

**CATHOLIC CHARITIES, INC.  
JACKSON, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

(With Summarized Financial Information  
For the Year Ended June 30, 2016)

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Catholic Charities, Inc.  
Jackson, Mississippi

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Catholic Charities, Inc. (the Organization) (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, functional expenses and cash flows for the year 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the Organization as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2016 financial statements, and our report dated November 17, 2016 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Restatement of Prior Period Financial Statements*

As discussed in Note 14 to the financial statements, the beginning net assets for the year ended June 30, 2016, as well as amounts reported in the financial statements as of and for the year ended June 30, 2016, have been restated to reflect the addition of a reserve account which was not previously recorded.

### *Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

Ridgeland, Mississippi  
December 6, 2017

**CATHOLIC CHARITIES, INC.**  
**Statements of Financial Position**  
**June 30, 2017 and 2016**

	<b>2017</b>	<b>Restated 2016</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 3,936	\$ 4,466
Grants receivable (Note 5)	1,179,142	827,893
Pledges receivable, current portion (Note 2)	64,688	83,639
Designated funds on deposit in Catholic Diocese of Jackson Deposit and Loan Fund	30,305	29,707
Savings deposit in Catholic Diocese of Jackson Deposit and Loan Fund	-	265,803
Prepaid expenses	47,266	56,057
Total Current Assets	1,325,337	1,267,565
Noncurrent assets		
Property and equipment, at cost less accumulated depreciation of \$488,704 in 2017 and \$476,882 in 2016 (Note 3)	69,628	24,027
Pledges receivable, net of discount, allowance and current portion (Note 2)	83,941	88,137
Beneficial interest in perpetual trusts - permanently restricted	587,174	573,200
Beneficial interest in perpetual trusts - board designated	370,038	368,158
Reserve for unemployment claims (Note 13)	147,589	150,600
Total Noncurrent Assets	1,258,370	1,204,122
Total Assets	\$ 2,583,707	\$ 2,471,687
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Excess of outstanding checks over bank balance	\$ 236,638	\$ 203,657
Accounts payable and accrued expenses	188,048	187,037
Accrued salaries	51,792	37,764
Advance from Catholic Diocese of Jackson Deposit and Loan Fund	270,603	-
Deferred income	-	10,770
Total Current Liabilities	747,081	439,228
Net Assets		
Unrestricted (Deficit)	(95,094)	158,163
Unrestricted - Board designated	654,892	549,088
Total unrestricted	559,798	707,251
Temporarily restricted (Note 9)	689,654	752,008
Permanently restricted (Note 9)	587,174	573,200
Total Net Assets	1,836,626	2,032,459
Total Liabilities and Net Assets	\$ 2,583,707	\$ 2,471,687

See accompanying notes to the financial statements.

**CATHOLIC CHARITIES, INC.**  
**Statement of Activities**  
**Year Ended June 30, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2017</u>	<u>Restated 2016</u>
Public Support and revenue					
Received directly					
Contributions	\$ 872,379	\$ 256,084	\$ 10,761	\$ 1,139,224	\$ 1,189,720
Bequest and memorials	36,900	-	-	36,900	36,071
Donated services	131,592	-	-	131,592	130,146
	<u>1,040,871</u>	<u>256,084</u>	<u>10,761</u>	<u>1,307,716</u>	<u>1,355,937</u>
Grants from governmental and private agencies	<u>4,854,984</u>	<u>1,896,736</u>	<u>-</u>	<u>6,751,720</u>	<u>6,464,666</u>
Total Public Support	<u>5,895,855</u>	<u>2,152,820</u>	<u>10,761</u>	<u>8,059,436</u>	<u>7,820,603</u>
Revenue					
Program service fees	1,053,591	44,925	-	1,098,516	1,099,905
Change in value of beneficial interest in perpetual trusts	1,879	-	3,213	5,092	5,020
Investment income	2,405	-	-	2,405	4,094
Total Revenue	<u>1,057,875</u>	<u>44,925</u>	<u>3,213</u>	<u>1,106,013</u>	<u>1,109,019</u>
Net assets released from restrictions/ satisfaction of program restrictions	<u>2,260,099</u>	<u>(2,260,099)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>9,213,829</u>	<u>(62,354)</u>	<u>13,974</u>	<u>9,165,449</u>	<u>8,929,622</u>
Expenses					
Program Services					
Community and Social Outreach Services	305,951	-	-	305,951	271,911
Adoptions/Maternity/Foster Care	85,748	-	-	85,748	90,992
Solomon Counseling Center	459,828	-	-	459,828	422,839
Unaccompanied Refugee Minor	1,727,088	-	-	1,727,088	1,594,283
Domestic Violence Services	930,104	-	-	930,104	873,779
Rape Crisis Center	374,005	-	-	374,005	242,528
Guardian Shelter/ RCC	946,680	-	-	946,680	810,975
Natchez Services	88,519	-	-	88,519	81,809
Children's Mental Health Services	2,171,886	-	-	2,171,886	2,022,094
Alcohol/Drug Abuse Services	505,153	-	-	505,153	493,934
Disaster services	114,247	-	-	114,247	57,535
Northeast Services	57,566	-	-	57,566	43,883
Veterans Services	290,244	-	-	290,244	500,491
Total Program Services	<u>8,057,019</u>	<u>-</u>	<u>-</u>	<u>8,057,019</u>	<u>7,507,053</u>
Supporting Services					
Management and general	955,649	-	-	955,649	823,930
Fundraising	348,614	-	-	348,614	308,614
Total Supporting Services	<u>1,304,263</u>	<u>-</u>	<u>-</u>	<u>1,304,263</u>	<u>1,132,544</u>
Total Expenses	<u>9,361,282</u>	<u>-</u>	<u>-</u>	<u>9,361,282</u>	<u>8,639,597</u>
Change in Net Assets	(147,453)	(62,354)	13,974	(195,833)	290,025
Net Assets at Beginning of Year	<u>707,251</u>	<u>752,008</u>	<u>573,200</u>	<u>2,032,459</u>	<u>1,742,434</u>
Net Assets at End of Year	<u>\$ 559,798</u>	<u>\$ 689,654</u>	<u>\$ 587,174</u>	<u>\$ 1,836,626</u>	<u>\$ 2,032,459</u>

