,372,760
Basic needs - Northern Utah	<u>6,490,033</u>	<u>-</u>	<u>-</u>	<u>6,490,033</u>
Total program services	14,069,719	-	-	14,069,719
Supporting services:				
Management and general	725,470	-	-	725,470
Development and fundraising	<u>218,153</u>	<u>-</u>	<u>-</u>	<u>218,153</u>
Total supporting services	943,623	-	-	943,623
TOTAL EXPENSES	<u>15,013,342</u>	<u>-</u>	<u>-</u>	<u>15,013,342</u>
CHANGE IN NET ASSETS FROM OPERATIONS	800,655	(10,761)	-	789,894
Change in value of endowment fund	<u>146,685</u>	<u>9,140</u>	<u>-</u>	<u>155,825</u>
CHANGE IN NET ASSETS	947,340	(1,621)	-	945,719
Balance - beginning of year	<u>6,784,049</u>	<u>380,937</u>	<u>1,000,000</u>	<u>8,164,986</u>
Balance - end of year	<u><u>\$ 7,731,389</u></u>	<u><u>\$ 379,316</u></u>	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 9,110,705</u></u>

The accompanying notes are an integral part of the financial statements.

CATHOLIC COMMUNITY SERVICES OF UTAH
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 & 2011

	2012	2011
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Cash received from contracts, grants and donors	\$ 7,956,474	\$ 9,051,034
Cash received as interest income	17,899	16,718
Cash received from other income	7,454	15,316
	7,981,827	9,083,068
Less cash paid for:		
Program and general expenses	7,615,209	7,833,221
Interest expense	38	389
	7,615,247	7,833,610
Net cash flows from operating activities	366,580	1,249,458
 CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES		
Cash paid for purchases of equipment	(380,936)	(346,427)
Net (transfers to) transfers from endowment fund	(15,140)	9,638
Net cash used by investing activities	(396,076)	(336,789)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,496)	912,669
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,524,137	611,468
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,494,641	\$ 1,524,137

SCHEDULE OF NONCASH ACTIVITIES:

The Organization received in-kind donations of \$7,190,804 and \$7,167,613 for the years ended June 30, 2012 and 2011, respectively.

The accompanying notes are an integral part of the financial statements.

CATHOLIC COMMUNITY SERVICES OF UTAH
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2012

	<u>Program Services</u>				<u>Supporting Services</u>				<u>Total</u>
	<u>Immigration and Refugee Resettlement Services</u>	<u>Treatment Services</u>	<u>Basic Needs- Salt Lake City</u>	<u>Basic Needs- Northern Utah</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Total Supporting Services</u>	
Salaries, benefits and taxes	\$ 1,404,454	\$ 421,384	\$ 482,990	\$ 377,631	\$ 2,686,459	\$ 592,481	\$ 167,686	\$ 760,167	\$ 3,446,626
Bad debt expense	12,682	-	-	10,009	22,691	-	1,832	1,832	24,523
Communications	41,969	13,307	11,691	10,622	77,589	11,095	4,112	15,207	92,796
Conferences and meetings	4,711	2,443	1,058	4,839	13,051	7,999	2,946	10,945	23,996
Depreciation and amortization	61,274	81,954	95,744	106,927	345,899	41,916	2,961	44,877	390,776
Dues and subscriptions	7,615	2,649	1,603	1,815	13,682	1,762	1,794	3,556	17,238
Events	-	50	-	5,772	5,822	-	58,192	58,192	64,014
Insurance	2,654	5,193	7,287	8,396	23,530	1,440	137	1,577	25,107
Interest expense	-	-	-	-	-	38	-	38	38
Miscellaneous	1,176	4,904	447	1,172	7,699	6,642	905	7,547	15,246
Participant assistance (in-kind)	323,704	190,898	1,301,115	5,371,414	7,187,131	46,367	680	47,047	7,234,178
Participant assistance	930,419	49,192	256,240	349,531	1,585,382	2,085	-	2,085	1,587,467
Professional fees	1,696,592	2,267	3,442	10,054	1,712,355	56,393	2,981	59,374	1,771,729
Rent	63,974	-	383	-	64,357	-	-	-	64,357
Repairs and maintenance	6,757	21,130	66,034	27,913	121,834	5,784	228	6,012	127,846
Subcontractors	-	-	-	942	942	-	-	-	942
Supplies	9,249	13,827	12,677	8,462	44,215	12,610	12,085	24,695	68,910
Transportation	66,560	2,564	12,536	19,516	101,176	3,327	2,191	5,518	106,694
Utilities	10,390	24,748	51,903	30,870	117,911	6,782	637	7,419	125,330
TOTAL FUNCTIONAL EXPENSES	<u>\$ 4,644,180</u>	<u>\$ 836,510</u>	<u>\$ 2,305,150</u>	<u>\$ 6,345,885</u>	<u>\$ 14,131,725</u>	<u>\$ 796,721</u>	<u>\$ 259,367</u>	<u>\$ 1,056,088</u>	<u>\$ 15,187,813</u>

The accompanying notes are an integral part of the financial statements.

