

CATHOLIC CHARITIES OF THE EAST BAY

**FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULES,
and
ADDITIONAL INFORMATION**

APRIL 30, 2016

CONTENTS

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-17
Supplemental Schedules:	
Schedule of Expenditures of Federal and Non-federal Awards	18
Schedule of Activities for Contracts with Alameda County	19
Additional Information:	
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 <i>Government Auditing Standards</i>	20-21
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	22-23
Schedule of Findings and Questioned Costs	24

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Catholic Charities of the East Bay

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities of the East Bay (a nonprofit organization), which comprise the Statement of Financial Position as of April 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of the East Bay as of April 30, 2016, 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Catholic Charities of the East Bay as a whole. The accompanying Schedule of Expenditures of Federal and Non-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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Activities for Contracts with Alameda County is also presented for 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 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.

Summarized Comparative Information

We have previously audited Catholic Charities of the East Bay's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2015. In our opinion the summarized comparative information presented herein as of and for the year ended April 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016, on our consideration of Catholic Charities of the East Bay's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities of the East Bay's internal control over financial reporting and compliance.

Harrington Group

San Francisco, California
September 30, 2016

CATHOLIC CHARITIES OF THE EAST BAY

STATEMENT OF FINANCIAL POSITION

April 30, 2016

With comparative totals at April 30, 2015

	Unrestricted	Temporarily Restricted	2016	2015
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 2)	\$ 390,975	\$ 283,200	\$ 674,175	\$ 269,371
Cash and cash equivalents held for other organizations (Note 6)	1,104,223		1,104,223	813,300
Total cash and cash equivalents	1,495,198	283,200	1,778,398	1,082,671
Accounts receivable	443,675		443,675	577,811
Pledges receivable (Note 2)	482,876	902,300	1,385,176	1,105,156
Prepaid expenses	23,520		23,520	106,495
Total current assets	2,445,269	1,185,500	3,630,769	2,872,133
Investments (Note 4)	3,562,458	1,526,533	5,088,991	5,247,005
Receivable from charitable trusts (Note 3)		121,721	121,721	124,340
Property and equipment (Note 5)	2,283,875		2,283,875	2,516,118
TOTAL ASSETS	\$ 8,291,602	\$ 2,833,754	\$ 11,125,356	\$ 10,759,596
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 362,045	\$ -	\$ 362,045	\$ 160,262
Accrued vacation	187,253		187,253	157,803
Funds held for other organizations (Note 6)	1,104,223		1,104,223	813,300
Funds held in trust for East Bay Refugee Forum			-	38,128
Advances on contracts	59,929		59,929	42,308
Current portion - note payable (Note 7)	34,655		34,655	33,110
Total current liabilities	1,748,105	-	1,748,105	1,244,911
Note payable (Note 7)	1,282,201		1,282,201	1,316,654
TOTAL LIABILITIES	3,030,306	-	3,030,306	2,561,565
NET ASSETS				
Unrestricted				
Operating	2,977,421		2,977,421	2,962,624
Net investment in property	2,283,875		2,283,875	2,516,118
Temporarily restricted (Note 2)		2,833,754	2,833,754	2,719,289
TOTAL NET ASSETS	5,261,296	2,833,754	8,095,050	8,198,031
TOTAL LIABILITIES AND NET ASSETS	\$ 8,291,602	\$ 2,833,754	\$ 11,125,356	\$ 10,759,596