See accompanying notes to the financial statements.

**CATHOLIC CHARITIES, INC.**  
**Statement of Functional Expenses**  
**Years Ended June 30, 2017**  
**(With Comparative Totals For 2016)**

	Community and Social Outreach Services	Adoption/ Maternity/ Foster Care	Solomon Counseling Center	Unaccompanied Refugee Minor
Salaries	\$ 183,963	\$ 46,490	\$ 307,738	\$ 866,127
Payroll taxes	14,232	3,621	22,653	69,322
Employee benefits	30,953	10,308	67,292	175,015
Supplies and literature	10,512	3,996	6,645	19,386
Telephone	4,974	1,626	2,465	19,234
Conferences, conventions and meetings	9,896	2,834	183	15,694
Subsistence, housing, medical and related subsidies	6,238	-	1,571	315,206
Equipment purchases	634	-	365	15,812
Occupancy	17,862	7,692	34,848	141,950
Professional fees	9,042	3,195	12,139	28,415
Transportation and travel	10,740	2,821	1,629	44,115
Insurance	4,334	93	263	480
Repairs and maintenance	3	-	-	5,335
Printing	2,046	528	2,037	8,070
Promotion and public relations	75	2,132	-	2,927
Donated goods and services	-	-	-	-
Total expenses before depreciation	<u>305,504</u>	<u>85,336</u>	<u>459,828</u>	<u>1,727,088</u>
Depreciation of property and equipment	<u>447</u>	<u>412</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 305,951</u>	<u>\$ 85,748</u>	<u>\$ 459,828</u>	<u>\$ 1,727,088</u>

See accompanying notes to financial statements.

**CATHOLIC CHARITIES, INC.**  
**Statement of Functional Expenses**  
**Years Ended June 30, 2017**  
**(With Comparative Totals For 2016)**

	Domestic Violence Services	Rape Crisis Center	Guardian Shelter / RCC	Natchez Services
Salaries	\$ 450,979	\$ 193,730	\$ 399,642	\$ 32,608
Payroll taxes	34,922	15,762	31,684	2,452
Employee benefits	139,224	26,252	109,610	8,902
Supplies and literature	40,031	33,470	67,806	1,229
Telephone	9,691	2,103	10,293	3,252
Conferences, conventions and meetings	1,594	2,121	12,050	58
Subsistence, housing, medical and related subsidies	68,762	89	154,460	32,820
Equipment purchases	1,272	932	11,377	-
Occupancy	99,530	13,635	56,073	3,445
Professional fees	13,388	2,609	10,408	613
Transportation and travel	9,822	9,530	13,103	-
Insurance	5,694	92	1,308	174
Repairs and maintenance	24,430	-	32,428	-
Printing	783	759	7,015	2,384
Promotion and public relations	184	72,921	-	329
Donated goods and services	29,655	-	29,016	-
Total expenses before depreciation	<u>929,961</u>	<u>374,005</u>	<u>946,273</u>	<u>88,266</u>
Depreciation of property and equipment	143	-	407	253
Totals	<u>\$ 930,104</u>	<u>\$ 374,005</u>	<u>\$ 946,680</u>	<u>\$ 88,519</u>

See accompanying notes to financial statements.



**CATHOLIC CHARITIES, INC.**  
**Statement of Functional Expenses**  
**Years Ended June 30, 2017**  
**(With Comparative Totals For 2016)**

	Children's Mental Health Services	Alcohol Drug Abuse Services	Disaster Services	Northeast Services	Veteran Services
Salaries	\$ 1,099,828	\$ 272,867	\$ 36,496	\$ 20,829	\$ 111,366
Payroll taxes	84,494	22,533	2,949	1,766	8,658
Employee benefits	238,422	62,376	4,825	426	33,151
Supplies and literature	32,810	32,506	280	1,394	815
Telephone	18,365	6,084	248	1,778	4,799
Conferences, conventions and meetings	31,541	1,897	2,299	1,697	-
Subsistence, housing, medical and related subsidies	324,203	25,829	59,962	24,281	92,595
Equipment purchases	7,745	(13,450)	-	514	-
Occupancy	106,929	60,425	3,215	2,135	12,812
Professional fees	132,132	2,566	354	89	5,012
Transportation and travel	66,654	18,353	3,575	2,024	19,955
Insurance	892	1,265	-	103	85
Repairs and maintenance	9,440	2,963	-	398	-
Printing	3,158	3,231	4	-	996
Promotion and public relations	11,733	833	40	132	-
Donated goods and services	-	-	-	-	-
Total expenses before depreciation	<u>2,168,346</u>	<u>500,278</u>	<u>114,247</u>	<u>57,566</u>	<u>290,244</u>
Depreciation of property and equipment	<u>3,540</u>	<u>4,875</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 2,171,886</u>	<u>\$ 505,153</u>	<u>\$ 114,247</u>	<u>\$ 57,566</u>	<u>\$ 290,244</u>

