

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

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**
(With Summarized Financial Information
For the Year Ended June 30, 2015)

Table of Contents

	<u>Pages</u>
Independent Auditor's Report	1 – 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 – 21
Schedule of Expenditures of Federal Awards	22 - 24
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 <i>Government Auditing Standards</i>	25 – 26
Independent Auditors' Report on Compliance for a Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	27 - 28
Schedule of Findings and Questioned Costs	29



INDEPENDENT AUDITOR'S 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, 2016, 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.

Auditor's 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, 2016, and the changes in 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

The summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived, with the exception of adjustments to prior period financial statements discussed in the other matters section of this report.

Other Matters

Adjustments to Prior Period Financial Statements

The financial statements of Catholic Charities, Inc. as of June 30, 2015, were audited by other auditors whose report dated November 19, 2015, expressed an unmodified opinion on those financial statements. As discussed in Note 13 to the financial statements, the Organization has adjusted its 2015 financial statements to record beneficial interests in perpetual trusts. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2016 financial statements, we also audited the adjustments to the 2015 financial statements to record the beneficial interests in perpetual trusts as described in Note 13. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to Catholic Charities, Inc. 2015 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (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 November 17, 2016, 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
November 17, 2016

CATHOLIC CHARITIES, INC.
Statements of Financial Position
June 30, 2016 and 2015

	2016	Restated 2015
ASSETS		
Current assets		
Cash	\$ 4,466	\$ 86,086
Grants receivable (Note 5)	827,893	944,412
Pledges receivable, current portion (Note 2)	83,639	56,094
Designated funds on deposit in Catholic Diocese of Jackson Deposit and Loan Fund	29,707	28,828
Savings deposit in Catholic Diocese of Jackson Deposit and Loan Fund (Note 7)	265,803	-
Prepaid expenses	56,057	2,877
Total current assets	1,267,565	1,118,297
Noncurrent assets		
Property and equipment, at cost less accumulated depreciation of \$476,883 in 2016 and \$463,344 in 2015 (Note 3)	24,027	34,276
Pledges receivable, net of discount, allowance and current portion (Note 2)	88,137	53,536
Beneficial interest in perpetual trusts - permanently restricted	573,200	565,999
Beneficial interest in perpetual trusts - board designated	368,158	366,239
Total noncurrent assets	1,053,522	1,020,050
Total assets	\$ 2,321,087	\$ 2,138,347
LIABILITIES AND NET ASSETS		
Current liabilities		
Excess of outstanding checks over bank balance	\$ 203,657	\$ 1,591
Accounts payable and accrued expenses	187,037	416,514
Accrued salaries	37,764	40,836
Advance from Catholic Diocese of Jackson Deposit and Loan	-	85,930
Deferred income	10,770	-
Total current liabilities	439,228	544,871
Net assets		
Unrestricted (Deficit)	7,563	(228,427)
Unrestricted - Board designated	549,088	366,239
Total Unrestricted	556,651	137,812
Temporarily restricted (Note 9)	752,008	889,665
Permanently restricted (Note 9)	573,200	565,999
Total net assets	1,881,859	1,593,476
Total liabilities and net assets	\$ 2,321,087	\$ 2,138,347

See accompanying notes to the financial statements.