CATHOLIC COMMUNITY SERVICES OF UTAH
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2011

	Program Services				Supporting Services			Total	
	Immigration and Refugee Resettlement Services	Treatment Services	Basic Needs- Salt Lake City	Basic Needs- Northern Utah	Total Program Services	Management and General	Development and Fundraising		Total Supporting Services
Salaries, benefits and taxes	\$ 1,442,796	\$ 378,495	\$ 452,488	\$ 357,172	\$ 2,630,951	\$ 559,669	\$ 165,313	\$ 724,982	\$ 3,355,933
Bad debt expense	-	-	-	200	200	-	3,020	3,020	3,220
Communications	41,846	6,541	11,214	10,895	70,496	12,805	4,293	17,098	87,594
Conferences and meetings	2,138	1,415	1,801	1,750	7,104	4,200	2,074	6,274	13,378
Depreciation and amortization	57,017	79,308	85,115	89,895	311,335	35,106	3,123	38,229	349,564
Dues and subscriptions	7,353	2,902	1,997	2,493	14,745	2,038	1,273	3,311	18,056
Events	-	-	5	-	5	-	7,635	7,635	7,640
Insurance	2,477	4,415	6,689	6,880	20,461	1,187	114	1,301	21,762
Interest expense	-	-	-	-	-	389	-	389	389
Miscellaneous	737	3,218	2,084	423	6,462	6,021	3,574	9,595	16,057
Participant assistance (in-kind)	246,127	181,336	1,388,881	5,395,010	7,211,354	27,919	420	28,339	7,239,693
Participant assistance	974,955	27,564	299,017	517,947	1,819,483	1,607	-	1,607	1,821,090
Professional fees	48,708	7,392	5,154	6,931	68,185	51,433	3,186	54,619	122,804
Rent	59,138	3,491	476	81	63,186	-	-	-	63,186
Repairs and maintenance	11,211	15,229	46,226	35,153	107,819	8,351	425	8,776	116,595
Subcontractors	1,461,080	-	-	11,650	1,472,730	-	-	-	1,472,730
Supplies	11,986	9,298	4,944	9,356	35,584	4,765	21,296	26,061	61,645
Transportation	82,754	2,774	15,641	14,955	116,124	3,580	1,794	5,374	121,498
Utilities	9,974	23,251	51,028	29,242	113,495	6,400	613	7,013	120,508
TOTAL FUNCTIONAL EXPENSES	<u>\$ 4,460,297</u>	<u>\$ 746,629</u>	<u>\$ 2,372,760</u>	<u>\$ 6,490,033</u>	<u>\$ 14,069,719</u>	<u>\$ 725,470</u>	<u>\$ 218,153</u>	<u>\$ 943,623</u>	<u>\$ 15,013,342</u>

The accompanying notes are an integral part of the financial statements.

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Catholic Community Services of Utah (CCS) conform to accounting principles generally accepted in the United States of America. The following policies are considered to be significant:

Operational Purpose

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:

Immigration and Refugee Resettlement Services: Refugee Resettlement provides refugees with resettlement services and orientation, and case management including job development. Immigration provides legal services to non-residents seeking citizenship, work permits, and family reunification.

Treatment Services provide residential and outpatient drug and alcohol treatment, case management, and transitional housing.

Basic Needs – Salt Lake City provides basic needs services, including food, clothing, day shelter, referrals, and case management to the homeless and those at risk of homelessness.

Basic Needs – Northern Utah provides food to individuals and local food pantries, rental and utility assistance, and baby layettes to poor, working families.

Financial Statement Presentation

The accompanying financial statements of CCS have been prepared on the accrual method of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

CCS reports its net assets according to the following three classes of net assets:

Unrestricted – accounts for unrestricted assets (net of related liabilities) available for support of the organization's operations. Assets designated by the Board of Directors for a specific purpose are also accounted for in this fund.

Temporarily Restricted – accounts for resources currently available for use, but expendable only for purposes specified by the donor.

Permanently Restricted – accounts for gifts requiring in perpetuity that the principal be invested and only the income be used.

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as cash on hand and highly liquid investments with original maturities of three months or less. Restricted cash is not considered a cash equivalent.

Contracts and Grants

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.

Promises to Give

Promises to give that are unconditional in nature are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. CCS estimates an appropriate allowance for doubtful accounts based on historical experience.