**CATHOLIC CHARITIES, INC.**  
**Statement of Functional Expenses**  
**Years Ended June 30, 2017**  
**(With Comparative Totals For 2016)**

	Total Program Services	Support Services		Total Expenses	
		Management and General	Fund Raising	2017	2016
Salaries	\$4,022,663	\$ 484,161	\$ 86,195	\$ 4,593,019	\$ 4,395,906
Payroll taxes	315,048	41,864	6,896	363,808	347,534
Employee benefits	906,756	108,092	15,046	1,029,894	748,500
Supplies and literature	250,880	18,690	16,184	285,754	227,019
Telephone	84,912	7,728	1,523	94,163	80,633
Conferences, conventions and meetings	81,864	4,758	186,396	273,018	219,243
Subsistence, housing, medical and related subsidies	1,106,016	-	-	1,106,016	965,948
Equipment purchases	25,201	2,463	70	27,734	141,628
Occupancy	560,551	100,698	9,866	671,115	669,488
Professional fees	219,962	111,629	6,378	337,969	302,422
Transportation and travel	202,321	4,806	813	207,940	216,496
Insurance	14,783	42,440	79	57,302	12,208
Repairs and maintenance	74,997	5,280	-	80,277	75,804
Printing	31,011	15,316	16,650	62,977	67,251
Promotion and public relations	18,385	4,899	2,351	25,635	25,834
Donated goods and services	131,592	1,247	-	132,839	130,146
Total expenses before depreciation	<u>8,046,942</u>	<u>954,071</u>	<u>348,447</u>	<u>9,349,460</u>	<u>8,626,060</u>
Depreciation of property and equipment	<u>10,077</u>	<u>1,578</u>	<u>167</u>	<u>11,822</u>	<u>13,537</u>
Totals	<u>\$8,057,019</u>	<u>\$ 955,649</u>	<u>\$348,614</u>	<u>\$ 9,361,282</u>	<u>\$ 8,639,597</u>

**CATHOLIC CHARITIES, INC.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (195,833)	\$ 290,025
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	11,822	13,537
Provision for uncollectible pledges	86,608	27,695
Amortization of discount on pledges	9,350	38,852
Contributions restricted for long-term purposes	(10,761)	(4,100)
Change in value of beneficial interest in perpetual trusts	(5,093)	(5,020)
Changes in assets and liabilities		
Grants receivable	(351,249)	116,519
Pledges receivable	(72,811)	(128,693)
Deposits and other assets	(598)	-
Prepaid expenses	8,791	(53,180)
Accounts payable and accrued expenses	1,011	(229,475)
Accrued salaries	14,028	(3,072)
Deferred income	(10,770)	10,770
Net cash provided by (used in) operating activities	<u>(515,505)</u>	<u>73,858</u>
<b>Cash Flows From Investing Activities</b>		
Deposit to Catholic Diocese of Jackson		
Deposit and Loan Fund	-	(265,803)
Net savings fund withdrawals from		
Catholic Diocese of Jackson Deposit and Loan Fund	265,803	(879)
Investment in perpetual trusts	(10,761)	(4,100)
Contributions restricted for long-term purposes	10,761	4,100
Purchase of property and equipment	(57,423)	(3,290)
Reserve for unemployment claims, net	3,011	(1,642)
Net cash provided by (used in) investing activities	<u>211,391</u>	<u>(271,614)</u>
<b>Cash Flows From Financing Activities</b>		
Outstanding checks in excess of bank balances	32,981	202,066
Advance from Catholic Diocese of Jackson		
Deposit and Loan Fund	270,603	(85,930)
Net cash provided by financing activities	<u>303,584</u>	<u>116,136</u>
Net (decrease) increase in cash and cash equivalents	(530)	(81,620)
Cash and Cash Equivalents, Beginning of Year	4,466	86,086
Cash and Cash Equivalents, End of Year	<u>\$ 3,936</u>	<u>\$ 4,466</u>

See accompanying notes to financial statements.

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

Catholic Charities, Inc. (the Organization) is a Mississippi not-for-profit corporation established in 1963 as the social service agency of the Catholic Diocese of Jackson. The mission of the Organization is multi-faceted and includes direct service, advocacy and public consciousness raising. Services are provided for all people regardless of religious affiliation, race, color or country of origin.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-205, *Presentation of Financial Statements*. Under ASC Topic 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are funds that are not subject to donor-imposed stipulations.

Temporarily restricted net assets are funds whose use by the Organization have been limited by donor stipulations that limit the use of the contributed assets to (a) later periods or after specific dates (time restrictions), (b) specific purposes (purpose restrictions) or (c) both.

Permanently restricted net assets represent endowment funds which are subject to the restriction of donors that the principal be invested in perpetuity and only the income be utilized.

Summarized Financial Information

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable represents amounts owed to the Organization for costs incurred under federal state and private grant contracts which are reimbursable to the Organization. Grants receivable are reported at net realizable value. Due to the nature of grants receivable and because historical losses related to grants receivable have been insignificant, the direct write-off method is used to account for uncollectible amounts.