CATHOLIC CHARITIES, INC.
Statements of Activities
Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Total All Funds</u>	
				<u>2016</u>	<u>Restated 2015</u>
Public support and revenue					
Public support					
Received directly					
Contributions	\$ 943,067	\$ 242,553	\$ 4,100	\$ 1,189,720	\$ 1,276,761
Bequest and memorials	36,071	-	-	36,071	47,672
Donated services	130,146	-	-	130,146	139,968
	<u>1,109,284</u>	<u>242,553</u>	<u>4,100</u>	<u>1,355,937</u>	<u>1,464,401</u>
Grants from governmental and private agencies	3,652,146	2,812,520	-	6,464,666	6,182,585
Total public support	<u>4,761,430</u>	<u>3,055,073</u>	<u>4,100</u>	<u>7,820,603</u>	<u>7,646,986</u>
Revenue					
Program service fees	1,087,732	12,173	-	1,099,905	1,003,795
Change in value of beneficial interest in perpetual trusts	1,919	-	3,101	5,020	2,889
Interest income	878	-	-	878	1,781
Total revenue	<u>1,090,529</u>	<u>12,173</u>	<u>3,101</u>	<u>1,105,803</u>	<u>1,008,465</u>
Net assets released from restrictions - satisfaction of program restrictions	3,204,903	(3,204,903)	-	-	-
Total public support and revenue	<u>9,056,862</u>	<u>(137,657)</u>	<u>7,201</u>	<u>8,926,406</u>	<u>8,655,451</u>
Expenses					
Program Services					
Community and Social Outreach Services	329,446	-	-	329,446	295,944
Adoptions/Maternity/ Foster Care	90,992	-	-	90,992	128,713
Solomon Counseling Center	422,839	-	-	422,839	394,069
Unaccompanied Refugee Minor	1,594,283	-	-	1,594,283	1,229,930
Domestic Violence Services	873,779	-	-	873,779	1,072,884
Rape Crisis Center	242,528	-	-	242,528	251,565
Guardian Shelter/RCC	810,975	-	-	810,975	751,614
Natchez Services	81,809	-	-	81,809	89,247
Children's Mental Health Services	2,022,094	-	-	2,022,094	2,009,049
Alcohol/ Drug Abuse Services	493,934	-	-	493,934	563,761
Northeast Services	43,883	-	-	43,883	46,503
Veterans Services	500,491	-	-	500,491	504,084
Total program services	<u>7,507,053</u>	<u>-</u>	<u>-</u>	<u>7,507,053</u>	<u>7,337,363</u>
Supporting services					
Management and general	822,356	-	-	822,356	926,210
Fundraising	308,614	-	-	308,614	293,537
Total supporting services	<u>1,130,970</u>	<u>-</u>	<u>-</u>	<u>1,130,970</u>	<u>1,219,747</u>
Total Expenses	<u>8,638,023</u>	<u>-</u>	<u>-</u>	<u>8,638,023</u>	<u>8,557,110</u>
Change in net assets	418,839	(137,657)	7,201	288,383	98,341
Net assets at beginning of year, restated	<u>137,812</u>	<u>889,665</u>	<u>565,999</u>	<u>1,593,476</u>	<u>1,495,135</u>
Net assets at end of year	<u>\$ 556,651</u>	<u>\$ 752,008</u>	<u>\$ 573,200</u>	<u>\$ 1,881,859</u>	<u>\$ 1,593,476</u>

See accompanying notes to the financial statements.

CATHOLIC CHARITIES, INC.
Statements of Functional Expenses
Years Ended June 30, 2016
(With Comparative Totals For 2015)

	Community and Social Outreach Services	Adoption/ Maternity/ Foster Care	Solomon Counseling Center	Unaccompanied Refugee Minor
Salaries	\$ 200,658	\$ 55,303	\$ 287,706	\$ 792,035
Payroll taxes	16,116	4,619	21,663	63,964
Employee benefits	26,201	12,374	49,506	139,104
Supplies and literature	6,870	1,106	5,704	33,261
Telephone	2,970	799	1,200	14,903
Conferences, conventions and meetings	5,254	245	277	14,566
Subsistence, housing, medical and related subsidies	20,064	1,113	1,537	236,863
Equipment purchases	2,322	-	944	81,892
Occupancy	19,624	8,967	35,290	144,749
Professional fees	5,442	1,195	10,283	19,884
Transportation and travel	16,125	2,002	3,443	27,272
Insurance	1,452	92	262	478
Repairs and maintenance	-	-	-	13,964
Printing	4,949	401	5,230	7,972
Promotion and public relations	180	2,364	-	3,376
Donated goods and services	-	-	-	-
Total expenses before depreciation	328,227	90,580	423,045	1,594,283
 Depreciation of property and equipment	 1,219	 412	 -	 -
 Totals	 \$ 329,446	 \$ 90,992	 \$ 423,045	 \$ 1,594,283