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

CATHOLIC CHARITIES OF THE EAST BAY

STATEMENT OF ACTIVITIES

For the year ended April 30, 2016

With comparative totals for the year ended April 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>2015</u>
REVENUE AND SUPPORT				
SUPPORT				
Contributions	\$ 1,747,991	\$ 152,352	\$ 1,900,343	\$ 2,558,476
Grants from foundations and other organizations	417,500	617,287	1,034,787	1,039,154
Bequests (Note 2)	420,344	147,897	568,241	340,640
In-kind services (Note 2)	198,885		198,885	198,049
Special events	103,730		103,730	129,662
Grants from United Way		30,000	30,000	10,000
Donated items	8,700		8,700	-
Change in value of split-interest agreement (Note 3)		(2,619)	(2,619)	2,990
Total support	<u>2,897,150</u>	<u>944,917</u>	<u>3,842,067</u>	<u>4,278,971</u>
REVENUE				
Government contracts	2,234,649		2,234,649	2,394,105
Program fees	617,799		617,799	661,869
Miscellaneous income	139,842		139,842	138,352
TOTAL REVENUE	<u>2,992,290</u>	<u>-</u>	<u>2,992,290</u>	<u>3,194,326</u>
Net assets released from purpose restrictions	830,452	(830,452)	-	-
TOTAL REVENUE AND SUPPORT	<u>6,719,892</u>	<u>114,465</u>	<u>6,834,357</u>	<u>7,473,297</u>
EXPENSES				
Program services	4,491,722		4,491,722	4,950,289
General and administration	1,405,379		1,405,379	1,205,579
Fundraising	973,486		973,486	731,975
TOTAL EXPENSES	<u>6,870,587</u>	<u>-</u>	<u>6,870,587</u>	<u>6,887,843</u>
CHANGE IN NET ASSETS BEFORE NON-OPERATING				
REVENUE	(150,695)	114,465	(36,230)	585,454
NON-OPERATING REVENUE				
Interest and dividends	96,460		96,460	102,757
(Loss) on disposal of assets	(23,200)		(23,200)	-
(Loss) gain on investments	(140,011)		(140,011)	343,292
CHANGE IN NET ASSETS	(217,446)	114,465	(102,981)	1,031,503
NET ASSETS, BEGINNING OF YEAR	<u>5,478,742</u>	<u>2,719,289</u>	<u>8,198,031</u>	<u>7,166,528</u>
NET ASSETS, END OF YEAR	<u>\$ 5,261,296</u>	<u>\$ 2,833,754</u>	<u>\$ 8,095,050</u>	<u>\$ 8,198,031</u>

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

CATHOLIC CHARITIES OF THE EAST BAY

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended April 30, 2016

With comparative totals for the year ended April 30, 2015

	Program Services	General and Administration	Fundraising	Total Expenses 2016	2015
Salaries	\$ 2,380,645	\$ 841,550	\$ 508,181	\$ 3,730,376	\$ 3,416,163
Employee benefits	350,340	88,199	51,091	489,630	400,300
Payroll taxes	161,907	62,109	36,951	260,967	238,707
Total personnel costs	2,892,892	991,858	596,223	4,480,973	4,055,170
Financial assistance to individuals	421,720			421,720	683,503
Contract services	169,298	75,292	58,650	303,240	598,270
Occupancy expenses	237,335	20,630	32,666	290,631	291,307
Depreciation expense	179,067	61,395	36,905	277,367	288,963
Other	67,785	124,431	32,495	224,711	207,385
In-kind services	178,599	19,957	329	198,885	198,049
Telephone	129,196	45,610	6,795	181,601	123,797
Events	8,998	3,477	82,985	95,460	52,102
Travel expense	66,265	4,455	9,837	80,557	76,919
Printing and publications	5,661	5,071	62,813	73,545	78,250
Interest expense	40,090	13,745	8,262	62,097	60,537
Supplies	35,191	19,399	2,354	56,944	81,191
Training and conferences	23,726	3,271	25,805	52,802	32,459
Equipment leases	27,045	12,947	2,310	42,302	37,894
Postage and shipping	8,854	3,841	15,057	27,752	22,047
TOTAL 2016 FUNCTIONAL EXPENSES	\$ 4,491,722	\$ 1,405,379	\$ 973,486	\$ 6,870,587	
TOTAL 2015 FUNCTIONAL EXPENSES	\$ 4,950,289	\$ 1,205,579	\$ 731,975		\$ 6,887,843

