



Financial Statements,
Schedule of Expenditures of Federal Awards, and
Reports Required by Government Auditing Standards and
OMB Circular A-133
June 30, 2014 and 2013
Catholic Community Services of Utah

Catholic Community Services of Utah

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June 30, 2014 and 2013

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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, 2014 and 2013, 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, 2014 and 2013, 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 September 16, 2014, on our consideration of Catholic Community Services of Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Community Services of Utah's internal control over financial reporting and compliance.



Salt Lake City, Utah
September 16, 2014

Catholic Community Services of Utah
Statements of Financial Position
June 30, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,226,672	\$ 2,094,044
Promises to give, grants and contracts receivable, net	1,102,483	1,200,131
Inventory	312,420	341,793
Prepaid expenses and other assets	43,154	15,081
Total current assets	4,684,729	3,651,049
Property and equipment, net	5,486,721	5,473,835
Beneficial interest in assets held by Catholic Foundation of Utah	1,338,390	1,209,033
	\$ 11,509,840	\$ 10,333,917
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 339,520	\$ 333,780
Accrued expenses and other liabilities	227,564	199,685
Advances and deposits	111,792	111,792
Capital lease payable - current portion	12,134	-
Total current liabilities	691,010	645,257
Long-term Liabilities		
Capital lease payable	23,922	-
Total liabilities	714,932	645,257
Net Assets		
Unrestricted		
Undesignated	3,514,960	2,652,616
Invested in property and equipment	5,450,665	5,473,835
	8,965,625	8,126,451
Temporarily restricted	829,283	562,209
Permanently restricted	1,000,000	1,000,000
Total net assets	10,794,908	9,688,660
	\$ 11,509,840	\$ 10,333,917

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, Support, and Gains				
Public Support				
Private donors	\$ 1,919,308	\$ 450,197	\$ -	\$ 2,369,505
Special events	216,078	-	-	216,078
Less direct costs of special events	(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 service expenses				
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 service 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
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	<u>\$ 8,965,625</u>	<u>\$ 829,283</u>	<u>\$ 1,000,000</u>	<u>\$ 10,794,908</u>

Catholic Community Services of Utah
Statement of Activities
Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, Support, and Gains				
Public Support				
Private donors	\$ 1,625,162	\$ 346,701	\$ -	\$ 1,971,863
Special events	188,985	-	-	188,985
Less direct costs of special events	(59,180)	-	-	(59,180)
In-kind donations	7,343,900	-	-	7,343,900
Net assets released from restrictions	253,279	(253,279)	-	-
Total public support	9,352,146	93,422	-	9,445,568
Grants and contracts	6,671,215	-	-	6,671,215
Program income	144,003	-	-	144,003
Rental income	95,730	-	-	95,730
Change in value of beneficial interest in assets held by Catholic Foundation of Utah	-	114,575	-	114,575
Dividend and interest income	22,790	-	-	22,790
Other income	19,642	-	-	19,642
Net assets released from restrictions	30,000	(30,000)	-	-
Total revenue, support, and gains	16,335,526	177,997	-	16,513,523
Expenses and Losses				
Program service expense				
Immigration and refugee resettlement services	6,024,888	-	-	6,024,888
Treatment services	769,261	-	-	769,261
Basic needs - Salt Lake City	1,977,490	-	-	1,977,490
Basic needs - Northern Utah	6,233,765	-	-	6,233,765
Total program service expenses	15,005,404	-	-	15,005,404
Supporting services expense				
Management and general	741,296	-	-	741,296
Fundraising and development	223,605	-	-	223,605
Total supporting services expenses	964,901	-	-	964,901
Change in Net Assets	365,221	177,997	-	543,218
Net Assets, Beginning of Year	7,761,230	384,212	1,000,000	9,145,442
Net Assets, End of Year	\$ 8,126,451	\$ 562,209	\$ 1,000,000	\$ 9,688,660

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

Program Services

	Immigration and Refugee Resettlement Services	Treatment Services	Basic Needs - Salt Lake City	Basic Needs - Northern Utah	Total	Management and General	Fundraising and General	Total
Salaries, benefits and taxes	\$ 1,779,869	\$ 500,050	\$ 551,245	287,851	\$ 3,119,015	\$ 592,143	\$ 191,607	\$ 3,902,765
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	1,073,565	5,689,882	7,257,963	16,476	420	7,274,859
Professional fees	61,939	4,319	9,217	8,467	83,942	60,250	3,232	147,424
Rent	72,476	-	-	-	72,476	5,746	-	78,222
Repairs and maintenance	5,356	19,709	34,296	74,458	133,819	14,273	447	148,539
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								
Direct costs of special events	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
Statement of Functional Expenses
Year Ended June 30, 2013