CATHOLIC CHARITIES, INC.
Statements of Functional Expenses
Years Ended June 30, 2016
(With Comparative Totals For 2015)

	Domestic Violence Services	Rape Crisis Center	Guardian Shelter / RCC	Natchez Services	Children's Mental Health Services
Salaries	\$ 414,988	\$ 115,894	\$ 403,935	\$ 30,943	\$ 1,071,720
Payroll taxes	32,319	9,239	31,521	2,368	84,247
Employee benefits	73,960	13,464	79,733	6,990	191,200
Supplies and literature	43,821	8,603	38,933	658	33,674
Telephone	17,264	1,678	8,048	3,247	16,622
Conferences, conventions and meetings	346	237	6,626	-	28,767
Subsistence, housing, medical and related subsidies	34,809	98	88,306	31,306	288,805
Equipment purchases	1,178	-	41,875	-	4,313
Occupancy	120,168	12,591	50,928	1,824	100,800
Professional fees	30,804	714	5,203	568	110,007
Transportation and travel	20,174	5,181	11,834	-	64,445
Insurance	5,928	92	1,296	173	890
Repairs and maintenance	35,730	-	10,340	514	8,777
Printing	1,099	10,175	2,634	2,713	10,296
Promotion and public relations	9,200	-	-	252	3,275
Donated goods and services	31,468	64,562	29,016	-	-
Total expenses before depreciation	873,256	242,528	810,228	81,556	2,017,838
Depreciation of property and equipment	523	-	747	253	4,256
Totals	\$ 873,779	\$ 242,528	\$ 810,975	\$ 81,809	\$ 2,022,094

CATHOLIC CHARITIES, INC.
Statements of Functional Expenses
Years Ended June 30, 2016
(With Comparative Totals For 2015)

	Alcohol Drug Abuse Services	Northeast Services	Veteran Services	Total Program Services
Salaries	\$ 275,178	\$ 20,043	\$ 158,702	\$ 3,827,105
Payroll taxes	21,912	1,678	12,615	302,261
Employee benefits	50,521	431	34,545	678,029
Supplies and literature	25,162	953	6,806	205,551
Telephone	1,215	1,738	5,498	75,182
Conferences, conventions and meetings	1,615	1,051	-	58,984
Subsistence, housing, medical and related subsidies	22,429	13,672	226,409	965,411
Equipment purchases	7,404			139,928
Occupancy	60,501	1,918	14,563	571,923
Professional fees	442	28	8,184	192,754
Transportation and travel	19,815	1,893	29,743	201,927
Insurance	557	106	85	11,411
Repairs and maintenance	1,149	372		70,846
Printing	3,073	-	3,135	51,677
Promotion and public relations	-	-	-	18,647
Donated goods and services	-	-	-	125,046
	<u>490,973</u>	<u>43,883</u>	<u>500,285</u>	<u>7,496,682</u>
Total expenses before depreciation				
Depreciation of property and equipment	<u>2,961</u>	<u>-</u>	<u>-</u>	<u>10,371</u>
Totals	<u>\$ 493,934</u>	<u>\$ 43,883</u>	<u>\$ 500,285</u>	<u>\$ 7,507,053</u>

CATHOLIC CHARITIES, INC.
Statements of Functional Expenses
Years Ended June 30, 2016
(With Comparative Totals For 2015)