Property and Equipment

Property and equipment are recorded at acquisition cost or, where donated, at estimated market value at the date of the donation. Depreciation is computed using the straight-line method based on estimated useful lives ranging from three to thirty nine years. Expenditures for repairs and maintenance are charge to expense as incurred.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions are recorded as revenue when cash is received or CCS receives an unconditional promise to give from the donor.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and change in net assets as net assets released from restrictions.

Functional Expenses

CCS allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting services are directly classified to that program or service. Other expenses that are common to several functions are allocated on a reasonable and systematic basis.

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, CCS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CCS reclassified temporarily restricted net assets to unrestricted net assets at that time. Donated property or equipment totaling \$26,022 and \$0 is reflected in the statements of activities and change in net assets during the years ended June 30, 2012 and 2011, respectively, and is included in the reconciliation below.

Donated Services, Materials, and Facilities

Volunteers and donors contribute substantial amounts of services, materials, and facilities toward the fulfillment of CCS programs. To the extent these contributions satisfy the criteria for recognition under Generally Accepted Accounting Principles (GAAP), they are recognized as contributions and expenses in the statement of activities and changes in net assets or are capitalized in the statement of financial position. The donated amounts recognized are generally recorded at the fair market value represented on the vendor invoice, or an estimated fair value as can best be approximated by sales of similar terms.

The donated services, materials, and facilities reflected in the statement of activities total \$7,164,782 and \$7,167,613 during the years ended June 30, 2012 and 2011, respectively, and primarily represent the donation of food items that are provided to or consumed by participants in CCS' Basic Needs – Salt Lake City and Northern Utah programs. Related expenses recorded in the statement of activities and change in net assets total \$7,234,177 and \$7,239,691 for the years ended June 30, 2012 and 2011, respectively. The differences between the revenue and expense represent an increase or decrease in food inventory.

The total amounts recorded as in-kind contributions in the statements of activities and change in net assets follow:

	<u>2012</u>	<u>2011</u>
Food and consumables	\$ 6,032,155	\$ 6,183,869
Clothing and furnishings	992,745	857,707
Rent	72,000	72,000
Other	93,904	54,037
	<u>\$ 7,190,804</u>	<u>\$ 7,167,613</u>

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services, Materials, and Facilities, continued

Amounts for donated services are reflected in the financial statements if the services create or enhance nonfinancial assets or if CCS would be required to pay for the services if not donated. No amounts have been reflected in the financial statements for donated volunteer services, which do not satisfy the criteria for recognition under GAAP; however, a substantial number of volunteers have donated significant amounts of time to CCS programs.

Nonprofit Status

CCS was organized as a nonprofit corporation in accordance with the laws of the state of Utah and is exempt from federal income taxation under provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization believes it does not have and has not recorded a liability for any uncertain tax positions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The Organization holds investments that are measured at fair value on an annual basis. GAAP establishes a three level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Organization's endowment fund, totaling \$1,124,458 and \$1,128,962 at June 30, 2012 and 2011 are all valued using the highest level of observable inputs, Level 1. Level 1 inputs are valued using the valuation methodology of quoted prices (unadjusted) for an identical asset or liability in an active market. The Organization does not have any other assets or liabilities that are required to be valued on a recurring basis at fair value.

Reclassifications

Certain reclassifications were made to the 2011 financial statements to conform to the 2012 presentation.

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others

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 rights 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 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 relation to the transferred assets. In cases where CFU has been granted variance power, CCS recognizes its rights to the assets held by CFU as a receivable and contribution revenue in accordance with GAAP provisions for unconditional promises to give.

Management Review Date

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 6, 2012, the date the financial statements were issued.

NOTE 2 – GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of the following:

	<u>2012</u>	<u>2011</u>
State of Utah - various	\$ 522,830	\$ 480,866
United States Conference of Catholic Bishops	278,530	212,825
United Way	140,025	70,000
U.S. Department of Veterans Affairs	94,102	54,428
Salt Lake County	53,766	64,881
Other	24,951	82,665
Salt Lake City	18,706	4,091
Healthy U (Medicaid reimbursements)	81	12,228
	<u>\$ 1,132,991</u>	<u>\$ 981,984</u>

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 3 – PROMISES TO GIVE

Promises to give that are expected to be received within one year, consist of the following:

	<u>2012</u>	<u>2011</u>
United Way	\$ 94,974	\$ 112,820
Others	5,684	11,287
Less estimated uncollectible amounts	<u>(14,246)</u>	<u>(8,902)</u>
	<u>\$ 86,412</u>	<u>\$ 115,205</u>

NOTE 4 – INVENTORY

Inventory totaling \$216,547 and \$295,830 at June 30, 2012 and 2011 represents food inventory on hand, net of an allowance for perishables, in the Emergency Services and Northern Utah Food Bank programs and bulk supplies held by the Organization. Food inventory is generally received from the Utah Food Bank, another non-profit organization. Contribution revenue, participant assistance, and food inventory is valued at \$1.66 per pound of food. Inventory consists of the following:

	<u>2012</u>	<u>2011</u>
Food bank	\$ 230,499	\$ 315,170
Allowance for perishable food	(23,049)	(31,517)
Supplies	<u>9,097</u>	<u>12,177</u>
	<u>\$ 216,547</u>	<u>\$ 295,830</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2012</u>	<u>2011</u>
Cost:		
Buildings and improvements	\$ 5,678,003	\$ 5,634,244
Shop equipment	852,924	661,992
Land	669,968	669,968
Autos and trucks	625,580	493,090
Leasehold improvements	591,721	591,721
Computer equipment	208,518	196,695
Furniture and fixtures	97,981	97,981
Software	<u>24,798</u>	<u>26,293</u>
	8,749,493	8,371,984
Less accumulated depreciation	<u>(3,005,854)</u>	<u>(2,618,505)</u>
Net book value	<u>\$ 5,743,639</u>	<u>\$ 5,753,479</u>

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 6 – ENDOWMENT FUND

In 1992, a donor made a permanently restricted contribution of \$1,000,000 and stipulated that the earnings be used to benefit the St. Vincent de Paul Center operated by CCS. In 1994, CCS, the original donor, and CFU entered into a gift agreement whereby CFU was made responsible for the investment and administration of the \$1,000,000 permanently restricted contribution.

At June 30, 2012 and 2011, CCS has recorded \$1,124,458 and \$1,128,962, respectively, as the value of the endowment fund administered by CFU relating to this permanently restricted contribution. During the years ended June 30, 2012 and 2011, CCS recorded a loss of \$19,644 and a gain of \$155,825, respectively, as change in interest in the net assets of CFU. During the years ended June 30, 2012 and 2011, \$19,860 and \$30,138, respectively, was transferred to and received in cash by CCS and during the year ended June 30, 2012 CCS deposited an additional \$35,000 into the fund.

In addition, CFU held other permanently restricted contributions, with a value of approximately \$297,032 and \$251,534 at June 30, 2012 and 2011. 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 the earnings on these contributions. At June 30, 2012, CFU held cumulative earnings on these permanently restricted contributions totaling approximately \$15,473, which have not been made available for distributions to CCS. Accordingly, with respect to these contributions, CCS has recorded no unconditional promises to give at June 30, 2012 and 2011.

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statements of activities. The Organization's policy is to invest its endowment funds in a diverse, broad portfolio of funds while simultaneously respecting the ethical standards of the USCCB.

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 6 – ENDOWMENT FUND (CONTINUED)

Endowment investment activity is reflected in the following table:

Endowment fund value, June 30, 2011	\$ 1,128,962
Investment returns	
Dividends and interest	33,048
Net realized gains and losses	12,254
Net unrealized gains and losses	(40,651)
Additional unrestricted funds deposited	35,000
Fees	(24,296)
Withdrawals/amounts appropriated for operations	(19,860)
Interest in the net assets of affiliated organization, June 30, 2012	1,124,457
Deposits/unrealized gains allocated to unrestricted net assets	(5,651)
Realized gains allocated to temporarily restricted net assets	(118,806)
Permanently restricted net assets at June 30, 2012	\$ 1,000,000

The board of directors has interpreted state law to not require the preservation of the purchasing power (real value) of the permanent endowment funds unless explicit donor stipulations specify otherwise. The donor has specifically stipulated that the original endowment principal may only be expended with the prior written consent of the donor. The amount available to the Organization from the permanently restricted endowment at June 30, 2012 totals \$30,690.

NOTE 7 – LINE OF CREDIT

At June 30, 2012, the amount available under the Organization's line of credit was \$200,000. This amount is available until November 5, 2012. All amounts drawn on the line during the year were paid off and therefore there was no balance as of June 30, 2012 and 2011. The line bears interest at the greater of a floating rate Prime Rate (3.25% at June 30, 2012) plus .75% or the floor rate of 5% and is unsecured.

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 8 – CONCENTRATIONS

As the social service arm of the Diocese, a substantial portion of the support received by CCS comes from the Diocese and other Catholic organizations (see Note 13). A loss of this support would have a materially adverse effect on CCS.