Pledges Receivable

Unconditional promises to give (pledges) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Unconditional promises to give are recorded as receivables and revenues. Conditional promises to give are not included as support until the conditions are substantially met. Due to the nature of the pledges receivable and management's experience on the collection of pledges receivables, an allowance for doubtful accounts has been established. On a continuing basis, receivables are analyzed and, when determined to be collectible, are written off through a charge against revenue.

Beneficial Interest in Perpetual Trusts

The Organization is an income beneficiary of certain irrevocable trusts held by The Catholic Foundation of the Diocese of Jackson, Mississippi, Inc. (the Foundation). The Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity. The Organization records an asset equal to the fair value of its beneficial interest in these trusts.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Maintenance and repairs are expensed in the period incurred; major renewals and betterments are capitalized. When items of property are sold or retired, the related costs are removed from the accounts and any gain or loss is included in income. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Depreciation expense was \$11,822 and \$13,537 for the years ended June 30, 2017 and 2016, respectively.

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 1**    **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Asset Impairments

In accordance with the accounting standards on accounting for the impairment or disposal of long-lived assets, the Organization reviews for the impairment of long-lived assets whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated future undiscounted cash flows is less than the carrying amount of the asset. No impairment losses were recognized in 2017 and 2016.

Net Assets

Restricted net assets are those which have been restricted by individuals or entities outside of the Organization. The restriction may be temporary or permanent, depending upon the terms of the funding source. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. The unrestricted net asset category contains assets and contributions or grants that are not restricted by donors or grantors or for which restrictions have expired. Board designated net assets are certain unrestricted net assets designated by the Board for future use by specific programs.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

The Organization reports gifts of long-lived assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services are reported in the accompanying financial statements at the estimated fair value of the services received.

Certain federal and state grants are considered to be for the purchase of goods and services and therefore are deemed to be exchange transactions rather than contributions. Accordingly, such grant revenue is recognized as goods are provided or services are rendered.

Program service fees represent fees charged to clients and are recognized as services are rendered.

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 1**    **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates developed by management.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

The Organization files Form 990, Return of Organization Exempt from Income Tax annually. As an exempt organization, no provision for income tax is recorded in the financial statements.

GAAP outlines the accounting for uncertainty in income taxes in a company's financial statements and prescribes a recognition threshold and measurement attribute for tax positions taken or expected to be taken on a tax return.

Management believes it has no material uncertain tax positions or any related penalties and interest to accrue for the year ended June 30, 2017 and 2016.

The Organization tax returns are still open to examination by taxing authorities for fiscal years 2014 through 2016.

Reclassification

Certain items in the June 30, 2016 financial statements have been reclassified to conform to the June 30, 2017 financial statement presentation. These reclassifications had no effect on previously reported net assets.

**NOTE 2**    **PLEDGES RECEIVABLE**

As a result of the Journey of Hope, the Organization had pledges receivable at June 30, 2017 and 2016 as follows:

	<b>2017</b>	<b>2016</b>
Receivable in less than one year	\$ 64,688	\$ 83,639
Receivable in one to five years	187,247	182,093
Total pledges receivable	251,935	265,732
Less discounts to net present value at 6.89 percent		
Discount to net present value at 6.89%	(40,322)	(27,523)
Allowance for doubtful accounts	(62,984)	(66,433)
Net pledges receivable	\$ 148,629	\$ 171,776

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 3**    **PROPERTY AND EQUIPMENT**

A summary of property and equipment at June 30 follows:

	<b>2017</b>	<b>2016</b>
Building improvements	\$ 45,125	\$ 45,125
Vehicles	57,423	-
Furniture and equipment	455,784	455,784
	558,332	500,909
Less accumulated depreciation	(488,704)	(476,882)
Total	\$ 69,628	\$ 24,027

**NOTE 4**    **DONATED SERVICES**

During the years ended June 30, 2017 and 2016, the Organization received the use of facilities for which rent would have totaled \$29,016 and \$34,116, respectively, per year. The Organization also received the services of rape crisis volunteers and volunteer grandparents who volunteered time along with individuals who donated miscellaneous goods to Domestic Violence Services, and the Rape Crisis Center totaling \$102,576 in 2017 and \$96,030 in 2016. The total of these amounts is reflected in the accompanying statements of activities as donated services revenue and in-kind expenses within the applicable program.

**NOTE 5**    **GRANTS FROM GOVERNMENTAL AND PRIVATE AGENCIES**

During the years ended June 30, 2017 and 2016, the Organization was the recipient of governmental and private grants totaling approximately \$6,700,000 and \$6,400,000, respectively, to fund twenty-one of its programs.

The receivables from the grants related to the program services were as follows at June 30:

	<b>2017</b>	<b>2016</b>
Born Free/New Beginnings	\$ 67,864	\$ 55,200
Domestic Violence Services	210,045	199,321
Guardian Shelter and Rape Crisis Center	237,806	131,396
Hope Haven Residential	43,512	34,930
Hope Haven Home Based	50,059	20,170
Solomon Counseling Center	42,347	22,660
Therapeutic Foster Care	125,620	109,868
Unaccompanied Refugee Minors	351,932	220,878
Veteran's Services	46,977	28,993
Management and General	2,980	4,477
	\$ 1,179,142	\$ 827,893



**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 5**    **GRANTS FROM GOVERNMENTAL AND PRIVATE AGENCIES**  
**(CONTINUED)**

Because the above grants offer valuable program services, it is the intention of the management of the Organization, subject to the availability of governmental and private funds, to participate in similar grants in the future.

