



Financial Statements,
Schedule of Expenditures of Federal Awards, and
Reports Required by Government Auditing Standards and
OMB Circular A-133
June 30, 2015 and 2014
Catholic Community Services of Utah

Catholic Community Services of Utah

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June 30, 2015 and 2014

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Community Services of Utah (CCS), which comprise the statements of financial position as of June 30, 2015 and 2014, 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 August 31, 2015, on our consideration of Catholic Community Services of Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Community Services of Utah's internal control over financial reporting and compliance.



Salt Lake City, Utah
August 31, 2015

Catholic Community Services of Utah
 Statements of Financial Position
 June 30, 2015 and 2014

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,232,272	\$ 3,226,672
Promises to give, grants and contracts receivable, net	973,720	1,102,483
Inventory	281,304	312,420
Prepaid expenses and other assets	66,710	43,154
Total current assets	5,554,006	4,684,729
Property and equipment, net	5,317,398	5,486,721
Beneficial interest in assets held by Catholic Foundation of Utah	1,322,146	1,338,390
	\$ 12,193,550	\$ 11,509,840
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 330,860	\$ 339,520
Accrued expenses and other liabilities	244,297	227,564
Advances and deposits	111,792	111,792
Capital lease payable - current portion	15,472	12,134
Total current liabilities	702,421	691,010
Long-term Liabilities		
Capital lease payable	8,450	23,922
Total liabilities	710,871	714,932
Net Assets		
Unrestricted		
Undesignated	4,241,475	3,514,960
Invested in property and equipment	5,293,476	5,450,665
Total unrestricted net assets	9,534,951	8,965,625
Temporarily restricted	947,728	829,283
Permanently restricted	1,000,000	1,000,000
Total net assets	11,482,679	10,794,908
	\$ 12,193,550	\$ 11,509,840

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

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

Catholic Community Services of Utah
Statement of Activities
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Public support				
Private donors	\$ 1,919,308	\$ 450,197	\$ -	\$ 2,369,505
Special events	216,078	-	-	216,078
Less cost of direct benefit to donors	(57,833)	-	-	(57,833)
In-kind donations	7,248,921	-	-	7,248,921
Net assets released from restrictions	312,480	(312,480)	-	-
Total public support	9,638,954	137,717	-	9,776,671
Grants and contracts	6,174,130	-	-	6,174,130
Program income	217,654	-	-	217,654
Rental income	96,323	-	-	96,323
Change in value of beneficial interest in assets held by Catholic Foundation of Utah	-	160,524	-	160,524
Dividend and interest income	26,995	-	-	26,995
Other income	13,819	-	-	13,819
Net assets released from restrictions	31,167	(31,167)	-	-
Total revenue, support, and gains	16,199,042	267,074	-	16,466,116
Expenses and Losses				
Program services expense				
Immigration and refugee resettlement services	5,397,923	-	-	5,397,923
Treatment services	798,240	-	-	798,240
Basic needs - Salt Lake City	1,905,129	-	-	1,905,129
Basic needs - Northern Utah	6,248,688	-	-	6,248,688
Total program services expenses	14,349,980	-	-	14,349,980
Supporting services expense				
Management and general	782,201	-	-	782,201
Fundraising and development	227,687	-	-	227,687
Total supporting services expenses	1,009,888	-	-	1,009,888
Total expenses and losses	15,359,868	-	-	15,359,868
Change in Net Assets	839,174	267,074	-	1,106,248
Net Assets, Beginning of Year	8,126,451	562,209	1,000,000	9,688,660
Net Assets, End of Year	\$ 8,965,625	\$ 829,283	\$ 1,000,000	\$ 10,794,908