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

CATHOLIC CHARITIES OF THE EAST BAY

STATEMENT OF CASH FLOWS

For the year ended April 30, 2016

With comparative totals for the year ended April 30, 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (102,981)	\$ 1,031,503
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expenses	277,367	288,963
Loss on disposal of assets	23,200	-
Loss (gain) on investments	140,011	(343,292)
Reinvested interest	(95,961)	(102,345)
(Increase) decrease in operating assets:		
Accounts receivable	134,136	(279,911)
Pledges receivable	(280,020)	(1,041,216)
Prepaid expenses	82,975	(25,042)
Receivable from charitable trusts	2,619	(2,991)
Increase (decrease) in operating liabilities:		
Accounts payable	201,783	(311,812)
Accrued vacation	29,450	13,211
Funds held for other organizations	290,923	(532,307)
Funds held in trust for clients	(38,128)	(3,894)
Advances on contracts	17,621	(22,471)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>682,995</u>	<u>(1,331,604)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of new investments	(5,838,149)	(22,203)
Proceeds from sale of investments	5,952,113	145,269
Purchase of property and equipment	(68,324)	(157,324)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>45,640</u>	<u>(34,258)</u>
Cash flows from financing activities:		
Principal payments on notes payable	(32,908)	(22,923)
NET CASH (USED) BY FINANCING ACTIVITIES	<u>(32,908)</u>	<u>(22,923)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	695,727	(1,388,785)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,082,671</u>	<u>2,471,456</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,778,398</u>	<u>\$ 1,082,671</u>
SUPPLEMENTAL DISCLOSURE:		
Operating activities reflect interest paid of:	<u>\$ 62,097</u>	<u>\$ 60,537</u>

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

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

1. Organization

Catholic Charities of the Diocese of Oakland, Inc. dba Catholic Charities of the East Bay (“Catholic Charities”) is a not-for-profit corporation, the Board members of which are elected subject to the approval of the Roman Catholic Bishop of the Diocese of Oakland.

What we do

Founded in 1935 by the Diocese of Oakland, Catholic Charities provides hope and healing to vulnerable children, youth and families in Alameda and Contra Costa Counties through compassionate services that transform lives and foster self-sufficiency. We work deeply to address the root causes of poverty and issues of social justice. We heed the call of Pope Francis to serve the vulnerable. We serve people in need regardless of religious belief, race, national origin, gender, or sexual orientation.

As the social service arm of the Diocese of Oakland, Catholic Charities is a national recognized leader in healing trauma and providing evidence-based mental health services and restorative practices.

Our Programs are organized under three service areas:

Welcoming the Stranger

Refugee Resettlement – welcoming refugees to our communities by meeting basic needs and assisting with new school systems, public institutions, housing, healthcare access, and culture.

Refugee Support Services – assisting refugees on the road to self-sufficiency through support services and access to English as a Second Language (ESL) classes and employment counseling services.

Legal Immigration Services – helping people navigate the complex immigration system to earn lawful working status and follow a path to citizenship. We offer low-cost legal services provided by Board of Immigration Appeals accredited representatives and licensed immigration attorneys.

Unaccompanied Minors – helping children and their families fleeing violence in Central America through direct legal representation and family reunification services. (Central American Minors (CAM) Refugee/Parole Program).

Healing Trauma

Experience Hope – supporting healing and building relationships to improve educational outcomes and strengthen communities. Programs include school-based behavioral health services for children and youth as well as training and coaching activities for school communities and service providers.

Crisis Response – providing intensive grief counseling and family support services to victims of violent crime, including family and friends of homicide victims in Oakland and Alameda County.

Path Two – home-based case management and clinical services to strengthen Contra Costa County families and keep children and young people safely in their homes.

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Project AWARE – training adults in West Contra Costa County to recognize and respond to signs and symptoms of mental health challenges in teens and to decrease stigma around mental illness

Fostering Self-Sufficiency

Critical Family Needs – rental and utilities assistance to families about to lose their homes.

Family Literacy – adult, parent and child literacy classes to promote life-long learning and improve language skills. Serving school families in North Richmond and surrounding communities.

Family to Family – parish-based program helping families move from poverty to self-sufficiency; includes parish refugee co-sponsorship through the People Organized to Welcome Refugees (POWR) initiative.

Hands of Hope Information & Referral – connecting the community to Catholic Charities' programs and services, and facilitating referral to other community resources and service providers.

Coming Soon:

Claire's House – homes of love, hope and healing for commercially sexually exploited children in the Bay Area.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Accounting

In accordance with accounting principles of net asset accounting, Catholic Charities reports information regarding its financial position and activities according to the existence and nature of donor restrictions in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Accounting principles allow Catholic Charities to treat as unrestricted any restricted revenue where the restrictions are met in the same year. Catholic Charities has elected to follow that reporting method. As a result, all activities in which restrictions are met in the same year are recorded in the unrestricted net asset class.