	Support Services		Total Expenses	
	Management and General	Fund Raising	2016	2015
Salaries	\$ 488,004	\$ 80,797	\$ 4,395,906	\$ 4,370,636
Payroll taxes	37,192	6,507	345,960	344,915
Employee benefits	62,875	7,596	748,500	1,005,241
Supplies and literature	10,259	11,209	227,019	143,147
Telephone	3,598	1,853	80,633	75,230
Conferences, conventions and meetings	3,899	156,360	219,243	178,275
Subsistence, housing, medical and related subsidies	36	501	965,948	845,375
Equipment purchases	1,003	697	141,628	108,652
Occupancy	84,524	13,041	669,488	666,091
Professional fees	103,643	6,025	302,422	308,753
Transportation and travel	10,387	4,182	216,496	171,312
Insurance	718	79	12,208	-
Repairs and maintenance	4,958	-	75,804	91,101
Printing	4,352	11,222	67,251	51,938
Promotion and public relations	3,909	3,278	25,834	41,157
Donated goods and services	-	5,100	130,146	139,968
	819,357	308,447	8,624,486	8,541,791
Total expenses before depreciation				
Depreciation of property and equipment	2,999	167	13,537	15,319
Totals	\$ 822,356	\$ 308,614	\$ 8,638,023	\$ 8,557,110

CATHOLIC CHARITIES, INC.
Statements of Cash Flows
Year Ended June 30, 2016
(With Comparative Totals for 2015)

	June 30,	
	2016	Restated 2015
Cash flows from operating activities		
Change in net assets	\$ 288,383	\$ 98,341
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	13,537	15,319
Provision for uncollectible pledges	27,695	-
Amortization of discount on pledges	38,852	-
Contributions restricted for long-term purposes	(4,100)	(308,479)
Change in value of beneficial interest in perpetual trusts	(5,020)	(2,889)
Changes in assets and liabilities:		
Grants receivable	116,519	(94,465)
Pledges receivable	(128,693)	28,673
Accounts receivable, other	-	15,693
Deposits and other assets	-	(583)
Prepaid expenses	(53,180)	63,568
Accounts payable and accrued expenses	(229,475)	(68,374)
Accrued salaries	(3,072)	(10,034)
Deferred income	10,770	-
Net cash provided by (used in) operating activities	<u>72,216</u>	<u>(263,230)</u>
Cash flows from investing activities		
Deposit to Catholic Diocese of Jackson Deposit and Loan Fund	(265,803)	(2,801)
Net Savings Fund withdrawals from Catholic Diocese of Jackson Deposit and Loan Fund	(879)	262,318
Investment in perpetual trusts	(4,100)	(308,479)
Contributions restricted for long-term purposes	4,100	308,479
Purchase of property and equipment	(3,290)	-
Net cash (used in) provided by investing activities	<u>(269,972)</u>	<u>259,517</u>
Cash flows from financing activities		
Advance from (payments to) Catholic Diocese of Jackson Deposit and Loan Fund	(85,930)	85,930
Outstanding checks in excess of bank balances	202,066	-
Net cash provided by financing activities	<u>116,136</u>	<u>85,930</u>
Net (decrease) increase in cash and cash equivalents	(81,620)	82,217
Cash and cash equivalents, Beginning of Year	<u>86,086</u>	<u>3,869</u>
Cash and cash equivalents, End of Year	<u>\$ 4,466</u>	<u>\$ 86,086</u>

See accompanying notes to financial statements.

CATHOLIC CHARITIES, INC.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 1 **NATURE OF OPERATIONS AND 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, 2015, from which the summarized information was derived. See Note 12 relative to the restatement of prior period financial statements.

Use of 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, 2016 and 2015

NOTE 1 **NATURE OF OPERATIONS AND 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 \$13,537 and \$15,319 for the years ended June 30, 2016 and 2015, respectively.

CATHOLIC CHARITIES, INC.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

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 2016 and 2015.

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, 2016 and 2015

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, 2016.

The Organization tax returns are still open to examination by taxing authorities for fiscal years 2013 through 2016.

Reclassification

Certain items in the June 30, 2015 financial statements have been reclassified to conform to the June 30, 2016 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, 2016 as follows:

Receivable in less than one year	\$ 83,639
Receivable in one to five years	182,093
Total pledges receivable	<u>265,732</u>
Discount to net present value at 6.01%	(27,523)
Allowance for doubtful accounts	(66,433)
Net pledges receivable	<u><u>\$ 171,776</u></u>

CATHOLIC CHARITIES, INC.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 3 PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30 follows:

	2016	2015
Building improvements	\$ 45,125	\$ 45,125
Furniture and equipment	455,785	452,495
	500,910	497,620
Less accumulated depreciation	(476,883)	(463,344)
Total	\$ 24,027	\$ 34,276

NOTE 4 DONATED SERVICES

During the years ended June 30, 2016 and 2015, the Organization received the use of facilities for which rent would have totaled \$34,116 and \$49,404, 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 \$96,030 in 2016 and \$90,564 in 2015. 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, 2016 and 2015, the Organization was the recipient of governmental and private grants totaling approximately \$6,400,000 and \$6,200,000, respectively, to fund twenty-one of its programs.