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

	Program Services					Management and General	Fundraising and Development	Total
	Refugee Resettlement and Immigration Services	Treatment Services	Basic Needs - Salt Lake City	Basic Needs - Northern Utah	Total			
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ 10
Communications	44,382	6,440	10,762	11,827	73,411	10,207	5,982	89,600
Conferences and meetings	16,883	2,020	1,058	3,500	23,461	11,917	3,670	39,048
Depreciation and amortization	88,766	77,469	80,218	92,234	338,687	31,324	846	370,857
Dues and subscriptions	12,407	2,373	1,421	2,257	18,458	4,330	445	23,233
Events	-	-	-	-	-	539	60,997	61,536
Insurance	3,961	7,362	8,069	11,083	30,475	1,301	-	31,776
Interest expense	5,682	281	528	499	6,990	466	94	7,550
Miscellaneous	3,623	1,388	-	39	5,050	6,028	4,369	15,447
Participant assistance	1,324,891	31,385	57,703	26,944	1,440,923	-	-	1,440,923
Participant assistance (in-kind)	482,565	79,282	853,309	6,664,488	8,079,644	14,415	1,688	8,095,747
Professional fees	122,108	3,420	4,953	9,579	140,060	64,085	2,136	206,281
Rent	68,218	-	72,448	-	140,666	35,652	933	177,251
Repairs and maintenance	10,073	29,598	42,991	52,873	135,535	7,653	451	143,639
Salaries, benefits and taxes	2,028,314	502,131	649,562	329,145	3,509,152	638,865	207,960	4,355,977
Subcontractors	1,900,974	-	-	-	1,900,974	-	-	1,900,974
Supplies	17,405	17,435	11,877	12,529	59,246	8,220	25,846	93,312
Transportation	89,797	3,074	10,009	20,573	123,453	5,116	2,023	130,592
Utilities	14,140	25,819	56,465	35,186	131,610	3,101	-	134,711
	6,234,189	789,477	1,861,373	7,272,756	16,157,795	843,229	317,440	17,318,464
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	-	-	-	-	-	-	61,536	61,536
Total functional expenses	<u>\$ 6,234,189</u>	<u>\$ 789,477</u>	<u>\$ 1,861,373</u>	<u>\$ 7,272,756</u>	<u>\$ 16,157,795</u>	<u>\$ 843,229</u>	<u>\$ 255,904</u>	<u>\$ 17,256,928</u>

See Notes to Financial Statements

Catholic Community Services of Utah
Statement of Functional Expenses
Year Ended June 30, 2014

	Program Services					Management and General	Fundraising and Development	Total
	Refugee Resettlement and Immigration Services	Treatment Services	Basic Needs - Salt Lake City	Basic Needs - Northern Utah	Total			
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 521	\$ 3,234	\$ 3,755
Communications	46,150	11,846	10,777	8,943	77,716	8,592	2,664	88,972
Conferences and meetings	7,861	1,196	1,054	3,549	13,660	7,776	4,246	25,682
Depreciation and amortization	74,670	79,115	89,812	88,136	331,733	41,398	2,358	375,489
Dues and subscriptions	10,468	3,175	1,825	940	16,408	3,767	987	21,162
Events	14	-	38	-	52	546	57,235	57,833
Insurance	3,212	6,745	7,617	10,716	28,290	1,671	136	30,097
Interest expense	2,358	636	1,049	951	4,994	697	25	5,716
Miscellaneous	289	99	1,898	7	2,293	6,410	4,670	13,373
Participant assistance	1,040,676	24,683	42,607	14,801	1,122,767	1,424	-	1,124,191
Participant assistance (in-kind)	394,090	100,426	1,001,334	5,689,882	7,185,732	16,476	420	7,202,628
Professional fees	61,939	4,319	9,217	8,467	83,942	60,250	3,232	147,424
Rent	72,476	-	72,231	-	144,707	5,746	-	150,453
Repairs and maintenance	5,356	19,709	34,296	74,458	133,819	14,273	447	148,539
Salaries, benefits and taxes	1,779,869	500,050	551,245	287,851	3,119,015	592,143	191,607	3,902,765
Subcontractors	1,792,912	-	-	-	1,792,912	-	-	1,792,912
Supplies	10,280	18,861	14,491	10,044	53,676	9,846	12,408	75,930
Transportation	83,938	2,738	11,798	17,206	115,680	4,802	697	121,179
Utilities	11,379	24,642	53,878	32,737	122,636	6,409	556	129,601
	5,397,937	798,240	1,905,167	6,248,688	14,350,032	782,747	284,922	15,417,701
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	14	-	38	-	52	546	57,235	57,833
Total functional expenses	<u>\$ 5,397,923</u>	<u>\$ 798,240</u>	<u>\$ 1,905,129</u>	<u>\$ 6,248,688</u>	<u>\$ 14,349,980</u>	<u>\$ 782,201</u>	<u>\$ 227,687</u>	<u>\$ 15,359,868</u>