The Organization's endowment totaling \$1,124,458 at June 30, 2012 is being invested by CFU in various debt and equity securities. These investments are subject to market risk and are therefore subject to changes due to overall economic factors or specific factors relating to a single underlying investment. In addition, CCS has a concentration of credit risk to the extent cash held in bank accounts exceeds federally insured limits. CCS has not experienced any losses in these cash accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent resources currently available for use, but expendable only for the specific purposes as follows:

	<u>2012</u>	<u>2011</u>
United Way - time restriction	\$ 150,728	\$ 103,918
Emergency crisis fund	42,988	32,164
Capital needs	23,575	119,195
Quarters for Christmas	14,485	4,896
Building maintenance	7,500	6,841
Basic needs-Northern Utah	6,701	15,000
Computer network upgrade	6,072	-
Refugee dental and vision screenings	4,549	5,000
Garden	1,312	269
Bus tokens	704	788
Supplies for orientation	472	-
St. Mary's - treats for movies	250	500
St. Vincent de Paul Center	245	13,017
Immigration and refugee restrictions	173	50,273
Basic needs-Salt Lake City	-	20,000
Dream builder breakfast	-	5,000
Parking garage	-	1,600
Security system	-	855
	<u>\$ 259,754</u>	<u>\$ 379,316</u>

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets totaling \$1,000,000 at June 30, 2012 and 2011 represent a permanently restricted donation from the Jon and Karen Huntsman Foundation (Donor). As further discussed in Note 6, 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 – OPERATING LEASE COMMITMENTS

CCS leases the St. Vincent de Paul Center from the Diocese, a related party, for the operation of part of its Basic Needs – Salt Lake City program. The Diocese donates the cost of the rent to CCS as further described in Note 13. CCS also participates in two additional operating leases with lease terms extending to 2015.

The Organization also pays on two leases for office equipment with one term extending to 2013 and the other to 2014.

Rent totaled \$64,357 and \$63,185 for the years ended June 30, 2012 and 2011, respectively.

Future minimum payments under the operating leases are as follows:

<u>Year Ending June 30,</u>	
2013	\$ 78,102
2014	61,195
2015	14,233
2016	-
2017	-
Thereafter	-
	<u>\$ 153,530</u>

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 12 – RETIREMENT PLAN

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, 2012 and 2011, CCS contributed \$132,097 and \$108,724 to the Plan.

NOTE 13 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2012 and 2011, CCS received cash donations of \$92,517 and \$104,800 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.

NOTE 14 – CASH FLOWS USED BY OPERATING ACTIVITIES

The following schedule reconciles net income as reported in the accompanying statements of operations with cash flows used by operating activities in the statements of cash flows:

	2012	2011
Net income	\$ 34,737	\$ 945,719
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	390,776	349,560
Bad debt expense	-	3,245
Change in value of endowment fund	19,644	(155,824)
(Increase) decrease in assets:		
Grants and contracts receivable	(151,007)	115,730
Promises to give	28,793	116,341
Inventories	79,283	63,677
Prepaid expenses	(4,150)	1,501
(Decrease) increase in liabilities:		
Accounts payable	50,044	(147,059)
Accrued expenses	(77,040)	(43,432)
Advances and deposits	(4,500)	-
Net cash flows from operating activities	\$ 366,580	\$ 1,249,458

**SUPPLEMENTARY INFORMATION AND
COMPLIANCE REPORTS**

CATHOLIC COMMUNITY SERVICES OF UTAH
SUPPLEMENTAL COMBINING STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2012

IMMIGRATION AND REFUGEE RESETTLEMENT SERVICES

	Reception and Placement	Match Grant	TANF	Job Placement	Interpreting Services	Refugee Unaccomp- anied Minor	Immigration Services	Refugee Elder Care	Sharehouse Operations	Refugee Youth Coordination	POWRS Grant	Refugee Preventative Health	USCIS Grant	Total
Salaries, benefits and taxes	\$ 145,998	317,862	\$ 152,214	\$ -	\$ 265,950	\$ 244,578	\$ 154,279	\$ 45,682	\$ 21,058	\$ -	\$ 14,011	\$ 19,902	\$ 22,920	\$ 1,404,454
Bad debt expense	-	-	-	-	12,682	-	-	-	-	-	-	-	-	12,682
Communications	4,069	7,095	5,501	-	3,970	9,961	8,046	1,159	1,004	121	133	136	774	41,969
Conferences and meetings	57	267	14	-	245	3,533	208	365	-	-	-	21	1	4,711
Depreciation and amortization	23,385	11,933	2,765	-	1,874	17,172	2,314	1,411	-	47	-	229	144	61,274
Dues and subscriptions	1,012	1,701	326	-	746	1,622	1,327	634	59	-	-	-	188	7,615
Insurance	719	725	124	-	98	173	99	22	673	-	-	8	13	2,654
Miscellaneous	1,174	-	1	-	1	-	-	-	-	-	-	-	-	1,176
Participant assistance (in-kind)	138,991	163,904	-	-	-	20,809	-	-	-	-	-	-	-	323,704
Participant assistance	456,157	330,739	-	-	1,288	142,235	-	-	-	-	-	-	-	930,419
Professional fees	5,759	6,007	263,276	-	3,986	1,406,752	5,117	5,257	62	-	48	164	164	1,696,592
Rent	11,968	6,441	-	-	-	44,221	-	-	1,344	-	-	-	-	63,974
Repairs and maintenance	1,400	1,668	217	-	382	165	160	36	2,683	-	-	16	30	6,757
Supplies	2,474	1,324	174	128	1,588	1,172	590	701	46	(3)	165	175	715	9,249
Transportation	2,658	1,979	6,375	-	30,720	15,431	577	2,659	5,142	-	478	-	541	66,560
Utilities	4,008	3,960	679	-	549	91	478	147	386	-	-	33	59	10,390
TOTAL	\$ 799,829	\$ 855,605	\$ 431,666	\$ 128	\$ 324,079	\$ 1,907,915	\$ 173,195	\$ 58,073	\$ 32,457	\$ 165	\$ 14,835	\$ 20,684	\$ 25,549	\$ 4,644,180