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

The following are descriptions of Catholic Charities' net asset classifications:

Unrestricted

Operating net assets: Operating net assets include unrestricted resources that are available for the general support of Catholic Charities' operations.

Board designated: Catholic Charities' Board of Directors has set aside unrestricted resources designated for stabilization of program operations and optimal utilization of Catholic Charities' unrestricted net assets towards achieving its mission and strategic objectives.

Net investment in property and equipment: Net resources invested in land, buildings, improvements, equipment, furniture, and software.

Temporarily Restricted. Temporarily restricted net assets result from contributions subject to donors' restrictions that expire with the passage of time or by actions of Catholic Charities. When donor restrictions from prior years expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Temporarily restricted net assets consist of the following:

Time restricted:	
Charitable remainder trusts	\$ 121,721
Time and purpose restricted:	
Cassidy assistance fund for seniors	98,053
Purpose restricted:	
Care for the Elderly	1,471,227
General program support	890,214
CSEC	102,880
Youth: Restorative Justice and Violence	71,450
Immigration and Refugee Resettlement	32,508
Financial assistance	27,334
Family Literacy Program	17,469
Housing counseling	898
	<u>\$2,833,754</u>

For the year ended April 30, 2016, net assets released from restrictions were \$830,452 which were released from purpose restrictions.

Permanently Restricted. Permanently restricted net assets represent contributions to be held in perpetuity as directed by the donors. Catholic Charities had no permanently restricted net assets as of April 30, 2016.

continued

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For the purposes of the financial statements, Catholic Charities considers all undesignated cash and highly liquid investments with an original maturity of three months or less, and which are not held by investment managers as part of an investment portfolio, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are primarily from government agencies. No allowance for uncollectible amounts has been provided because they are deemed collectible.

Contributions and Pledges Receivable

Contributions received are reported as unrestricted, temporarily restricted or permanently restricted, depending upon donor restrictions, if any. Contributions, including unconditional promises to give, are recognized as revenues in the period the pledge is received. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give are not included as support until the conditions are substantially met. All contributions receivable pledges are valued at the estimated fair present value at April 30, 2016 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of April 30, 2016. A discount rate of 0.5% has been used to calculate the present value of pledges receivable. Total amount of pledges receivable at April 30, 2016 of \$1,385,176 is expected to be collected as follows:

<u>Year ended April 30,</u>	
2017	\$ 340,199
2018	309,637
2019	305,886
2020	297,320
2021	140,575
Thereafter	<u>3,645</u>
	1,397,262
Less: unamortized discount on contributions receivable	<u>(12,086)</u>
	<u>\$1,385,176</u>

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the Statement of Activities.

continued

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Investment income and realized and unrealized gains (losses) on investments are reported as follows:

- As increases (decreases) in permanently restricted net assets, if the terms of the donor stipulations require that they be added to (deducted from) the principal of a permanent endowment fund.
- As increases (decreases) in temporarily restricted net assets, if the terms of the donor stipulations impose restrictions on the use of income.
- As increases (decreases) in unrestricted net assets in all other cases.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Catholic Charities is required to measure receivable from charitable trust, investments, pledged contributions, contributed services, and land and facilities at fair value. The specific techniques used to measure fair value for each financial statements element are described in the notes below that relate to each element.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value when donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purchase. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Unless a donor stipulates the length of time an asset must be maintained, Catholic Charities reports expirations of donor restrictions when the donated or acquired asset is placed in service. At that time, Catholic Charities reclassifies temporarily restricted net assets to unrestricted net assets.

Property and equipment which cost \$2,000 or more are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	10 - 30 years
Furniture, fixtures, and equipment	3 - 7 years

continued

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Advances on Contracts

Advances on contracts represent advances from funding agencies for future services to be provided, or disbursements of direct assistance to individuals, by Catholic Charities. Revenue is recognized on these contracts when the services are performed or the assistance has been disbursed.

Bequests

Bequests are recognized as income at the time an unassailable right to the gift has been established and the proceeds are measurable in amount. All contributions are considered to be available for unrestricted use unless their use is specifically restricted by the donor. The Board has designated that funds received by bequest shall not be used for current operations, but be transferred into the investment fund for long term use.