See Notes to Financial Statements

Catholic Community Services of Utah
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Operating Activities		
Change in net assets	\$ 687,771	\$ 1,106,248
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	370,858	375,489
Loss on sale of property and equipment	-	-
Change in beneficial interest in assets held by others	(24,905)	(160,524)
Changes in operating assets and liabilities		
Promises to give, grants and contracts receivable	128,763	97,648
Inventory	31,116	29,373
Prepaid expenses and other assets	(23,556)	(28,073)
Accounts payable	(8,660)	5,740
Accrued expenses and other liabilities	16,733	27,879
Net Cash from Operating Activities	1,178,120	1,453,780
Investing Activities		
Purchases of property and equipment	(201,535)	(347,375)
Proceeds from beneficial interest in assets held by Catholic Foundation of Utah	41,149	31,167
Net Cash used for Investing Activities	(160,386)	(316,208)
Financing Activities		
Principal payments on capital lease obligations	(12,134)	(4,944)
Net Cash used for Financing Activities	(12,134)	(4,944)
Net Change in Cash and Cash Equivalents	1,005,600	1,132,628
Cash and Cash Equivalents, Beginning of Year	3,226,672	2,094,044
Cash and Cash Equivalents, End of Year	\$ 4,232,272	\$ 3,226,672
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	\$ 7,550	\$ 5,716
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Equipment financed through capital lease arrangement	\$ -	\$ 41,000

Note 1 - Principal Activity and Significant Accounting Policies

Organization

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

CCS' principal programs comprise the following:

- **Refugee Resettlement and Immigration Services:** Provides refugees with resettlement services and orientation, and case management including job development. Also provides legal services to non-residents seeking citizenship, work permits, and family reunification.
- **Treatment Services:** Provides residential and outpatient drug and alcohol treatment, case management and transitional housing.
- **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, and baby layettes to poor, working families.

Cash and Cash Equivalents

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

Grants and Contracts Receivable and Credit Policies

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

Promises to Give

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

Inventory

Inventory represents food inventory on hand, net of an allowance for perishables, in the Basic Needs programs and bulk supplies held by CCS. A substantial portion of food inventory is received from the Utah Food Bank, another nonprofit organization. Contribution revenue, participant assistance, and food inventory is valued at \$1.72 and \$1.66 per pound of food during the years ended June 30, 2015 and 2014.

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, 2015 and 2014.

Beneficial Interest in Assets Held by Catholic Foundation of Utah

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

Net Assets

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

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

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

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

Revenue and Revenue Recognition

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

Donated Services and In-Kind Contributions

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

Functional Allocation of Expenses

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

Income Taxes

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

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

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

Estimates

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

Financial Instruments and Credit Risk

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

Reclassifications

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

Subsequent Events

CCS has evaluated subsequent events through August 31, 2015, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

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

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

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

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

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

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

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

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

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2014:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Beneficial interest in assets held by Catholic Foundation of Utah	\$ 1,338,390	\$ -	\$ 1,338,390	\$ -