**NOTE 6**    **LEASES**

The Organization leases buildings and equipment under operating leases that expire at various dates through 2023. The leases require the Organization to pay maintenance, insurance, taxes and other expenses in addition to the minimum rental. Rent expense under both cancelable and noncancelable operating leases including donated rental facilities totaled \$603,031 in 2017 and \$620,847 in 2016.

At June 30, 2017, the aggregate annual rental payments due under noncancelable operating leases, with initial or remaining terms of one year or more, were as follows:

	<u>Amount</u>
2018	\$ 459,624
2019	312,535
2020	305,847
2021	297,873
2022 and thereafter	<u>425,022</u>
Total	<u>\$ 1,800,901</u>

**NOTE 7**    **CATHOLIC DIOCESE OF JACKSON DEPOSIT AND LOAN FUND**

The Organization receives advances from the Catholic Diocese of Jackson (the Diocese) Deposit and Loan Fund to provide working capital for operations when needed. At June 30, 2017, the advance received totaled \$270,603. The advance was unsecured.

At June 30, 2016, the Organization was not indebted to the Diocese. The Organization had a savings deposit balance of \$265,803 at June 30, 2016. The amounts invested with the Diocese at June 30, 2016 were not insured by the FDIC. The Organization has not experienced any losses on these deposits.

**NOTE 8**    **RETIREMENT PLAN**

The Organization participates with the Diocese in the Pension Plan for Employees of the Catholic Diocese of Jackson (the Plan), which is a multi-employer defined benefit plan. The Plan is an insured non-contributory plan that covers lay employees who have attained the age of 21 and completed one year of service. Effective June 30, 2014, the Diocese closed the Plan to new participants and froze the benefit accruals of all participants. The risks of participating in multi-employer plans are different from single-employer plans in the following aspects:

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 8    RETIREMENT PLAN (CONTINUED)**

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the Plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If an employer chooses to stop participating in some of its multi-employer plans, the employer may be required to pay those plans an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

Employees are fully vested after seven years of service based on a graduated vesting schedule and the normal retirement age is defined as the employee's 65th birthday, but the Plan also provides for early retirement, disability and death benefits. Benefits are provided through an insurance contract and are based on years of service and average monthly earnings. Funding is accomplished through annual actuarially determined employer contributions based on the anticipated funding of employees' pension benefits spread over the period from their dates of employment to their dates of retirement.

The Plan had total assets of \$6,881,141 and an accumulated benefit obligation of \$11,812,612 for the year ended June 30, 2016, which is the most current information available. Contributions of \$278,379 and \$277,775 were paid by the Organization during the fiscal years ended June 30, 2017 and 2016, respectively. Future plan contributions will be expensed as paid. The financial health of the multiemployer pension plan is indicated by the zone status, as defined by the Pension Protection Act of 2006, which represents the funded status of the Plan as certified by the Plan's actuary. Plans in the red zone are less than 65 percent funded, the yellow zone are between 65 percent and 80 percent funded and the green zone are at least 80 percent funded. The current zone for the Organization is red. Because the Plan is a church plan and is not subject to ERISA requirements, a funding improvement plan is not required.

Effective July 1, 2014, the Organization established a defined contribution 401(k) plan (the 401(k) Plan). The 401(k) Plan covers all full-time employees except Relief Staff. The Organization matches 100% of the elective contributions not to exceed 4% of compensation received during the plan year. In addition, the Organization makes an employer base contribution equal to 2% of compensation for the plan year. Participants must be at least 21 year of age and must have completed one year of service or at least 501 hours of service within that twelve-month period to receive employer base contributions and employer matching contributions. The 401(k) Plan offers both pre-tax and Roth options. For the years ended June 30, 2017 and 2016, employer contributions of \$125,579 and \$136,404, respectively, were made to the 401(k) Plan.

**NOTE 9    RESTRICTIONS ON NET ASSETS**

The Organization's Board of Directors has the authority to designate certain unrestricted net assets for specific programs. The designation can be lifted at any time by the Board and thus do not indicate any temporarily restricted amounts. The following were board designated net assets for the years ended June 30, 2017 and 2016:

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

**NOTE 9    RESTRICTIONS ON NET ASSETS (CONTINUED)**

	<u>2017</u>	<u>2016</u>
Therapeutic Foster Care	\$ -	\$ 1,005
Hope Haven Home Based	202,541	4,492
Shelter for Battered Families	7,596	12,500
Management	-	40,000
Natchez Office	12,500	12,500
Northeast Office	1,872	22,783
Parish Social Ministries	8,901	-
Parish Health Ministry	27,018	31,843
Immigration Services	20,289	51,670
Veterans Services	4,137	4,137
Catholic Charities Trust	62,906	62,592
Catholic Charities Victims of Abuse Trust	7,547	7,472
Catholic Charities Northeast Office Trust	5,800	5,771
Associated Charities Trust	293,785	292,323
	<u>\$ 654,892</u>	<u>\$ 549,088</u>