Donated Services and Materials

Donated services are presented in the financial statements at the fair value of the services received. Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of contributed services and materials for the year ended April 30, 2016 totaled \$198,885 and \$8,700 respectively.

Tax Exempt Status

Catholic Charities is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Catholic Charities' in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Catholic Charities' returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by Catholic Charities' management.

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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 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. Significant estimates included in the accompanying financial statements include, but are not limited to, the valuation of split-interest agreements (charitable trusts receivable), the functional expense allocations and depreciation expense. Actual results could differ from those estimates.

Concentration of Credit Risks

Financial instruments which potentially subject Catholic Charities to concentrations of credit risk consist of cash and investment securities. Catholic Charities places its cash with creditworthy, high quality financial institutions. Periodically, such investments may be in excess of federally insured limits.

Catholic Charities also has investments in equity and debt securities and is therefore subject to concentrations of credit risk. Investments are managed by investment advisors who have been given instructions by the Board of Directors. Though the market value of investments is subject to fluctuations on a year to year basis, the board officers believe that the investment policy is prudent for the long term welfare of Catholic Charities.

Credit risk with respect to accounts and contributions receivable is limited due to the credit worthiness of the government agencies and individuals who comprise the grantor and donor bases.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Catholic Charities' financial statements for the year ended April 30, 2015, from which the summarized information was derived.

Reclassification

Certain amounts from the April 30, 2015 financial statements have been reclassified to conform to April 30, 2016 presentation.

Subsequent Events

Management has evaluated subsequent events through September 30, 2016, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

continued

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

3. Receivable from Charitable Trusts

Catholic Charities is the beneficiary of a charitable remainder trust that is managed by third party trustees. The charitable remainder trusts provide for the payment of distributions to the grantor or other designated beneficiaries over the trust's term. At the end of the trust's term, the remaining assets are available for use by Catholic Charities. In the year the trust was established, the portion of the trust that was attributable to the present value of the future benefits to be received by Catholic Charities was recorded in the Statement of Activities as a temporarily restricted contribution. Each subsequent year, the change in the value of the trust has been reported in the Statement of Activities as increases in temporarily restricted net assets. The change for year ended April 30, 2016 was \$(2,619).

The receivable of \$121,721 from charitable trusts is recorded at the present value of the fair market value of the trust's assets at fiscal year end. The present value is calculated using the estimated remaining life of the trust, which is determined by the beneficiaries' life expectancies. The trust uses an approximate discount rate of 8.04%, estimated investment returns of approximately 7.0%, and an estimated life expectancy.

4. Investments

Significant information about investments at April 30, 2016 is summarized as follows:

Equity funds	\$3,134,552
Fixed income	1,734,542
Money market funds	<u>219,897</u>
Total	<u>\$5,088,991</u>

The unrestricted portion of total investments in the amount of \$3,787,552 is designated by the Board of Directors for long term use. Another \$1,246,133 is to be used for elderly care, and \$55,306 is restricted by the donor to be used at the rate of \$70,000 per year for senior homelessness prevention.

5. Property and Equipment

Property and equipment at April 30, 2016 consist of the following:

Building and improvements	\$ 3,093,830
Furniture and equipment	<u>391,978</u>
	3,485,808
Less: accumulated depreciation	<u>(1,576,157)</u>
	1,909,651
Land	<u>374,224</u>
	<u>\$ 2,283,875</u>

Depreciation expense for the year ended April 30, 2016 was \$277,367.

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

6. Funds Held on Behalf of Other Organizations

Catholic Charities collects money from Catholic parishes to benefit other Catholic charitable organizations. Catholic Charities also acts as a fiscal agent for disbursing the San Francisco Chronicle's Season of Sharing fund in Alameda and Contra Costa Counties. The Season of Sharing funds are used primarily for housing assistance to individuals. Alameda County Department of Social Services and Contra Costa County administer the program, which involves county social services agencies and other community organizations it designates to screen and direct disbursements to eligible individuals. Catholic Charities is one of the designated organizations.