Note 3 - Promises to Give, Grants and Contracts Receivable

Promises to give, grants and contracts receivable are expected to be received within one year and consist of the following at June 30, 2015 and 2014:

	2015	2014
State of Utah - various	\$ 472,941	\$ 540,681
United States Conference of Catholic Bishops	253,201	186,294
Veterans - St. Marys	115,591	56,376
United Way	89,698	134,327
Other	62,289	204,805
Less estimated uncollectible amounts	(20,000)	(20,000)
	<u>\$ 973,720</u>	<u>\$ 1,102,483</u>

Note 4 - Inventory

Inventory consists of the following at June 30, 2015 and 2014:

	2015	2014
Food bank	\$ 301,167	\$ 329,746
Allowance for perishable food	(23,049)	(23,049)
Supplies	3,186	5,723
	\$ 281,304	\$ 312,420

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2015 and 2014:

	2015	2014
Buildings and improvements	\$ 5,811,556	\$ 5,758,437
Equipment	1,059,449	1,025,028
Land	669,968	669,968
Autos and trucks	724,303	658,123
Leasehold improvements	643,347	641,848
Computer equipment	239,178	218,718
Furniture and fixtures	97,981	97,981
Software	24,798	24,798
	9,270,580	9,094,901
Less accumulated depreciation and amortization	(3,953,182)	(3,608,180)
	\$ 5,317,398	\$ 5,486,721

Note 6 - Line of Credit

CCS has a \$200,000 unsecured revolving line of credit with a bank. As of June 30, 2015 and 2014 there were no borrowings on the line of credit. The line of credit is available until November 5, 2015. The line bears interest at the greater of a floating rate of the Prime Rate plus 0.75% or a floor of 4.00%.

Note 7 - Concentrations

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

Note 8 - Leases

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

Future minimum lease payments are as follows:

Years Ending June 30,	Capital Leases	Operating Leases
2016	\$ 19,680	\$ 80,953
2017	9,020	69,400
Total minimum lease payments	28,700	<u>\$ 150,353</u>
Less amount representing interest	<u>4,778</u>	
Capital lease obligation	<u>\$ 23,922</u>	

Total rent expense for the years ended June 30, 2015 and 2014 totaled \$105,370 and \$78,223, respectively.

CCS leases the St. Vincent de Paul Dining Hall 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 11.

At June 30, 2015 and 2014, leased property under capital lease totals \$41,000 with associated accumulated amortization of \$21,639 and \$7,972.

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

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

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

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

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

At June 30, 2015 and 2014, CCS has recorded \$1,322,146 and \$1,338,390, respectively, as the value of the beneficial interest in assets administered by CFU relating to this permanently restricted contribution. During the years ended June 30, 2015 and 2014, CCS recorded gains of \$24,905 and \$165,524, respectively, as change in interest in the net assets of CFU. During the years ended June 30, 2015 and 2014, \$41,149 and \$31,167, respectively, was transferred to and received in cash by CCS.

CFU held other permanently restricted contributions, with a value of approximately \$400,000 and \$370,000 at June 30, 2015 and 2014. These contributions were designated by the donors, either in whole or in part, for the benefit of CCS or its programs; however, CFU retains variance power to redirect these contributions and the earnings on these contributions. Accordingly, with respect to these contributions, CCS has recorded no unconditional promises to give at June 30, 2015 and 2014.