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Alcohol and Drug Abuse Services	\$ 34,458	\$ 26,771
D'Evereaux Hall and St. Mary's Orphan Asylum	30,305	29,707
Emergency Assistance	25,376	5,383
Disaster Assistance	53,268	119,865
Disaster Preparedness	6,608	6,608
Immigration Services	3,294	(3,124)
Journey of Hope	188,951	199,299
Northeast Office	44,229	1,150
Parish Based Ministry	16,617	18,877
Services to Children	241,240	308,928
Services to Families	15,636	22,737
Domestic Violence Services	14,884	7,514
Unaccompanied Refugee Minor Program	14,788	8,293
	<u>\$ 689,654</u>	<u>\$ 752,008</u>

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 9**    **RESTRICTIONS ON NET ASSETS (CONTINUED)**

Permanently restricted net assets consist of endowment funds established for the purpose of assisting the Organization with general and program operations. Permanently restricted net assets are classified and reported based on the existence or absence of donor restricted funds. The invested funds associated with permanently restricted net assets are on deposit with the Foundation and the Foundation allocates the interest based on its investment policy. The Foundation's investment policy is to allocate the total interest earned to each trust based on the balance in that trust. The Organization has not experienced any losses on these deposits in the past and management does not believe that it is exposed to any significant credit risk. As allowed by donor restriction, interest income is allocated between corpus and general operations as directed by the Organization.

The Organization is subject to the state of Mississippi's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization interprets the current state law regarding the treatment of endowments as the preservation of purchasing power and prudent expenditure of endowment funds and related appreciation.

**NOTE 10**    **BENEFICIAL INTEREST IN PERPETUAL TRUSTS**

The Organization has a beneficial interest in perpetual trusts held by the Foundation. The Foundation was granted no variance power to redirect the use of the assets to another beneficiary. On an annual basis, the Foundation distributes net income from these funds to the Organization as determined by the Foundation's spending policy. As of June 30, 2017 and 2016, the trusts had fair values totaling \$957,212 and \$941,358, respectively, which is included in the accompanying statement of financial position as beneficial interest in perpetual trusts.

**NOTE 11**    **FAIR VALUE MEASUREMENT**

The Organization has adopted the provisions of the Financial Accounting Standards Board's Accounting Standards Codification 820, Fair Value Measurements and Disclosure (ASC 820), which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement ASC 820 are described below:

Level 1 Inputs are unadjusted quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 Inputs are unobservable and significant to the fair value measurement.

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 11 FAIR VALUE MEASUREMENT (CONTINUED)**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

Beneficial interest in perpetual trusts: Measured at fair value

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	<u>Assets at Fair Value as of June 30, 2017</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 957,212

  

	<u>Assets at Fair Value as of June 30, 2016</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 941,358

The table below sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year ended June 30, 2017 and 2016.

Balance, June 30, 2015	\$ 932,238
Contributions	4,100
Change in Beneficial Interest	5,020
Balance, June 30, 2016	941,358
Contributions	10,761
Change in Beneficial Interest	5,093
Balance, June 30, 2017	\$ 957,212

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 12 RELATED PARTY**

The Organization has a relationship with the Diocese in which it receives a direct subsidy from the Catholic Service Appeal. The Catholic Service Appeal is the annual giving campaign of the Diocese, which provides support to the Organization. The Organization received \$380,000 for both 2017 and 2016.

In addition, the Organization received from the Diocese, subsidies of \$30,000 for the Solomon Counseling Center program, \$5,000 for the Northeast Office program, \$25,714 for the Born Free program and \$10,000 for the Migrant Support Services program for the year ended June 30, 2017.

The Organization also received \$60,000 for the Solomon Counseling Center program, \$30,000 for the Northeast Office program, \$5,000 for the Parish Social Ministry program and \$55,000 for the Migrant Support Services program for the year ended June 30, 2016.

**NOTE 13 RESERVE FOR UNEMPLOYMENT CLAIMS**

The Organization has a cash reserve with Unemployment Securities Trust (UST) to be used for unemployment claims filed with the State of Mississippi. This reserve is held in lieu of paying State unemployment taxes. UST pays the unemployment claims, as well as providing claims monitoring services. Any unemployment claims charged to the Organization will be paid to the State on the Organization's behalf from the reserve account. Earnings on the balance in the reserve account is credited to the Organization. UST makes an annual determination of the Organization's required reserve balance. If the reserve account is determined to be overfunded, the Organization has the option of using the overfunding to apply to future deposits or requesting a refund of that amount. If the Organization decides to leave the program, all funds in the account (after any outstanding claims are settled) will be returned to the Organization. As of June 30, 2017 and 2016, the total reserve account balance was \$147,589, including an overfunded portion of \$70,960 and \$150,600, including an overfunded portion \$62,867, respectively.

**NOTE 14 RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS**

The net assets as of June 30, 2016 have been restated to properly record a reserve for unemployment claims that had not been previously recorded.

The following effects of the restatement on the amounts reported as attributable to the 2016 statement of financial position are presented below:

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Change</u>
Reserve for unemployment claims	\$ -	\$ 150,600	\$ 150,600
Unrestricted net assets	7,563	158,163	150,600

**CATHOLIC CHARITIES, INC.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 14**    **RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS**  
**(CONTINUED)**

The above described restatement had the following effects on the amounts reported as attributable to unrestricted net assets in the 2016 statement of activities:

	<b><u>As Previously</u></b> <b><u>Reported</u></b>	<b><u>As</u></b> <b><u>Restated</u></b>	<b><u>Change</u></b>
Investment income	\$       878	\$   4,094	\$   3,216
Management and general expenses	822,356	823,930	1,574
Change in net assets - unrestricted	288,383	290,025	1,642
Unrestricted net assets at beginning of year	137,812	286,770	148,958

**NOTE 15**    **SUBSEQUENT EVENTS**

The Organization has a subsequent event, as reflected below, for the year ended June 30, 2017, through December 6, 2017, which is the date the financial statements were available to be issued.