The total amounts collected, received, remitted, and the remaining balance held, on behalf of the other organizations, were as follows:

Balance, April 30, 2015	\$ 813,300
Amount received from San Francisco Chronicle Season of Sharing Fund	2,359,998
Amounts collected for other organizations during the fiscal year:	
Catholic Campaign for Human Development	175,717
Catholic Relief Services – General Collection	148,986
Catholic Relief Services – Rice Bowl Collection	<u>263,376</u>
	3,761,377
Less amounts remitted during fiscal year	<u>(2,657,154)</u>
Balance, April 30, 2016	<u>\$1,104,223</u>

7. Note Payable

In December 2012, Catholic Charities entered into a 3 year loan agreement with a corporation for the purchase of a building in Richmond, California, with the payments being amortized over 20 years. The loan bears interest at 5% per annum, with monthly principal and interest payments of \$7,919, and was secured by a first deed of trust on the property and the entire balance with any interest is repayable on January 1, 2016.

Catholic Charities refinanced the mortgage loan on July 8, 2013 with a financing institution at a "Swapping Agreement All-in Rate" of 4.57%. Loan is secured by a first deed of trust on the property and the entire balance with any interest is repayable on September 1, 2020.

Note payable at April 30, 2016 consists of the following:

Richmond, California mortgage loan	\$1,316,856
Less: current portion	<u>(34,655)</u>
	<u>\$1,282,201</u>

continued

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

7. **Note Payable**, continued

Maturities for the note payable are as follows:

<u>Year ended April 30,</u>	
2017	\$ 34,655
2018	36,273
2019	37,966
2020	39,737
2021	<u>1,168,225</u>
	<u>\$1,316,856</u>

8. **Lease Commitments**

Catholic Charities leases properties, postage and copier equipment under short-term operating leases.

Total lease expense for the year ended April 30, 2016 was \$93,062.

9. **Retirement Plan**

On November 1, 2008, Catholic Charities adopted a 403(b) plan. Employees are eligible to participate. There is no minimum age or service requirements for employees to make salary reduction contributions to the plan. Eligibility for employer base and matching contributions are offered only to employees age 18 and older who have completed 1,000 hours of service within any 12-month period of employment with Catholic Charities or other members of the Catholic Charities USA network and the Roman Catholic Diocese of Oakland. The established base contribution rate is 3% of compensation. Contributions paid to the plan for the year ended April 30, 2016 amounted to \$36,230.

10. **Risks and Uncertainties**

Catholic Charities derives the majority of its revenues from government grants and external donors. Accordingly, the success of Catholic Charities depends to a large extent on continued funding from these donors and the philanthropic environment in general.

Catholic Charities' grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, Catholic Charities has no provisions for the possible disallowance of program costs on its financial statements.

continued

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

11. Fair Value Measurements

The table below presents the balances of assets or liabilities measured at fair value at April 30, 2016 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income				
US Treasury Notes	\$1,004,078	\$ -	\$ -	\$1,004,078
Other Government Securities	363,696			363,696
US Treasury Bonds	260,079			260,079
US Treasury Inflation Bonds	106,689			106,689
	<u>1,734,542</u>	<u>-</u>	<u>-</u>	<u>1,734,542</u>
Equities				
Domestic	<u>3,134,551</u>	<u>-</u>	<u>-</u>	<u>3,134,551</u>
Receivable from Charitable Trusts			121,721	121,721
	<u>\$4,869,093</u>	<u>\$ -</u>	<u>\$121,721</u>	<u>\$4,990,814</u>

The fair values of fixed income and equities have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of the receivable from charitable trusts is measured on a recurring basis by calculating the change in value of the client's beneficial interest in the trust (Level 3 inputs).

The following table provides further details of the Level 3 fair value measurements:

Balance, beginning of year	\$124,340
Change in the charitable trusts value	<u>(2,619)</u>
Balance, end of year	<u>\$121,721</u>

The table below presents transactions measured at fair value on a non-recurring basis during the year ended April 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledged contributions (new)	\$ -	\$ -	\$580,820	\$580,820
Contributed services		198,885		198,885
Contributed materials		8,700		8,700
	<u>\$ -</u>	<u>\$207,585</u>	<u>\$580,820</u>	<u>\$788,405</u>

The fair value of contributed services and materials has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of pledged contributions are measured on a non-recurring based on the value provided by the donor at the date of pledge (Level 3 inputs).