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

	2016	2015
HIV Early Intervention Services	\$ -	\$ 5,807
Adoption	-	41,942
Born Free/New Beginnings	55,200	99,672
Domestic Violence Services	199,321	245,451
Guardian Shelter and Rape Crisis Center	131,396	102,340
Hope Haven Residential	34,930	63,263
Hope Haven Home Based	20,170	56,918
Migrant Services Center	-	200
Solomon Counseling Center	22,660	21,652
Therapeutic Foster Care	109,868	104,620
Unaccompanied Refugee Minors	220,878	140,394
Veteran's Services	28,993	57,284
Management and General	4,477	4,869
	\$ 827,893	\$ 944,412

CATHOLIC CHARITIES, INC.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

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 2018. 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 \$620,847 in 2016 and \$620,373 in 2015.

At June 30, 2016, the aggregate annual rental payments due under noncancelable operating leases, with initial or remaining terms of one year or more, were as follows:

2017	\$ 339,229
2018	40,588
2019	12,176
2020	7,869
2021	525
Total	<u>\$ 400,387</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, 2015, the advance received totaled \$85,930. 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, 2016 and 2015

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 \$6,720,186 and an accumulated benefit obligation of \$11,642,829 for the year ended June 30, 2015, which is the most current information available. A contribution of \$277,755 was paid by the organization during the fiscal year ended June 30, 2016, which had been accrued as of June 30, 2015. This payment was actually for the Plan year July 1, 2015 through June 30, 2016, therefore there is no expense or accrual for the year ended June 30, 2016. 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 year ended June 30, 2016, employer contributions of \$136,404 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 year ended June 30, 2016.

CATHOLIC CHARITIES, INC.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 9 RESTRICTIONS ON NET ASSETS (CONTINUED)

	<u>2016</u>	<u>2015</u>
Therapeutic Foster Care	\$ 1,005	\$ -
Hope Haven Home Based	4,492	-
Shelton for Battered Families	12,500	-
Management	40,000	-
Natchez Office	12,500	-
North East Office	22,783	-
Parish Health Ministry	31,843	-
Migrant Support Services	51,670	-
Support Services for Veteran Families	4,137	-
Catholic Charities Trust	62,592	62,231
Catholic Charities Victims Abuse Trust	7,472	7,398
Catholic Charities Northeast Office Trust	5,771	5,742
Associated Charities Trust	292,323	290,868
	<u>\$ 549,088</u>	<u>\$ 366,239</u>

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Alcohol and Drug Services	\$ 26,772	\$ 16,085
Community Services	-	1,239
D'Evereaux Hall and St. Mary's Orphan Asylum	29,707	28,828
Emergency Assistance	5,383	5,842
Disaster Assistance	119,865	102,106
Disaster Preparedness	6,608	6,608
Migrant Support Services (Overspent)	(3,124)	4,545
Journey of Hope	199,299	172,793
Northeast Services	1,150	2,855
Parish Health Ministry	18,877	33,766
Services to Children	308,928	399,916
Services to Families	22,737	85,643
Domestic Violence Services	7,514	21,287
Unaccompanied Refuge Minor Program	8,292	8,152
	<u>\$ 752,008</u>	<u>\$ 889,665</u>

CATHOLIC CHARITIES, INC.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

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, 2016 and 2015, the trusts had fair values totaling \$941,358 and \$932,238, 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, 2016 and 2015

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, 2016 and 2015.