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

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

Changes in beneficial interest in assets held by Catholic Foundation of Utah for the year ended June 30, 2014 are as follows:

Beneficial interest in assets held by Catholic Foundation of Utah, beginning of year	\$ 1,209,033
Investment return	
Investment income, net of fees	9,458
Net realized and unrealized gain (loss)	<u>151,066</u>
	<u>160,524</u>
Contributions	-
Distributions	
Appropriation of endowment assets pursuant to spending-rate policy	<u>(31,167)</u>
Beneficial interest in assets held by Catholic Foundation of Utah, end of year	1,338,390
Allocations	
Allocation to temporarily restricted net assets	<u>(338,390)</u>
Permanently restricted net assets at June 30, 2014	<u><u>\$ 1,000,000</u></u>

Note 10 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets consist of the following at June 30, 2015 and 2014:

	2015	2014
Restricted by donors for		
St. Vincent de Paul Center (held by CFU)	\$ 322,146	\$ 338,390
Basic needs - Northern Utah	270,693	158,833
Capital needs	29,507	66,689
United Way - time restriction	89,698	134,328
Emergency crisis fund	77,606	48,775
Evening meals program	100,000	31,410
Quarters for Christmas	30,656	17,886
Humanitarian Awards Dinner	-	15,000
Client advocate	-	10,000
Training	2,030	2,030
Tuition and books	1,095	1,516
Other	1,261	1,500
Refugee dental and vision screenings	473	1,445
Bus tokens	1,895	557
Supplies for orientation	451	451
Immigration and refugee restrictions	273	273
Tool kits for R&P clients	200	200
Car seats	12,671	-
Lunch truck	2,563	-
Computer and internet access	1,615	-
Printer	1,500	-
Bicycles	1,000	-
Background checks	395	-
	\$ 947,728	\$ 829,283

Permanently Restricted

Permanently restricted net assets totaling \$1 million at June 30, 2015 and 2014 represent a permanently restricted donation from the Jon and Karen Huntsman Foundation (Donor). As further discussed in Note 9, an agreement was entered into between CCS, CFU, and the Donor, whereby the responsibility for the investment and administration of this donation was transferred to CFU. Earnings on this donation are restricted to provide food, shelter, and clothing to homeless persons and other persons who by reason of condition of poverty or otherwise are in need of such assistance; provided, however, that for so long as the St. Vincent de Paul Center shall have need of funds to provide food, clothing, and shelter to homeless persons in the State of Utah, all income derived from the endowment shall be directed to the St. Vincent de Paul Center for such purposes.

Note 11 - Donated Professional Services and Materials

CCS received donated materials as follows during the years ended June 30, 2015 and 2014:

	2015	2014
Food and consumables	\$ 6,852,623	\$ 6,259,345
Clothing and furnishings	1,106,419	804,462
Rent	72,000	72,000
Other	111,185	113,114
	\$ 8,142,227	\$ 7,248,921

Donated materials 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 included in the statement of activities total \$8,167,749 and \$7,274,859 for the years ended June 30, 2015 and 2014, respectively. The differences between the revenue and expense primarily represent an increase or decrease in food inventory. Substantially all of these donated materials were used in CCS' programs.

Note 12 - Employee Benefits

CCS participates in the Lay Employees' Pension Plan and Trust (the Plan), which is the defined contribution (profit sharing) retirement plan sponsored by the Diocese. All employees twenty one years of age and older who have at least six hundred hours of service in a plan year are eligible to participate in the Plan. An employee begins vesting in the Plan after three years and is fully vested at the end of five years. CCS contributes six percent of its eligible employees' gross wages to the Plan. For the years ended June 30, 2015 and 2014, CCS contributed \$155,117 and \$141,326 to the Plan.

Note 13 - Related Party Transactions

During the years ended June 30, 2015 and 2014, CCS received cash donations of \$90,000 and \$102,457 and in-kind rent of \$72,000 and \$72,000 from the Diocese. In addition, CCS reimburses the Diocese for costs of insurance and certain employee benefits as these costs are incurred by the Diocese.

During the years ended June 30, 2015 and 2014, CCS recorded revenue of \$2,176,968 and \$1,875,692 as a sub-recipient of federal grant awards made by the United States Conference of Catholic Bishops (USCCB). At June 30, 2015 and 2014, \$253,201 and \$186,294 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, 2015 and 2014, CCS has recorded its interest in the net assets of CFU totaling \$1,322,146 and \$1,338,390 relating to funds transferred to CFU over which CFU has not been granted variance power. CCS has not recorded an unconditional promise to give from CFU at June 30, 2015 and 2014.