SUPPLEMENTAL SCHEDULES

CATHOLIC CHARITIES OF THE EAST BAY

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS

For the year ended April 30, 2016

<u>Program Name</u>	<u>Contract Number</u>	<u>Federal CFDA No.</u>	<u>Contract Term</u>	<u>Program Award</u>	<u>Federal</u>	<u>Non-Federal</u>	<u>Program Expenditures from Government Revenues</u>
Federal Award							
U.S. Department of Health and Human Services ("DHHS"):							
Directly from DHHS, Substance Abuse and Mental Health Services_Projects of Regional and National Significance							
- Now Is The Time (NITI)	1H79SM062800-01	93.243	09/30/15 - 09/29/16	\$ 124,998	\$ 60,073	\$ -	\$ 60,073
- Trauma-Informed Practices (TIIPS)	5U79SM061185-03	93.243	09/30/14 - 09/29/15	501,036	176,874		176,874
- Trauma-Informed Practices (TIIPS)	5U79SM061185-04	93.243	09/30/15 - 09/29/16	400,000	216,709		216,709
Sub-total Directly from DHHS				<u>1,026,034</u>	<u>453,656</u>	<u>-</u>	<u>453,656</u>
Pass-through, County of Alameda - Refugee and Entrant Assistance_Targeted Assistance Grants	SSGTAF013012014	93.584	10/01/14 - 09/30/15	92,725	18,415		18,415
Pass-through, County of Alameda - Refugee and Entrant Assistance_Targeted Assistance Grants	SSGTAF015012015	93.584	10/01/15 - 09/30/16	286,976	70,611		70,611
Sub-total pass-through, County of Alameda				<u>379,701</u>	<u>89,026</u>	<u>-</u>	<u>89,026</u>
Pass-through, County of Alameda - Refugee and Entrant Assistance - State Administered Programs	SSGRESS14010000	93.566	07/01/15 - 09/30/16	609,091	328,573	33,715	362,288
Pass-through, County of Alameda - Temporary Assistance for Needy Families (a)	SSGRESS14010000	93.588	07/01/15 - 09/30/16	552,409	328,573		328,573
Sub-total pass-through, County of Alameda - Employment/RESS Oakland				<u>1,161,500</u>	<u>657,146</u>	<u>33,715</u>	<u>690,861</u>
Total DHHS				<u>2,567,235</u>	<u>1,199,828</u>	<u>33,715</u>	<u>1,233,543</u>
U.S. Department of Housing and Urban Development ("HUD"):							
Pass-through, Catholic Charities of USA - Housing Counseling Assistance Program		14.169	07/01/15 - 06/30/16	13,680	5,070		5,070
Total HUD				<u>13,680</u>	<u>5,070</u>	<u>-</u>	<u>5,070</u>
U.S. Department of State:							
Pass-through, United States Conference of Catholic Bishops - U.S. Refugee and Admissions Program		19.510	10/01/14 - 09/30/15	127,500	24,243		24,243
Pass-through, United States Conference of Catholic Bishops - U.S. Refugee and Admissions Program		19.510	10/01/15 - 09/30/16	135,000	48,690		48,690
Pass-through, United States Conference of Catholic Bishops - U.S. Refugee and Admissions Program		19.510	10/01/14 - 09/30/15	175,500	39,104		39,104
Pass-through, United States Conference of Catholic Bishops - U.S. Refugee and Admissions Program		19.510	10/01/15 - 09/30/16	135,000	125,089		125,089
Total United States Department of State, Bureau of Population, Refugees and Migration				<u>573,000</u>	<u>237,126</u>	<u>-</u>	<u>237,126</u>
Total Federal and Non-federal Awards				<u>\$ 3,153,915</u>	<u>\$ 1,442,024</u>	<u>\$ 33,715</u>	<u>\$ 1,475,739</u>

(a) Audited as a major program

Summary of Significant Accounting Policies:

1. Basis of Accounting - The Schedule of Expenditures of Federal and Non-federal Awards has been reported on the accrual basis of accounting.
2. Catholic Charities is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.

See independent auditors' report.