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, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 941,358

<u>Assets at Fair Value as of June 30, 2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 932,238

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, 2016 and 2015.

Balance, June 30, 2014	\$ 620,870
Contributions	308,479
Change in value of beneficial interest	<u>2,889</u>
Balance, June 30, 2015	<u>\$ 932,238</u>
Contributions	4,100
Change in value of beneficial interest	<u>5,020</u>
Balance, June 30, 2016	<u><u>\$ 941,358</u></u>

CATHOLIC CHARITIES, INC.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

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 and \$182,500 for 2016 and 2015, respectively.

In addition, the Organization also received from the Diocese subsidies of \$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.

The Organization received \$200,000 for operational and program expenses for the year ended June 30, 2015. The Organization also received \$50,000 for the Solomon Counseling Center program, \$31,577 for the Northeast Office program, \$67,753 for the Disaster Assistance program, \$5,245 for the Parish Social Ministry program and \$55,000 for the Migrant Support Services program for the year ended June 30, 2015.

NOTE 13 RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

The net assets as of June 30, 2015 have been restated to properly record beneficial interests in perpetual trusts that had not been previously recorded.

The following effects of the restatement on the amounts reported as attributable to the 2015 statement of financial position are presented below:

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Change</u>
Beneficial interest in perpetual trusts - permanently restricted	\$ -	\$ 565,999	\$ 565,999
Beneficial interest in perpetual trusts - board designated	-	366,239	366,239
Endowment deposits in the Catholic Diocese of Jackson Foundation	67,973	-	(67,973)
Net Assets:			
Unrestricted - board designated	-	366,239	366,239
Permanently restricted	67,973	565,999	498,026

The following effects of the restatement on the amounts reported as attributable to the unrestricted net assets in the 2015 statement of activities are presented below:

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Change</u>
Net assets at beginning of year	\$ 143,380	\$ 509,619	\$ 366,239
Net assets at end of year	(228,427)	137,812	366,239

CATHOLIC CHARITIES, INC.
Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 13 **RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS**
(CONTINUED)

The following effects of the restatement on the amounts reported as attributable to permanently restricted net assets in the 2015 statement of activities are presented below:

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Change</u>
Contributions	\$ -	\$ 308,479	\$ 308,479
Change in value of perpetual trusts	-	2,889	2,889
Changes in net assets	583	311,951	311,368
Net assets at beginning of year	67,390	254,048	186,658
Net assets at end of year	67,973	565,999	498,026

NOTE 14 **SUBSEQUENT EVENTS**

The Organization did not have any subsequent events through November 17, 2016, which is the date the financial statements were available to be issued, requiring recognition or disclosure in the financial statements for the year ended June 30, 2016.