The Organization received correspondence by letter dated November 7, 2017, from the Mississippi State Department of Health, Office Against Interpersonal Violence, regarding interruption of future funding for the program and the refunding of questioned costs for the period ended June 30, 2017. The grant reimbursements are in question due to the findings reported in the correspondence. Organization management has filed an appeal to the findings noted in the letter and is prepared to defend its actions. The financial outcome related to this issue cannot be determined at this point and therefore nothing pertaining to this issue is reflected in these financial statements.

**CATHOLIC CHARITIES, INC.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

Federal Granting Agency/ Grant Program/Grant-Contract Number	Federal CFDA Number	Grant/Contract Period	Grant/Grant Award as of 06/30/17	Federal Expenditures
<b>Direct Programs</b>				
Department of Housing and Urban Development				
MS0058L4G011501	14.235	07/01/2016-06/30/2017	\$ 204,264	\$ 131,384
MS0005L4G001508	14.235	02/01/2016-01/31/2017	172,924	103,209
MS0037L4G001403	14.235	09/01/2016-08/31/2017	63,842	13,989
MS0037L4G001504	14.235	09/01/2016-08/31/2017	63,842	63,346
MS007864G001600	14.235	05/01/2017-04/30/2018	236,766	24,654
				336,582
Veteran's Affairs				
14-MS-234	64.033	10/01/2014-09/30/2016	345,874	70,068
14-MS-234	64.033	10/01/2016-09/30/2017	335,360	213,452
				283,520
Office of Justice Programs				
2016-WH-AX-0064	16.736	10/01/2016-09/30/2018	350,000	83,851
				83,851
Federal Emergency Management Agency				
LRO ID: 508902-026	97.024	02/01/2016-03/31/2017	10,000	12,166
LRO ID: 508902-011	97.024	02/01/2016-03/31/2017	14,000	14,000
LRO ID: 508902-010	97.024	02/01/2016-03/31/2017	12,000	12,000
LRO ID: 525600-011	97.024	10/01/2015-07/31/2017	7,516	7,516
				45,682
Total direct programs				749,635
<b>Pass-Through Programs</b>				
Mississippi Department of Human Services				
Therapeutic Foster Home	93.658	07/01/2014-06/30/2017	862,671	104,907
Therapeutic Foster Home	93.658	07/01/2015-02/29/2016	531,264	75,540
Therapeutic Foster Home	93.658	03/01/2016-02/28/2017	1,106,301	445,552
Therapeutic Foster Home	93.658	03/01/2016-02/28/2018	1,236,237	152,292
				778,291
Mississippi Department of Human Services				
6004057	93.556	10/01/2015-09/30/2016	100,000	21,117
6010963	93.556	10/01/2016-09/30/2017	100,000	62,717
				83,834
Mississippi Department of Human Services				
128F421	93.590	10/01/2014-09/30/2016	100,000	22,049
6004057	93.590	10/01/2016-09/30/2017	100,000	77,289
				99,338
Mississippi Department of Human Services				
6008835	93.596	10/01/2016-08/31/2017	165,727	68,877
Mississippi Department of Human Services				
6007687	93.566	10/01/2016-09/30/2017	1,692,562	378,432
6007688	93.566	10/01/2016-09/30/2017	292,672	70,827
1701MSCRA	93.566	10/01/2016-09/30/2017	1,791,193	1,180,508
1701MSCRA	93.566	10/01/2016-09/30/2017	312,330	230,818
				1,860,585