Supplementary Information and
Schedule of Expenditures of Federal Awards and Reports
Required by Government Auditing Standards and OMB
Circular A-133
June 30, 2015
Catholic Community Services of Utah

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

Immigration and Refugee Resettlement Services

	Reception and Placement	Match Grant	TANF	Preferred Communities	Health Screening Services	Refugee Preventative Health	Refugee Youth Coordinator	Refugee Foster Care	Unaccompanied Refugee Minor	Immigration Services	Citizen Integration Services	Sharehouse Operations	Total
Bad debt expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Communications	7,114	5,336	6,488	1,252	2,907	414	1,973	8,847	20	6,454	3,277	300	44,382
Conferences and meetings	1,563	404	348	653	2,006	262	502	10,380	10	755	-	-	16,883
Depreciation and amortization	16,144	29,293	3,103	6,012	4,168	738	1,116	19,683	3	3,567	1,668	3,271	88,766
Dues and subscriptions	1,721	1,322	414	103	797	2,816	127	2,624	22	2,162	215	84	12,407
Events	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	1,144	1,164	198	181	345	46	59	267	-	128	29	400	3,961
Interest expense	1,773	824	441	70	313	6	26	224	2	1,299	696	8	5,682
Miscellaneous	41,138	13,021	-	-	295	-	-	3,130	-	-	-	(53,961)	3,623
Participant assistance	708,234	393,673	-	145	2,095	2,388	212	180,406	37,738	-	-	-	1,324,891
Participant assistance (in-kind)	316,888	137,764	4,508	-	-	-	-	22,925	480	-	-	-	482,565
Professional fees	8,845	8,471	6,471	1,608	5,748	821	602	84,038	-	4,683	740	81	122,108
Rent	17,007	9,158	-	-	-	-	-	42,165	-	-	-	(112)	68,218
Repairs and maintenance	3,823	1,528	918	1,375	916	259	470	399	-	352	30	3	10,073
Salaries, benefits and taxes	323,249	326,961	290,622	124,041	265,009	41,286	50,509	358,285	18,047	150,654	32,109	47,542	2,028,314
Subcontractors	-	-	295,768	-	-	-	-	1,605,206	-	-	-	-	1,900,974
Supplies	2,565	2,267	2,019	801	329	2,348	239	6,013	-	692	132	-	17,405
Transportation	17,745	7,456	7,122	6,905	25,185	28	503	20,095	2,392	4	-	2,362	89,797
Utilities	5,608	4,949	690	641	1,185	162	243	72	8	455	88	39	14,140
	<u>\$ 1,474,561</u>	<u>\$ 943,591</u>	<u>\$ 619,110</u>	<u>\$ 143,787</u>	<u>\$ 311,298</u>	<u>\$ 51,574</u>	<u>\$ 56,581</u>	<u>\$ 2,364,759</u>	<u>\$ 58,722</u>	<u>\$ 171,205</u>	<u>\$ 38,984</u>	<u>\$ 17</u>	<u>\$ 6,234,189</u>

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

	Treatment Services			Total
	St. Mary's Home for Men	Outpatient Services	Residential Services	
Bad debt expense	\$ -	\$ -	\$ -	\$ -
Communications	6,168	271	1	6,440
Conferences and meetings	2,020	-	-	2,020
Depreciation and amortization	50,918	1,262	25,289	77,469
Dues and subscriptions	2,218	127	28	2,373
Events	-	-	-	-
Insurance	4,378	202	2,782	7,362
Interest expense	281	-	-	281
Miscellaneous	46	1,342	-	1,388
Participant assistance	31,076	309	-	31,385
Participant assistance (in-kind)	79,282	-	-	79,282
Professional fees	3,248	-	172	3,420
Rent	-	-	-	-
Repairs and maintenance	27,807	104	1,687	29,598
Salaries, benefits and taxes	443,635	58,239	257	502,131
Subcontractors	-	-	-	-
Supplies	15,994	1,441	-	17,435
Transportation	3,028	46	-	3,074
Utilities	15,452	622	9,745	25,819
Total	\$ 685,551	\$ 63,965	\$ 39,961	\$ 789,477