Program Services

	Immigration and Refugee Resettlement Services	Treatment Services	Basic Needs - Salt Lake City	Basic Needs - Northern Utah	Total	Management and General	Fundraising and General	Total
Salaries, benefits and taxes	\$ 1,631,852	\$ 485,388	\$ 508,607	355,186	\$ 2,981,033	\$ 555,423	\$ 175,505	\$ 3,711,961
Bad debt expense	8,573	87	-	1,020	9,680	884	-	10,564
Communications	53,428	13,691	11,907	11,518	90,544	9,945	3,963	104,452
Conferences and meetings	11,336	1,498	2,077	2,878	17,789	10,126	2,835	30,750
Depreciation and amortization	69,281	78,041	97,338	103,812	348,472	43,441	2,954	394,867
Dues and subscriptions	9,188	1,787	1,918	2,783	15,676	2,604	2,436	20,716
Events	-	-	-	11,261	11,261	-	50,310	61,571
Insurance	3,013	6,066	7,149	9,870	26,098	1,624	162	27,884
Interest expense	-	-	-	-	-	-	-	-
Miscellaneous	3,082	39	3,050	553	6,724	6,428	5,919	19,071
Participant assistance (in-kind)	521,443	72,250	1,149,437	5,436,148	7,179,278	23,551	420	7,203,249
Participant assistance	1,667,820	36,858	78,593	183,675	1,966,946	1,679	82	1,968,707
Professional fees	48,928	3,188	3,842	8,579	64,537	54,425	3,430	122,392
Rent	72,103	-	1,221	-	73,324	-	-	73,324
Repairs and maintenance	9,599	23,445	22,967	48,959	104,970	9,599	307	114,876
Subcontractors	1,782,694	-	-	-	1,782,694	-	-	1,782,694
Supplies	14,458	16,388	16,272	13,415	60,533	8,615	20,248	89,396
Transportation	105,910	3,506	14,393	20,605	144,414	5,536	2,310	152,260
Utilities	12,180	27,029	58,719	34,764	132,692	7,416	643	140,751
	6,024,888	769,261	1,977,490	6,245,026	15,016,665	741,296	271,524	16,029,485
Less expenses included with revenues on the statement of activities								
Direct costs of special events	-	-	-	11,261	11,261	-	47,919	59,180
Total functional expenses	<u>\$ 6,024,888</u>	<u>\$ 769,261</u>	<u>\$ 1,977,490</u>	<u>\$ 6,233,765</u>	<u>\$ 15,005,404</u>	<u>\$ 741,296</u>	<u>\$ 223,605</u>	<u>\$ 15,970,305</u>

See Notes to Financial Statements

Catholic Community Services of Utah
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Operating Activities		
Change in net assets	\$ 1,106,248	\$ 543,218
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	375,489	394,867
Loss on sale of property and equipment	-	465
Change in beneficial interest in assets held by others	(160,524)	(114,575)
Changes in operating assets and liabilities		
Promises to give, grants and contracts receivable	97,648	19,272
Inventory	29,373	(125,246)
Prepaid expenses	(28,073)	(758)
Accounts payable	5,740	28,199
Accrued expenses and other liabilities	27,879	(14,553)
Advances and deposits	-	(35,958)
Net Cash from Operating Activities	1,453,780	694,931
Investing Activities		
Purchases of property and equipment	(347,375)	(125,528)
Proceeds from beneficial interest in assets held by others	31,167	30,000
Net Cash used for Investing Activities	(316,208)	(95,528)
Financing Activities		
Principal payments on capital lease obligations	(4,944)	-
Net Change in Cash and Cash Equivalents	1,132,628	599,403
Cash and Cash Equivalents, Beginning of Year	2,094,044	1,494,641
Cash and Cash Equivalents, End of Year	\$ 3,226,672	\$ 2,094,044
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	\$ 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:

- **Immigration and Refugee Resettlement 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, rental and utility assistance, 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 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 nonprofit organization. Contribution revenue, participant assistance, and food inventory is valued at \$1.66 per pound of food.