CATHOLIC CHARITIES OF THE EAST BAY

SCHEDULE OF ACTIVITIES FOR CONTRACTS WITH ALAMEDA COUNTY
For the year ended April 30, 2016

Contract 1 Number	15-1958	82879	85177	SSGTAF013012014	SSGRES0100001	G408610
Contract Period 1	10/1/15-6/30/16	7/1/14 - 12/31/15	7/1/14 - 6/30/15	10/1/14 - 9/30/15	07/01/14 - 05/31/16	11/21/14 - 11/20/15
Contract Period 1 Amount	\$ 109,208	\$ 450,000	\$ 175,000	\$ 92,725	\$ 1,161,500	\$ 90,000
Contract 2 Number		85926		SSGTAF015012015		
Contract Period 2		01/01/16 - 06/30/17		10/01/15 - 09/30/16		
Contract Period 2 Amount		\$ 450,000		\$ 286,976		

<u>Contract/Program Description</u>	<u>Oakland USD Crisis Counseling</u>	<u>City of Oakland Measure Y - CRSN</u>	<u>Emergency Relocation</u>	<u>Targeted Assistance</u>	<u>Employment/RESS Alameda County</u>	<u>Centro Legal de la Raza</u>	<u>Total</u>
<u>Revenue</u>							
Grants	\$ 85,442	\$ 311,521	\$ 29,167	\$ 89,026	\$ 690,861	\$ 48,348	\$ 1,254,365
Rent income							-
Other: private grant							-
Total Revenues	85,442	311,521	29,167	89,026	690,861	48,348	1,254,365
Salaries	55,483	92,029	758	35,857	356,151	51,694	591,972
Employee benefits	6,339	5,918	6	6,983	63,739	9,058	92,043
Payroll taxes	4,129	5,084		2,589	21,723	3,772	37,297
Total personnel costs	65,951	103,031	764	45,429	441,613	64,524	721,312
Financial assistance to individuals		14,565	2,321	3,638	56,435		76,959
Contracted Services	74	122,573	11,613		212	1,346	135,818
Occupancy expenses	4,027	7,053	122	150	41,509	4,059	56,920
Other	129	3,337	30	70	3,168	694	7,428
Telephone	1,091	3,006	46	1,176	27,911	1,273	34,503
Supplies	1,422	724		1,573	5,127		8,846
Travel expense	950	5,150	1,609	728	7,818		16,255
Printing and publications	143	1,386	9	185	3,623	865	6,211
Postage and shipping	-	120		218	177	25	540
Training and conference	4,491	940			3,640		9,071
Indirect cost	9,080	30,000	8,899		105,620		153,599
Total direct costs	\$ 87,358	\$ 291,885	\$ 25,413	\$ 53,167	\$ 696,853	\$ 72,786	\$ 1,227,462

See independent auditors' report.

ADDITIONAL INFORMATION

**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***

To the Board of Directors
Catholic Charities of the East Bay

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 of the East Bay, which comprise the Statement of Financial Position as of April 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 September 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities of the East Bay's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities of the East Bay's internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the East Bay'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 Catholic Charities of the East Bay's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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***

continued

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.

Harrington Group

San Francisco, California

September 30, 2016

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors
Catholic Charities of the East Bay

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities of the East Bay's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Catholic Charities of the East Bay's major federal programs for the year ended April 30, 2016. Catholic Charities of the East Bay's major federal programs are 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 programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Catholic Charities of the East Bay complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2016.

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**
continued

Report on Internal Control over Compliance

Management of Catholic Charities of the East Bay 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 Catholic Charities of the East Bay's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Catholic Charities of the East Bay's internal control over compliance.

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

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

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

Harrington Group

San Francisco, California
September 30, 2016

CATHOLIC CHARITIES OF THE EAST BAY
Schedule of Findings and Questioned Costs
For the year ended April 30, 2016

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 Audit Findings of the Uniform Guidance?	No
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
<u>Identification of Major Programs:</u>	
U.S. Department of Health and Human Services:	
Temporary Assistance for Needy Families	93.558

Section II – Financial Statements Findings

There are no findings required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There are neither findings nor questioned costs for Federal awards as defined in the Uniform Guidance.

Section IV – Summary Schedule of Prior Year Findings

None.