**CATHOLIC CHARITIES, INC.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

Federal Granting Agency/ Grant Program/Grant-Contract Number	Federal CFDA Number	Grant/Contract Period	Grant/Grant Award as of 06/30/17	Federal Expenditures
Department of Mental Health				
8105-CYS-23-16	93.958	07/01/2016-06/30/2017	111,859	111,859
8409-CMHS-CYS-23-16	93.958	07/01/2016-06/30/2017	111,143	111,143
8506-CMHS-CYS-23-TR-16	93.958	07/01/2016-06/30/2017	91,693	91,693
				314,695
Department of Mental Health				
7569A-16SABG-SWPHH-PG-59.23	93.959	07/01/2016-06/30/2017	351,160	351,160
7569-16SABG-SWPHH-PG-59-23	93.959	07/01/2016-06/30/2017	153,500	151,022
7571-17SABG-HIV-EIX-59-17	93.959	07/01/2016-06/30/2017	55,577	1,086
				503,268
Mississippi Department of Public Safety				
14SX5131	16.017	08/01/2015-07/31/2016	27,485	37,253
15SX5131	16.017	08/01/2016-07/31/2017	28,517	19,653
15SX6021	16.017	08/01/2016-07/31/2017	23,245	18,998
14SX6021	16.017	08/01/2015-07/31/2016	22,717	16,053
				91,957
Mississippi Department of Public Safety				
VA-15-004	16.575	07/01/2016-06/30/2017	550,000	405,389
VA-15-005	16.575	07/01/2016-06/30/2017	299,720	206,029
				611,418
Mississippi Department of Public Safety				
14SV5131	16.588	07/01/2015-06/30/2016	32,329	7,024
15SV6021	16.588	07/01/2016-06/30/2017	31,097	26,374
15SV5131	16.588	07/01/2016-06/30/2017	24,338	16,506
14SV6021	16.588	07/01/2015-06/30/2016	22,640	2,287
				52,191
Mississippi Department of Health				
5UF2CE00242603	93.136	02/01/2016-01/31/2017	25,500	19,269
5NUF2CE002426-04-00	93.136	02/01/2017-01/31/2018	23,974	9,896
5UF2CE00242603	93.136	02/01/2016-01/31/2017	25,500	11,258
5SNUF2CED02426-04-00	93.136	02/01/2017-01/31/2018	23,974	1,561
				41,984
Mississippi Department of Health				
G-1501MSFVPS	93.671	10/01/2015-09/30/2016	80,159	21,006
G-1501MSFVPS	93.671	10/01/2015-09/30/2016	80,159	9,354
G-1601MSFVPS	93.671	10/01/2016-09/30/2017	80,159	79,922
FV2017-005	93.671	10/01/2016-09/30/2017	80,159	31,681
				141,963
2010T009032-15	93.758	10/01/2015-09/30/2016	9,500	4,179
PHHS2016-005	93.758	10/01/2016-09/30/2017	8,600	7,719
B010T009032-15	93.758	10/01/2015-09/30/2016	9,500	3,379
				15,277
Mississippi Department of Health				
1NB01OT009104-01-00	93.991	10/1/2016-06/30/2017	8,600	6,459

**CATHOLIC CHARITIES, INC.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

<b>Federal Granting Agency/ Grant Program/Grant-Contract Number</b>	<b>Federal CFDA Number</b>	<b>Grant/Contract Period</b>	<b>Grant/Grant Award as of 06/30/17</b>	<b>Federal Expenditures</b>
Mississippi Development Authority				
1727-ESG-GSBF-15	14.321	09/01/2015-08/31/2016	100,000	29,671
1727-ESG-GSBF-16	14.321	09/01/2016-08/31/2017	100,000	89,864
				<u>119,535</u>
City of Jackson				
B-14-MC-28-0003	14.218	10/01/2016-09/30/2017	12,500	8,708
B-14-MC-28-0003	14.218	10/01/2016-09/30/2017	12,500	4,700
B-14-MC-28-0003	14.218	10/01/2016-09/30/2017	12,500	2,944
B-14-MC-28-0003	14.218	10/01/2016-09/30/2017	9,125	6,341
				<u>22,693</u>
Mississippi Department of Education				
V0000717810	10.558	10/01/2015-09/30/2016	11,625	3,506
V0000717810	10.558	10/01/2016-09/30/2017	11,625	6,897
				<u>10,403</u>
United Way				
Total pass-through programs				<u>4,822,768</u>
Total all programs				<u>\$ 5,572,403</u>

N/A - The expenditures are based on a per diem rate per foster child.  
Accordingly, a specified contract award balance is not applicable.

**NOTE A BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Catholic Charities, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Catholic Charities, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Catholic Charities, Inc.

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not available or are limited as to reimbursement.

Pass-through Entity Identifying Numbers - Pass-through entity identifying numbers are presented when available.

**NOTE C INDIRECT COST RATE**

Catholic Charities, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Catholic Charities, Inc.  
Jackson, Mississippi

We have audited, in accordance with the 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 Charities, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 6, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the Organization'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 results 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 black ink, appearing to read "Grantham Poole PUC". The signature is written in a cursive style.

Ridgeland, Mississippi  
December 6, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
A MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Catholic Charities, Inc.  
Jackson, Mississippi

**Report on Compliance for a Major Federal Program**

We have audited Catholic Charities, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2017. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.



### **Opinion on the Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ridgeland, Mississippi  
December 6, 2017

**CATHOLIC CHARITIES, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2017**

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**Section I - Summary of Auditors' Results**

Financial Statements

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditors' report issued:  | Unmodified    |
| 2. | Internal control over financial reporting:  |               |
|    | Material weakness(es) identified  | None          |
|    | Reportable condition identified not considered to be material weaknesses  | None Reported |
| 3. | Noncompliance material to financial statements which would be required to be reported in accordance with <i>Government Auditing Standards</i> | None          |

Federal Awards

- |    |  |               |
|----|--|---------------|
| 4. | Internal Control over major programs:                                    |               |
|    | Material weakness identified   | None          |
|    | Reportable condition identified not considered to be material weaknesses | None Reported |
| 5. | Type of auditors' report issued on compliance for major programs:        | Unmodified    |
| 6. | Audit findings as required by 2 CFR section 200.516(a)                   | None          |
| 7. | The programs tested as major programs were:                              |               |
|    | <u>CFDA Numbers</u> <u>Name of Federal Program</u>                       |               |
|    | CFDA 93.566 Refugee and Entrant Assistance - State Administered Programs |               |
|    | CFDA 93.658 Therapeutic Foster Home - State Administered Program         |               |
| 8. | Dollar threshold used to distinguish between Type A and Type B programs: | \$ 750,000    |
| 9. | Auditee qualified as low-risk auditee                                    | Yes           |

**Section II - Financial Statements Findings**

There were no Financial Statement Findings for the year ended June 30, 2017.

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

There were no Federal Award Findings or Questioned Costs for the year ended June 30, 2017.