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 statement 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, 2014 and 2013.

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 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 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 generally accepted accounting principles. 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 (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. 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, each 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, 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 generally accepted accounting principles 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 periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

CCS has evaluated subsequent events through September 16, 2014, 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, 2014:

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

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2013:

	<u>Total</u>	<u>Fair Value Measurements at Report Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Beneficial interest in assets held by Catholic Foundation of Utah	\$ 1,209,033	\$ -	\$ 1,209,033	\$ -

Fair Value of Financial Instruments Not Required To Be Reported at Fair Value

The carrying amounts of cash and cash equivalents, grants and contracts receivable, promises to give, accounts payable and accrued expenses and other liabilities approximate fair value due to the short-term nature of the items.

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, 2014 and 2013:

	2014	2013
State of Utah - various	\$ 540,681	\$ 497,321
United States Conference of Catholic Bishops	186,294	373,540
United Way	134,327	123,966
Other	261,181	225,304
Less estimated uncollectible amounts	(20,000)	(20,000)
	\$ 1,102,483	\$ 1,200,131

Note 4 - Inventory

Inventory consists of the following at June 30, 2014 and 2013:

	2014	2013
Food bank	\$ 329,746	\$ 356,989
Allowance for perishable food	(23,049)	(23,049)
Supplies	5,723	7,853
	\$ 312,420	\$ 341,793

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2014 and 2013:

	2014	2013
Buildings and improvements	\$ 5,758,437	\$ 5,695,799
Equipment	1,025,028	787,763
Land	669,968	669,968
Autos and trucks	658,123	658,123
Leasehold improvements	641,848	575,500
Computer equipment	218,718	200,465
Furniture and fixtures	97,981	97,981
Software	24,798	24,798
	9,094,901	8,710,397
Less accumulated depreciation and amortization	(3,608,180)	(3,236,562)
	\$ 5,486,721	\$ 5,473,835

Depreciation and amortization expense totaled \$375,489 and \$394,867 for the years ended June 30, 2014 and 2013, respectively.

Note 6 - Line of Credit

CCS has a \$200,000 unsecured revolving line of credit with a bank. As of June 30, 2014 and 2013 there were no borrowings on the line of credit. The line of credit is available until November 5, 2014. The line bears interest at the greater of a floating rate of the Prime Rate plus 0.75% or a floor of 5.00%.

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
2015	\$ 19,680	\$ 98,402
2016	19,680	101,397
2017	9,020	58,843
Total minimum lease payments	48,380	\$ 258,642
Less amount representing interest	12,324	
Capital lease obligation	\$ 36,056	

Total rent expense for the years ended June 30, 2014 and 2013 totaled \$78,223 and \$71,724, 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 12.

At June 30, 2014 and 2013, leased property under capital lease totals \$41,000 and \$0, with associated accumulated depreciation of \$7,403 and \$0.

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

In 1992, a 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, the original donor, and CFU 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, 2014 and 2013, CCS has recorded \$1,338,390 and \$1,209,033, 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, 2014 and 2013, CCS recorded gains of \$160,424 and \$114,575, respectively, as change in interest in the net assets of CFU. During the years ended June 30, 2014 and 2013, \$31,167 and \$30,000, respectively, was transferred to and received in cash by CCS.

CFU held other permanently restricted contributions, with a value of approximately \$370,000 and \$333,000 at June 30, 2014 and 2013. 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, 2014 and 2013.

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)	151,066
	160,524
Contributions	-
Distributions	
Appropriation of endowment assets pursuant to spending-rate policy	(31,167)
	1,338,390
Allocations	
Allocation to temporarily restricted net assets	(338,390)
	\$ 1,000,000

Changes in beneficial interest in assets held by Catholic Foundation of Utah for the year ended June 30, 2013 are as follows:

Beneficial interest in assets held by Catholic Foundation of Utah, beginning of year	\$ 1,124,458
Investment return	
Investment income, net of fees	8,735
Net realized and unrealized gain (loss)	<u>105,840</u>
	<u>114,575</u>
Contributions	-
Distributions	
Appropriation of endowment assets pursuant to spending-rate policy	<u>(30,000)</u>
Beneficial interest in assets held by Catholic Foundation of Utah, end of year	1,209,033
Allocations	
Allocation to temporarily restricted net assets	<u>(209,033)</u>
Permanently restricted net assets at June 30, 2013	<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, 2014 and 2013:

	2014	2013
Restricted by donors for		
St. Vincent de Paul Center (held by CFU)	\$ 338,390	\$ 209,033
Basic needs - Northern Utah	158,833	137,985
Capital needs	66,689	21,889
United Way - time restriction	134,328	65,529
Emergency crisis fund	48,775	30,924
Dinner at Vinny's	31,410	64,838
Quarters for Christmas	17,886	15,236
Humanitarian Awards Dinner	15,000	-
Client advocate	10,000	-
Training	2,030	2,500
Tuition and books	1,516	-
Other	1,500	125
Refugee dental and vision screenings	1,445	3,836
Bus tokens	557	557
Supplies for orientation	451	472
Immigration and refugee restrictions	273	273
Tool kits for R&P clients	200	200
United Way safety net	-	7,500
Garden	-	1,312
	\$ 829,283	\$ 562,209

Permanently Restricted

Permanently restricted net assets totaling \$1 million at June 30, 2014 and 2013 represent a permanently restricted donation from the Jon and Karen Huntsman Foundation (Donor). As further discussed in Note 10, 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, 2014 and 2013:

	2014	2013
Food and consumables	\$ 6,259,345	\$ 6,329,250
Clothing and furnishings	804,462	838,668
Rent	72,000	72,000
Other	113,114	103,982
	\$ 7,248,921	\$ 7,343,900

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 recorded in the statement of activities total \$7,274,859 and \$7,203,249 for the years ended June 30, 2014 and 2013, 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, 2014 and 2013, CCS contributed \$141,326 and \$130,153 to the Plan.

Note 13 - Related Party Transactions

During the years ended June 30, 2014 and 2013, CCS received cash donations of \$102,457 and \$78,700 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, 2014 and 2013, CCS recorded revenue of \$1,875,692 and \$2,305,663 as a sub-recipient of federal grant awards made by the United States Conference of Catholic Bishops (USCCB). At June 30, 2014 and 2013, \$186,294 and \$373,540 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, 2014 and 2013, CCS has recorded its interest in the net assets of CFU totaling \$1,338,390 and \$1,209,033 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, 2014 and 2013.



Supplementary Information and
Schedule of Expenditures of Federal Awards and Reports
Required by Government Auditing Standards and OMB
Circular A-133
June 30, 2014

Catholic Community Services of Utah

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

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
Salaries, benefits and taxes	\$ 327,038	\$ 404,737	\$ 85,668	\$ 47,974	\$ 303,140	\$ 41,772	\$ 45,585	\$ 295,621	\$ 9,914	\$ 143,049	\$ 34,598	\$ 40,773	\$ 1,779,869
Communications	7,492	5,662	4,753	314	3,477	468	1,709	10,190	-	7,619	3,925	541	46,150
Conferences and meetings	915	979	-	956	65	-	20	4,422	-	490	14	-	7,861
Depreciation	13,854	24,652	4,312	269	2,855	957	364	16,895	55	1,976	659	7,822	74,670
Dues and subscriptions	2,263	1,611	363	75	558	648	44	2,443	20	1,237	933	273	10,468
Events	14	-	-	-	-	-	-	-	-	-	-	-	14
Insurance	883	854	209	45	202	43	14	221	-	112	13	616	3,212
Interest	430	261	150	3	313	20	21	466	42	423	219	10	2,358
Miscellaneous	79	50	-	-	160	-	-	-	-	-	-	-	289
Participant assistance	588,493	291,536	10,811	-	2,536	-	3,482	122,829	20,989	-	-	-	1,040,676
Participant assistance (in-kind)	228,192	147,695	-	-	-	11	-	17,145	1,047	-	-	-	394,090
Professional fees	7,843	8,776	5,486	523	5,366	775	-	27,761	-	4,507	829	73	61,939
Rent	16,550	8,912	-	-	-	-	-	47,014	-	-	-	-	72,476
Repairs and maintenance	1,090	999	340	28	228	58	9	1,390	-	118	14	1,082	5,356
Subcontractors	-	-	310,463	-	-	-	-	1,482,449	-	-	-	-	1,792,912
Supplies	2,408	1,770	119	384	741	1,623	67	2,169	25	747	144	83	10,280
Transportation	16,219	6,665	4,457	419	32,413	85	23	16,263	2,926	754	703	3,011	83,938
Utilities	4,608	3,829	1,184	103	678	155	32	65	-	424	46	255	11,379
	<u>\$ 1,218,371</u>	<u>\$ 908,988</u>	<u>\$ 428,315</u>	<u>\$ 51,093</u>	<u>\$ 352,732</u>	<u>\$ 46,615</u>	<u>\$ 51,370</u>	<u>\$ 2,047,343</u>	<u>\$ 35,018</u>	<u>\$ 161,456</u>	<u>\$ 42,097</u>	<u>\$ 54,539</u>	<u>\$ 5,397,937</u>