**CATHOLIC COMMUNITY SERVICES OF UTAH
SUPPLEMENTAL COMBINING STATEMENT OF
FUNCTIONAL EXPENSES
Year Ended June 30, 2012**

TREATMENT SERVICES

	St. Mary's Home for Men	Residential Services	Access to Recover	Total
Salaries, benefits and taxes	\$ 420,621	\$ 73	\$ 690	\$ 421,384
Communications	13,306	1	-	13,307
Conferences and meetings	2,443	-	-	2,443
Depreciation and amortization	52,363	29,591	-	81,954
Dues and subscriptions	2,649	-	-	2,649
Events	50	-	-	50
Insurance	3,247	1,946	-	5,193
Miscellaneous	4,904	-	-	4,904
Participant assistance (in-kind)	190,898	-	-	190,898
Participant assistance	49,192	-	-	49,192
Professional fees	2,104	163	-	2,267
Repairs and maintenance	19,247	1,883	-	21,130
Supplies	13,806	21	-	13,827
Transportation	2,564	-	-	2,564
Utilities	15,454	9,294	-	24,748
	<u>15,454</u>	<u>9,294</u>	<u>-</u>	<u>24,748</u>
TOTAL	<u>\$ 792,848</u>	<u>\$ 42,972</u>	<u>\$ 690</u>	<u>\$ 836,510</u>

**CATHOLIC COMMUNITY SERVICES OF UTAH
SUPPLEMENTAL COMBINING STATEMENT OF
FUNCTIONAL EXPENSES
Year Ended June 30, 2012**

BASIC NEEDS – SALT LAKE CITY

	St. Vincent de Paul	Weigand Center	Special Assistance (including Ministry with Older Adults)	Evening Meal Service	Total
Salaries, benefits and taxes	\$ 218,668	\$ 151,310	\$ 70,437	\$ 42,575	\$ 482,990
Communications	3,153	5,160	2,996	382	11,691
Conferences and meetings	596	96	366	-	1,058
Depreciation and amortization	44,241	42,474	2,414	6,615	95,744
Dues and subscriptions	992	221	275	115	1,603
Insurance	2,726	3,470	821	270	7,287
Miscellaneous	447	-	-	-	447
Participant assistance (in-kind)	440,729	-	602,297	258,089	1,301,115
Participant assistance	(39)	84	255,755	440	256,240
Professional fees	1,599	722	1,121	-	3,442
Rent	-	-	383	-	383
Repairs and maintenance	47,596	7,296	1,812	9,330	66,034
Supplies	3,282	900	3,235	5,260	12,677
Transportation	10,989	166	758	623	12,536
Utilities	22,759	19,874	5,668	3,602	51,903
TOTAL	<u>\$ 797,738</u>	<u>\$ 231,773</u>	<u>\$ 948,338</u>	<u>\$ 327,301</u>	<u>\$ 2,305,150</u>

CATHOLIC COMMUNITY SERVICES OF UTAH
SUPPLEMENTAL COMBINING STATEMENT OF FUNCTIONAL
EXPENSES
Year Ended June 30, 2012

BASIC NEEDS – NORTHERN UTAH

	<u>Special Assistance</u>	<u>Food Distribution</u>	<u>TANF</u>	<u>HPRP</u>	<u>Total</u>
Salaries, benefits and taxes	\$ 66,201	\$ 213,070	\$ 14,352	\$ 84,008	\$ 377,631
Bad debt expense	10,000	9	-	-	10,009
Communications	1,586	7,068	1,162	806	10,622
Conferences and meetings	1,370	3,159	-	310	4,839
Depreciation and amortization	20,550	81,254	1,708	3,415	106,927
Dues and subscriptions	447	1,176	54	138	1,815
Events	2,861	2,911	-	-	5,772
Insurance	1,381	6,676	99	240	8,396
Miscellaneous	140	1,012	20	-	1,172
Participant assistance (in-kind)	174,036	5,197,378	-	-	5,371,414
Participant assistance	51,628	10,769	29,312	257,822	349,531
Professional fees	1,800	5,440	736	2,078	10,054
Repairs and maintenance	4,383	21,314	311	1,905	27,913
Subcontractors	-	-	-	942	942
Supplies	1,934	4,719	299	1,510	8,462
Transportation	2,552	16,514	17	433	19,516
Utilities	5,476	24,017	431	946	30,870
TOTAL	\$ 346,345	\$ 5,596,486	\$ 48,501	\$ 354,553	\$ 6,345,885