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

	Basic Needs - Salt Lake City			Total
	St. Vincent de Paul Dining	Evening Meal Service	Weigand Center	
Bad debt expense	\$ -	\$ -	\$ -	\$ -
Communications	5,499	1,403	3,860	10,762
Conferences and meetings	775	145	138	1,058
Depreciation and amortization	32,559	23,000	24,659	80,218
Dues and subscriptions	818	366	237	1,421
Events	-	-	-	-
Insurance	3,221	578	4,270	8,069
Interest expense	246	-	282	528
Miscellaneous	-	-	-	-
Participant assistance	57,590	-	113	57,703
Participant assistance (in-kind)	447,553	264,401	141,355	853,309
Professional fees	2,353	335	2,265	4,953
Rent	18,928	53,520	-	72,448
Repairs and maintenance	17,916	8,324	16,751	42,991
Salaries, benefits and taxes	332,755	94,107	222,700	649,562
Subcontractors	-	-	-	-
Supplies	5,049	4,892	1,936	11,877
Transportation	8,821	1,087	101	10,009
Utilities	22,026	9,398	25,041	56,465
Total	\$ 956,109	\$ 461,556	\$ 443,708	\$ 1,861,373

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

	Basic Needs - Northern Utah
	Food Distribution
Bad debt expense	\$ -
Communications	11,827
Conferences and meetings	3,500
Depreciation and amortization	92,234
Dues and subscriptions	2,257
Events	-
Insurance	11,083
Interest expense	499
Miscellaneous	39
Participant assistance	26,944
Participant assistance (in-kind)	6,664,488
Professional fees	9,579
Rent	-
Repairs and maintenance	52,873
Salaries, benefits and taxes	329,145
Subcontractors	-
Supplies	12,529
Transportation	20,573
Utilities	35,186
	\$ 7,272,756
Total	\$ 7,272,756

Catholic Community Services of Utah
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor Agency Administrator	Grant Title	Federal CFDA Number	Passthrough Grant Number	2014-15 Expenditures
<u>U.S. Department of Health & Human Services</u>				
Passed through Utah State Department of Workforce Services	Refugee Foster Care	93.566	116191	\$ 2,401,858
Passed through Utah State Department of Health	Refugee Health Screening - TB - 026568	93.566	116217	403,097
	Refugee Preventative Health	93.566	126222	43,586
				<u>2,848,541</u>
Passed through Utah State Department of Workforce Services	Temporary Assistance for Needy Families (TANF)	93.558	136284	647,413
	Temporary Assistance for Needy Families	93.558	136284	21,147
				<u>668,560</u>
Passed through United States Conference of Catholic Bishops	Refugee Resettlement Match Grant Program	93.567		752,428
	Refugee Resettlement Preferred Communities	93.576		178,866
Passed through the State of Utah	Liheap Energy Crisis Fund	93.568	13-1621 and 14-1651	26,552
Passed through Salt Lake Community Action Program	Community Services Block Grant - Special Assistance	93.569		3,694
Passed through Salt Lake County Division of Community Resources and Development.	Social Services Block Grant - Immigration	93.667	BJ-12108	35,000
Passed through Salt Lake County Department of Human Services	Substance Abuse - St. Mary's Home for Men	93.959	AL11506C	13,917
	Substance Abuse - Co. Out Patient	93.959	AL11506C	22,784
				<u>36,701</u>
	Subtotal for US Department of Health & Human Services			<u>4,550,342</u>