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

	Treatment Services			Total
	St. Mary's Home for Men	Outpatient Services	Residential Services	
Salaries, benefits and taxes	\$ 452,392	\$ 46,945	\$ 713	\$ 500,050
Communications	11,790	56	-	11,846
Conferences and meetings	881	-	315	1,196
Depreciation	50,744	167	28,204	79,115
Dues and subscriptions	2,945	200	30	3,175
Insurance	4,122	25	2,598	6,745
Interest	636	-	-	636
Miscellaneous	99	-	-	99
Participant assistance	100,426	-	-	100,426
Participant assistance (in-kind)	24,683	-	-	24,683
Professional fees	3,937	220	162	4,319
Repairs and maintenance	18,281	4	1,424	19,709
Supplies	18,093	753	15	18,861
Transportation	2,738	-	-	2,738
Utilities	15,129	42	9,471	24,642
Total	\$ 706,896	\$ 48,412	\$ 42,932	\$ 798,240

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

	Basic Needs - Salt Lake City			Total
	St. Vincent de Paul Dining	Evening Meal Service	Weigand Center	
Salaries, benefits and taxes	\$ 295,898	\$ 93,002	\$ 162,345	\$ 551,245
Communications	5,728	1,377	3,672	10,777
Conferences and meetings	849	110	95	1,054
Depreciation	45,205	8,881	35,726	89,812
Dues and subscriptions	1,018	507	300	1,825
Events	38	-	-	38
Insurance	2,937	571	4,109	7,617
Interest	530	77	442	1,049
Miscellaneous	540	1,358	-	1,898
Participant assistance	42,607	-	-	42,607
Participant assistance (in-kind)	559,929	380,771	132,865	1,073,565
Professional fees	4,082	3,621	1,514	9,217
Rent	-	-	-	-
Repairs and maintenance	14,583	5,374	14,339	34,296
Supplies	4,752	7,336	2,403	14,491
Transportation	11,035	681	82	11,798
Utilities	26,704	5,244	21,930	53,878
Total	<u>\$ 1,016,435</u>	<u>\$ 508,910</u>	<u>\$ 379,822</u>	<u>\$ 1,905,167</u>

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

	<u>Basic Needs - Northern Utah</u>
	<u>Food</u>
	<u>Distribution</u>
Salaries, benefits and taxes	\$ 287,851
Communications	8,943
Conferences and meetings	3,549
Depreciation	88,136
Dues and subscriptions	940
Insurance	10,716
Interest	951
Miscellaneous	7
Participant assistance	14,801
Participant assistance (in-kind)	5,689,882
Professional fees	8,467
Repairs and maintenance	74,458
Supplies	10,044
Transportation	17,206
Utilities	<u>32,737</u>
 Total	 <u><u>\$ 6,248,688</u></u>

Catholic Community Services of Utah
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor Agency Administrator	Grant Title	Federal CFDA Number	Passthrough Grant Number	2013-14 Expenditures
<u>U.S. Department of Health & Human Services</u>				
Administered by Utah State Department of Workforce Services	Refugee Foster Care	93.566	116191	\$ 2,089,595
Administered by Utah State Department of Health	Refugee Health Screening - TB - 026568	93.566	116217	471,829
	Refugee Preventative Health	93.566	126222	58,936
				2,620,359
Administered by Utah State Department of Workforce Services	Temporary Assistance for Needy Families (TANF)	93.558	136284	418,543
	Temporary Assistance for Needy Families	93.558	10-1974	14,822
Administered by United States Conference of Catholic Bishops	Refugee Resettlement Match Grant Program*	93.567		725,877
	Refugee Resettlement Preferred Communities	93.576		57,846
Administered by the State of Utah	Liheap Energy Crisis Fund	93.568	13-1621 and 14-1651	31,031
Administered by Salt Lake Community Action Program	Community Services Block Grant - Special Assistance	93.569		7,565
Administered by Salt Lake County Division of Community Resources and Development.	Social Services Block Grant - Immigration	93.667	BJ-12108	35,000
Administered by Salt Lake County Department of Human Services	Substance Abuse - St. Mary's Home for Men	93.959	AL11506C	11,611
	Substance Abuse - Co. Out Patient	93.959	AL11506C	24,529
	Subtotal for US Department of Health & Human Services			3,947,183