CATHOLIC COMMUNITY SERVICES OF UTAH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

<u>Federal Grantor Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>2011-12 Expenditures</u>
<u>U.S. Department of Health and Human Services</u>		
Administered by Utah State Department of Workforce Services:		
Refugee Foster Care	93.566	\$ 1,888,844
Temporary Assistance for Needy Families (TANF)	93.558	500,833
Administered by Utah State Department of Health		
Refugee Health Screening - TB - 026568	93.566	279,193
Refugee Preventative Health	93.566	27,105
Administered by United States Conference of Catholic Bishops		
Refugee Resettlement Match Grant Program (1)	93.567	707,784
Refugee Resettlement Safe Passage Grant	93.676	4,444
Administered by Office of Refugee Resettlement		
Refugee Elder Care Grant through SL County	93.576	60,223
US Citizen Integration Services	97.010	24,895
Administered by the State of Utah		
Liheap Energy Crisis Fund	93.568	216,961
Administered by Salt Lake Community Action Program		
Community Services Block Grant - Special Assistance	93.569	9,292
Administered by Salt Lake County Division of Community Resources and Development		
Social Services Block Grant - Immigration	93.667	35,000
Administered by Salt Lake County Department of Human Services		
Substance Abuse - St. Mary's Home for Men	93.959	31,761
Substance Abuse - Outpatient	93.959	4,299
Access to Recovery - Outpatient	93.275	<u>3,375</u>
Subtotal for US Department of Health & Human Services		<u>\$ 3,794,009</u>

CATHOLIC COMMUNITY SERVICES OF UTAH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

<u>Federal Grantor Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>2011-12 Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Supportive Housing Program (HUD)	14.235	\$ 116,407
Administered by Utah Department of Community & Culture Div of Housing & Community Development - HPRP - ARRA (1)	14.257	328,976
Administered by Salt Lake City Corporation		
CDBG - SVDP Dining Hall	14.218	14,653
CDBG - Weigand Resource Center	14.218	20,000
CDBG - St. Mary's Home for Men	14.218	10,000
Administered by Salt Lake City Corporation		
ESG - Weigand Resource Center	14.231	20,000
ESG - St. Mary's Home for Men	14.231	9,000
Administered by Utah Department of Community and Economic Development		
Housing Opportunities for Persons with AIDS	14.241	<u>11,813</u>
Subtotal for US Department of Housing & Urban Development		<u>530,849</u>
<u>U.S. Department of State</u>		
Administered by United States Conference of Catholic Bishops		
Reception and Placement Grant - Program Administration (1)	19.510	240,831
Reception and Placement Grant - Direct Assistance (1)	19.510	373,153
Refugee and Placement Grant - Flex Funds (1)	19.510	75,149
Refugee and Placement Grant - POWR (1)	19.510	13,317
Reception and Placement Grant - URM (1)	19.510	<u>28,400</u>
Subtotal for US Department of State		<u>730,850</u>
<u>U.S. Federal Emergency Management Agency</u>		
Emergency Food and Shelter Program		
St. Vincent de Paul Center	97.024	56,558
Northern Utah - Housing Assistance	97.024	<u>19,500</u>
Subtotal for US Federal Emergency Management Agency		<u>\$ 76,058</u>

**CATHOLIC COMMUNITY SERVICES OF UTAH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012**

<u>Federal Grantor Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>2011-12 Expenditures</u>
<u>U.S. Department of Veterans' Affairs</u>		
Administered by Regional Department of Veteran's Affairs		
St. Mary's Home for Men Substance Abuse Treatment (1)	64.019	\$ <u>366,072</u>
Subtotal for US Department of Veterans' Affairs		<u>366,072</u>
<u>U.S. Department of Agriculture</u>		
Administered by Utah State Department of Education		
Northern Utah Food Distribution	10.568	<u>33,588</u>
Subtotal for US Department of Agriculture		<u>33,588</u>
Total		<u>\$ 5,531,426</u>

(1) =Major Program

CATHOLIC COMMUNITY SERVICES OF UTAH
NOTE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

General

The Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Catholic Community Services of Utah (CCS). The CCS reporting entity is defined in Note 1 to CCS financial statements. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other government agencies are included on the schedule.

Basis of Presentation

The Schedule of Expenditures of Federal Awards is presented using grant accounting principles. Certain government and other grants require that another comprehensive basis of accounting be followed. The differences from accounting principles generally accepted in the United States of America are as follows: acquisition of capital assets are recorded as expenses rather than begin capitalized and depreciated, and supporting services are reflected with program expenses rather than reflected separately.