CATHOLIC CHARITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Granting Agency/ Grant Program/Grant-Contract Number	Federal CFDA Number	Grant/Contract Period	Grant/Grant Award as of 6/30/2016	Federal Expenditures
Direct Programs				
Department of Housing and Urban				
MS003714G001302	14.235	07/01/2015-06/30/2016	\$ 63,842	\$ 30,475
MS000564C001407	14.235	02/01/2015-01/31/2016	172,924	104,622
MS0037L4G001403	14.235	09/01/2015-08/31/2016	63,842	49,853
MS0005L4G001508	14.235	02/01/2016-01/31/2017	172,924	69,715
MS0005L4G001306	14.235	02/01/2014-01/31/2015	172,924	127,689
				382,354
Veteran's Affairs				
14-MS-234	64.033	10/01/2014-09/30/2015	466,140	244,964
14-MS-234	64.033	10/01/2015-09/30/2016	345,874	275,805
				520,769
Department of Labor				
HV-25977-14-60-5-28	17.805	07/01/2014-03/13/2016	200,000	4,450
Office of Justice Programs				
2012-WM-AX-K015	16.888	10/01/2012-09/30/2015	300,000	43,583
2012-WH-AX-0075	16.736	10/01/2012-09/30/2015	300,000	18,319
2015-WH-AX-0064	16.736	10/01/2015-09/30/2018	350,000	44,969
				106,871
Federal Emergency Management Agency				
508902-011	97.024	04/01/2015-03/31/2016	9,180	4,320
LRO 026	97.024	11/01/2014-01/31/2016	10,000	7,855
508902-011	97.024	04/01/2015-03/31/2016	9,180	8,918
				21,092
				1,035,536
Pass-Through Programs				
Mississippi Department of Human Services				
Therapeutic Foster Home	93.556	07/01/2012-06/30/2016	N/A	55,403
Therapeutic Foster Home	93.556	07/01/2013-06/30/2016	575,114	135,869
Therapeutic Foster Home	93.556	07/01/2014-06/30/2016	862,671	71,673
Therapeutic Foster Home	93.556	07/01/2015-02/29/2016	1,393,935	322,301
Therapeutic Foster Home	93.556	03/01/2016-02/28/2017	1,106,301	145,058
8200015262	93.556	11/01/2014-10/31/2015	78,300	14,164
8200022421	93.556	01/01/2016-12/31/2016	257,500	5,202
6004084	93.556	10/01/2014-09/30/2015	200,000	44,002
6007775	93.556	10/01/2015-09/30/2016	182,626	110,327
				904,000
Mississippi Department of Human Services				
128F421	93.590	10/01/2014-09/30/2015	100,000	22,738
6004057	93.590	10/01/2015-09/30/2016	100,000	75,274
				98,012
Mississippi Department of Human Services				
6008835	93.596	10/01/2015-08/31/2017	165,727	51,337
Mississippi Department of Human Services				
6004894, 6004756	93.566	10/01/2014-09/30/2015	1,852,913	467,672
6007687	93.566	10/01/2015-09/30/2016	1,692,562	1,046,877
6007688	93.566	10/01/2015-09/30/2016	292,672	213,461
				1,728,011
Department of Mental Health				
8409-CMHS-CYS-23-15	93.958	07/01/2015-06/30/2016	111,860	111,860
8424-CMHS-CYS-23-09-MAP-16	93.958	07/01/2015-06/30/2016	55,348	53,809

CATHOLIC CHARITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Granting Agency/ Grant Program/Grant-Contract Number	Federal CFDA Number	Grant/Contract Period	Grant/Grant Award as of 6/30/2016	Federal Expenditures
8105-CYS-23-15	93.958	07/01/2015-06/30/2016	111,859	111,859
8506-CMHS-CYS-23-TR-15	93.958	07/01/2015-06/30/2016	111,860	111,860
				389,388
Department of Mental Health				
7569A-14SABG-SWPHH-PG-59-21	93.959	07/01/2014-06/30/2015	345,337	1,886
7569-15SABG-SWPHH-PG-59-22	93.959	07/01/2015-06/30/2016	351,160	351,160
7568-15SABG-SWP3QTR-PG-59-22	93.959	07/01/2016-06/30/2016	153,500	153,500
				506,546
Mississippi Department of Public Safety				
13SX5131	16.017	08/01/2013-07/31/2015	27,485	3,882
14SX5131	16.017	08/01/2015-07/31/2016	27,485	17,246
14SX6021	16.017	08/01/2015-07/31/2016	22,717	20,339
				41,468
Mississippi Department of Public Safety				
13VA5131	16.575	07/01/2014-06/30/2015	159,580	2,614
13VA6021	16.575	07/01/2014-06/30/2015	91,776	200
14VA5131	16.575	07/01/2015-06/30/2016	222,000	220,709
14VA6021	16.575	07/01/2015-06/30/2016	105,000	104,047
				327,570
Mississippi Department of Public Safety				
13SX6021	16.588	08/01/2014-07/31/2015	22,442	1,732
12CS5131	16.588	07/01/2014-06/30/2015	45,068	815
12CS5131	16.588	09/01/2014-06/30/2015	21,723	8,138
14SV5131	16.588	07/01/2015-06/30/2016	22,640	20,771
14SV6021	16.588	07/01/2015-06/30/2016	32,329	29,080
				60,537
5UF2CE00242602	93.136	02/01/2015-01/31/2016	25,270	17,334
5UF2CE00242603	93.136	02/01/2016-01/31/2017	25,500	6,137
5UF2CE00242602	93.136	02/01/2015-01/31/2016	25,270	17,550
5UF2CE00242603	93.136	02/01/2016-01/31/2017	25,500	10,257
				51,278
Mississippi Department of Health				
G-1401MSFVPS	93.671	10/01/2014-09/30/2015	79,000	23,144
G-1401MSFVPS	93.671	10/01/2014-09/30/2015	81,941	31,430
G-1501MSFVPS	93.671	10/01/2015-09/30/2016	80,159	58,577
G-1501MSFVPS	93.671	10/01/2015-09/30/2016	80,159	35,487
G-1501MSFVPS	93.671	10/01/2015-09/30/2016	80,159	23,450
				172,088
2B00T0090302	93.758	10/01/2014-09/30/2015	7,500	530
2010T009032-15	93.758	10/01/2015-09/30/2016	9,500	4,910
B010T009032-15	93.758	10/01/2015-09/30/2016	9,500	6,121
				11,560
2B00T0090302	93.991	10/01/2014-09/30/2015	7,000	4,558
Mississippi Development Authority				
1725-ESG-GSBF-14	14.321	12/01/2014-11/30/2015	100,000	34,322
1727-ESG-GSBF-15	14.321	09/01/2015-08/31/2016	100,000	70,329
				104,652
City of Jackson				
B-14-MC-28-0063	14.218	10/01/2014-09/30/2015	14,000	8,250
B-14-MC-28-0063	14.218	10/01/2014-09/30/2015	14,000	4,666
B-14-MC-28-0063	14.218	10/01/2014-09/30/2015	8,876	1,337
B-14-MC-28-0003	14.218	10/01/2015-09/30/2016	12,500	3,792