Catholic Community Services of Utah
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor Agency Administrator	Grant Title	Federal CFDA Number	Passthrough Grant Number	2014-15 Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Salt Lake City Corporation	CDBG - Weigand Resource Center	14.218		\$ 18,000
	CDBG - St. Mary's Home for Men	14.218		9,000
Passed through Salt Lake County Division of Community Resources and Development	Community Development Block Grant	14.218	BV03917C	3,074
	CDBG - Weigand Center - Tile Project	14.218	BV04017C	40,000
				<u>70,074</u>
	Emergency Shelter Grant	14.231	BV14529C	12,000
Passed through Salt Lake City Corporation	ESG - Weigand Resource Center	14.231		20,000
				<u>32,000</u>
	Subtotal for US Department of Housing & Urban Development			<u>102,074</u>
<u>U.S. Department of State</u>				
Passed through United States Conference of Catholic Bishops	Reception and Placement Grant - Program Administration	19.510		475,150
	Reception and Placement Grant - Direct Assistance	19.510		578,105
	Refugee and Placement Grant - Flex Funds	19.510		124,099
	Refugee and Placement Grant	19.510		2,503
	Refugee and Placement Grant - POWR	19.510		12,403
	Reception and Placement Grant - URM	19.510		48,106
	Subtotal for US Department of State			<u>1,240,366</u>

Catholic Community Services of Utah
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor Agency Administrator	Grant Title	Federal CFDA Number	Passthrough Grant Number	2014-15 Expenditures
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter Program	St. Vincent de Paul Center	97.024	8510-00	\$ 64,223
Passed through Office of US Citizen & Immigration Services	English Skills Learning Ctr - USCIS	97.010	20U-CS-010-000007	<u>37,584</u>
	Subtotal for US Department of Homeland Security			<u>101,807</u>
<u>U.S. Department of Veterans' Affairs</u>				
Passed through Regional Department of Veteran's Affairs	St. Mary's Center for Recovery - OSAT	64.019	VA259-P-1100	277,808
	St. Marys Center for Recovery - GPD 02-074-UT	64.024	02-074-UT	142,393
	St. Marys Center for Recovery - GPD 04-146-UT	64.024	04-146-UT	140,227
	St. Mary's Center for Recovery - Van	64.024	13-560-UT	<u>13,182</u>
				295,802
	Subtotal for US Department of Veterans' Affairs			<u>573,610</u>
<u>U.S. Department of Justice</u>				
Passed through United States Conference of Catholic Bishops	Catholic Charities USA	16.726	2012-JU-FX-0005	<u>5,308</u>
	Subtotal for US Department of Justice			<u>5,308</u>
<u>U.S. Department of Agriculture</u>				
Passed through Utah State Department of Education	Northern Utah Food Distribution	10.568	TEFAP 01-15	<u>19,107</u>
	Subtotal for US Department of Agriculture			<u>19,107</u>
Total Federal Expenditures				<u><u>\$ 6,592,614</u></u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Catholic Community Services of Utah, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Catholic Community Services of Utah received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Catholic Community Services of Utah's summary of significant accounting policies is presented in Note 1 in the Catholic Community Services of Utah's basic financial statements.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Catholic Community Services of Utah, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Salt Lake City, Utah
August 31, 2015

**Independent Auditor's Report on Compliance for Each Major Federal Program and
on Internal Control over Compliance Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Catholic Community Services of Utah's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Catholic Community Services of Utah's major federal programs for the year ended June 30, 2015. Catholic Community Services of Utah's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of Catholic Community Services of Utah's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catholic Community Services of Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Catholic Community Services of Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Catholic Community Services of Utah is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catholic Community Services of Utah's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Catholic Community Services of Utah's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Salt Lake City, Utah
August 31, 2015

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Refugee and Entrant Assistance	93.566
Temporary Assistance for Needy Families	93.558
Dollar threshold used to distinguish between type A and type B programs	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

None.