Sub-Recipients

Catholic Community Services of Utah provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA number</u>	<u>Amount provided</u>
Homeless Prevention & Rapid Re-Housing Program (HPRP)	14.257	\$ 942
Temporary Assistance for Needy Families (TANF)	93.558	259,204
Refugee Foster Care	93.566	1,377,350
Refugee Elder Care	93.576	<u>3,147</u>
		<u>\$ 1,640,643</u>

**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**

**Board of Directors and Management of
Catholic Community Services of Utah
Salt Lake City, Utah**

We have audited the financial statements of Catholic Community Services of Utah (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 6, 2012. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Catholic Community Services of Utah's (the organization) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's response and, accordingly, we express no opinion.

This report is intended solely for the information and use of the finance committee, management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Adams & Petersen, CPAs LLC

September 6, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Directors and Management of
Catholic Community Services of Utah
Salt Lake City, Utah**

Compliance

We have audited Catholic Community Services of Utah's (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2012. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of 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 the Organization'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. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

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, 2012.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the Organization'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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Catholic Community Services of Utah's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the finance committee, management, the Board of Directors, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Adams & Petersen, CPAs LLC

September 6, 2012

**CATHOLIC COMMUNITY SERVICES OF UTAH
SUMMARY OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

SECTION 1 – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ reports issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? No

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material Weaknesses identified? No
- Significant deficiencies identified? No

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in
Accordance with Section 510(a) of OMB Circular A-133 No

Identification of major programs:

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u> Administered by Utah Department of Community & Culture Division of Housing & Community Development: Homeless Prevention & Rapid Re-Housing	14.257	\$ 328,976
<u>US Department of State</u> Administered by United States Conference of Catholic Bishops: Reception and Placement Grants	19.510	730,850
<u>US Department of Veteran's Affairs</u> Administered by Regional Department of Veterans Affairs St. Mary's Home for Men Substance Abuse Treatment	64.019	366,072
<u>U.S. Department of Health and Human Service</u> Administered by United States Conference of Catholic Bishops: Refugee Resettlement Match Grant Program	93.567	<u>707,784</u>
		<u>\$ 2,133,682</u>

CATHOLIC COMMUNITY SERVICES OF UTAH
SUMMARY OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

SECTION 1 – SUMMARY OF AUDITORS’ RESULTS (CONTINUED)

Number of Type A programs for the year ended June 30, 2012:	6
Dollar threshold used to distinguish Type A and Type B programs:	\$300,000.
Auditee qualified as a low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – FINDINGS OF THE PRIOR AUDIT

Financial Statement Findings

Findings 2011-1 and 2011-2 are related to the financial statements and are also detailed in the following section – Federal Award Findings and Questioned Costs.

Federal Award Findings and Questioned Costs

United States Department of Health and Human Services – Refugee Resettlement Match Grant Program, CFDA 93.567

FINDING 2011-1:

Condition: We selected twenty-one program participant case files. We noted several instances where the termination dates documented in the files exceeded the 180th day from enrollment. It appeared that the organization recorded termination dates six months after the eligibility date, rather than 180 days. These dates ranged from 181 to 184 days from enrollment.

Questioned costs: None.

Criteria: According to the matching grant guidelines, case management for eligible clients commences upon enrollment and continues through the 180th day.

Effect: Services could have potentially exceeded 180 days from client enrollment.

CATHOLIC COMMUNITY SERVICES OF UTAH
SUMMARY OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

SECTION IV – FINDINGS OF THE PRIOR AUDIT (CONTINUED)

FINDING 2011-1 (CONTINUED):

Recommendation: The Organization should implement procedures to calculate and record the program termination date for each client, to ensure that the 180 day eligibility period is not exceeded.

Current Status: This finding was resolved.

U.S. Department of Housing and Urban Development - Homeless Prevention & Rapid Re-Housing-ARRA, CFDA 14.257

FINDING 2011-2:

Condition: We selected twenty-five program participant case files. Of those files tested, one instance of non-compliance with the lead based paint inspection requirement was noted. An inspection had not been performed on a unit that met the criteria below. The Organization did have an inspection performed immediately on the unit subsequent to our review of the files.

Questioned costs: None.

Criteria: According to the program requirements, a lead based paint inspections must be completed for all units that meet the three following conditions:

- The household living in the unit is receiving HPRP financial assistance
- The unit was constructed prior to 1978
- A child under the age of six is or will be living in the unit

Effect: Program participants could be placed in living quarters with potential health hazards.

Recommendation: The Organization should implement procedures to ensure that lead based paint inspections are performed for all units meeting the criteria.

Current Status: This finding was resolved.