CATHOLIC CHARITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Granting Agency/ Grant Program/Grant-Contract Number	Federal CFDA Number	Grant/Contract Period	Grant/Grant Award as of 6/30/2016	Federal Expenditures
B-14-MC-28-0003	14.218	10/01/2015-09/30/2016	12,500	7,800
B-14-MC-28-0003	14.218	10/01/2015-09/30/2016	12,500	9,556
B-14-MC-28-0003	14.218	10/01/2015-09/30/2016	9,125	2,784
				38,185
Mississippi Department of Education				
V0000717810	10.558	10/01/2014-09/30/2015	11,330	2,656
V0000717810	10.558	09/30/2016-10/01/2015	11,625	9,440
				12,096
United Way				
509000	97.024	11/01/2014-11/30/2015	6,583	6,583
LRO	97.024	11/01/2014-09/30/2015	3,240	3,240
				9,823
Total pass-through programs				4,511,108
Total all programs				\$ 5,546,644

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, 2016. 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 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***

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, 2016, 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 November 17, 2016.

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.

Board of Directors
Catholic Charities, Inc.

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.



Ridgeland, Mississippi
November 17, 2016



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, 2016. 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.

Board of Directors
Catholic Charities, Inc.

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, 2016.

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
November 17, 2016

CATHOLIC CHARITIES, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

1	Type of auditor's 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 auditor's report issued on compliance for major programs:	Unmodified				
6.	Audit findings as required by 2 CFR section 200.516(a)	None				
7.	The program tested as a major program was:					
	<table border="0" style="width: 100%;"> <tr> <td style="text-align: left;"><u>CFDA Number(s)</u></td> <td style="text-align: left;"><u>Name of Federal Program</u></td> </tr> <tr> <td>CFDA 93.566</td> <td>Refugee and Entrant Assistance - State Administered Programs</td> </tr> </table>	<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>	CFDA 93.566	Refugee and Entrant Assistance - State Administered Programs	
<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>					
CFDA 93.566	Refugee and Entrant Assistance - State Administered Programs					
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, 2016.

Section III - Federal Award Findings and Questioned Costs

There were no Federal Award findings or questioned costs for the year ended June 30, 2016.