Catholic Community Services of Utah
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor Agency Administrator	Grant Title	Federal CFDA Number	Passthrough Grant Number	2013-14 Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Administered by Salt Lake City Corporation	CDBG - Weigand Resource Center - Showers	14.218		3,200
	CDBG - Weigand Resource Center	14.218		20,000
	CDBG - St. Mary's Home for Men	14.218		10,000
Administered by Salt Lake County Division of Community Resources and Development.	Community Development Block Grant	14.218	BV03917C	18,926
	Community Development Block Grant - Showers	14.218	BV03817C	3,200
				<u>55,326</u>
	ESG - Weigand Resource Center	14.231		20,000
Administered by Department of Work Force Services	ESG - Weigand Center	14.231	E-13DC-49-0001	5,000
	Subtotal for US Department of Housing & Urban Development			<u>80,326</u>
<u>U.S. Department of State</u>				
Administered by United States Conference of Catholic Bishops	Reception and Placement Grant - Program Administration*	19.510		461,603
	Reception and Placement Grant - Direct Assistance*	19.510		493,214
	Refugee and Placement Grant - Flex Funds*	19.510		82,045
	Refugee and Placement G*	19.510		200
	Refugee and Placement Grant - POWR*	19.510		8,304
	Reception and Placement Grant - URM*	19.510		34,341
	Subtotal for US Department of State			<u>1,079,705</u>

Catholic Community Services of Utah
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor Agency Administrator	Grant Title	Federal CFDA Number	Passthrough Grant Number	2013-14 Expenditures
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter Program	St. Vincent de Paul Center	97.024	8510-00	17,975
	Northern Utah - Housing Assistance	97.024	8540-00	10,000
Administered by Office of US Citizen & Immigration Services	English Skills Learning Ctr - USCIS	97.010	20U-CS-010-000007	39,853
	Subtotal for US Department of Homeland Security			<u>67,828</u>
<u>U.S. Department of Veterans' Affairs</u>				
Administered by Regional Department of Veteran's Affairs	St. Mary's Center for Recovery - OSAT	64.019	VA259-P-1100	307,500
	St. Mary's Center for Recovery - GPD	64.024	02-074-UT & 04-146-U	248,743
	St. Mary's Center for Recovery - Tile Renovation	64.024	13-560-UT	18,484
	Subtotal for US Department of Veterans' Affairs			<u>574,727</u>
<u>U.S. Department of Justice</u>				
Administered by United States Conference of Catholic Bishops	Catholic Charities USA	16.726	2012-JU-FX-0005	12,264
	Subtotal for US Department of Justice			<u>12,264</u>
<u>U.S. Department of Agriculture</u>				
Administered by Utah State Department of Education	Northern Utah Food Distribution	10.568	TEFAP 01-14	30,222
	Subtotal for US Department of Agriculture			<u>30,222</u>
Total Federal Expenditures				<u><u>\$ 5,792,255</u></u>

* Major program

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards 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 of 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.

Note 3 - Sub-Recipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, Catholic Community Services of Utah provided federal awards to sub-recipients as follows:

Program Title	Federal CFDA Number	Amount Provided
Temporary Assistance for Needy Families	93.558	\$ 310,463
Refugee Foster Care	93.566	1,482,449
Total federal awards to sub-recipients		\$ 1,792,912



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, 2014, 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 September 16, 2014.

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 opinions 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 yet been identified.

Compliance and Other Matters

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

Purpose of this Report

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Salt Lake City, Utah
September 16, 2014



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, 2014. 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, 2014.

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.

Eide Sallee LLP

Salt Lake City, Utah
September 16, 2014

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 Resettlement Match Grant Program	93.567
Reception and Placement Grant	19.510

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.

Catholic Community Services of Utah
Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

None.