

CATHOLIC CHARITIES OF THE EAST BAY

**FINANCIAL STATEMENTS
and
SUPPLEMENTAL SCHEDULE**

APRIL 30, 2017

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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, 2017, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT

continued

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Activities for Contracts with Alameda County, 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.

Report on Summarized Comparative Information

We have previously audited Catholic Charities of the East Bay's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2016, 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 November 17, 2017, 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 solely 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 the effectiveness of Catholic Charities of the East Bay's 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
November 17, 2017

CATHOLIC CHARITIES OF THE EAST BAY

STATEMENT OF FINANCIAL POSITION

April 30, 2017

With comparative totals at April 30, 2016

	Unrestricted	Temporarily Restricted	2017	(As Restated) 2016
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 2)	\$ 188,084	\$ 350,141	\$ 538,225	\$ 674,175
Cash and cash equivalents held for other organizations (Note 6)	1,145,614		1,145,614	1,104,223
Total cash and cash equivalents	1,333,698	350,141	1,683,839	1,778,398
Accounts receivable	707,324		707,324	443,675
Pledges receivable (Note 2)	664,607	752,907	1,417,514	1,385,176
Prepaid expenses	57,749		57,749	23,520
Total current assets	2,763,378	1,103,048	3,866,426	3,630,769
Investments (Note 4)	4,063,725	1,573,231	5,636,956	5,088,991
Receivable from charitable trusts (Note 3)		124,785	124,785	121,721
Property and equipment (Note 5)	2,079,174		2,079,174	2,283,875
TOTAL ASSETS	<u>\$ 8,906,277</u>	<u>\$ 2,801,064</u>	<u>\$ 11,707,341</u>	<u>\$ 11,125,356</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 393,752	\$ -	\$ 393,752	\$ 362,045
Accrued vacation	197,707		197,707	187,253
Funds held for other organizations (Note 6)	1,145,614		1,145,614	1,104,223
Advances on contracts	1,417		1,417	59,929
Current portion - note payable (Note 7)	36,273		36,273	34,655
Total current liabilities	1,774,763	-	1,774,763	1,748,105
Note payable (Note 7)	1,246,059		1,246,059	1,282,201
TOTAL LIABILITIES	<u>3,020,822</u>	<u>-</u>	<u>3,020,822</u>	<u>3,030,306</u>
NET ASSETS				
Unrestricted				
Operating	3,406,332		3,406,332	2,977,421
Board designated	399,949		399,949	225,094
Net investment in property	2,079,174		2,079,174	2,283,875
Temporarily restricted (Note 2)		2,801,064	2,801,064	2,608,660
TOTAL NET ASSETS	<u>5,885,455</u>	<u>2,801,064</u>	<u>8,686,519</u>	<u>8,095,050</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,906,277</u>	<u>\$ 2,801,064</u>	<u>\$ 11,707,341</u>	<u>\$ 11,125,356</u>

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, 2017

With comparative totals for the year ended April 30, 2016

	Unrestricted	Temporarily Restricted	2017	2016
REVENUE AND SUPPORT				
SUPPORT				
Contributions	\$ 1,296,225	\$ 355,847	\$ 1,652,072	\$ 1,316,843
Grants from foundations and other organizations	290,334	819,954	1,110,288	1,034,787
Special events	600,324		600,324	687,230
In-kind services (Note 2)	285,706		285,706	198,885
Bequests (Note 2)	58,322		58,322	568,241
Change in value of split-interest agreement (Note 3)		3,064	3,064	(2,619)
Grants from United Way			-	30,000
Donated items			-	8,700
Total support	<u>2,530,911</u>	<u>1,178,865</u>	<u>3,709,776</u>	<u>3,842,067</u>
REVENUE				
Government contracts	2,398,909		2,398,909	2,234,649
Program fees	674,191		674,191	617,799
Miscellaneous income	148,338		148,338	139,842
Total revenue	<u>3,221,438</u>	<u>-</u>	<u>3,221,438</u>	<u>2,992,290</u>
Net assets released from purpose restrictions	<u>986,461</u>	<u>(986,461)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>6,738,810</u>	<u>192,404</u>	<u>6,931,214</u>	<u>6,834,357</u>
EXPENSES				
Program services	4,684,019		4,684,019	4,491,722
General and administration	1,456,312		1,456,312	1,405,379
Fundraising	832,202		832,202	973,486
TOTAL EXPENSES	<u>6,972,533</u>	<u>-</u>	<u>6,972,533</u>	<u>6,870,587</u>
CHANGE IN NET ASSETS BEFORE NON-OPERATING REVENUE	(233,723)	192,404	(41,319)	(36,230)
NON-OPERATING REVENUE				
Gain (loss) on investments	535,720		535,720	(140,011)
Interest and dividends	97,068		97,068	96,460
(Loss) on disposal of assets			-	(23,200)
CHANGE IN NET ASSETS	399,065	192,404	591,469	(102,981)
NET ASSETS, BEGINNING OF YEAR - RESTATED (NOTE 12)	<u>5,486,390</u>	<u>2,608,660</u>	<u>8,095,050</u>	<u>8,198,031</u>
NET ASSETS, END OF YEAR	<u>\$ 5,885,455</u>	<u>\$ 2,801,064</u>	<u>\$ 8,686,519</u>	<u>\$ 8,095,050</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, 2017

With comparative totals for the year ended April 30, 2016

	Program Services	General and Administration	Fundraising	Total Expenses	
				2017	2016
Salaries	\$ 2,426,056	\$ 860,626	\$ 444,618	\$ 3,731,300	\$ 3,730,376
Employee benefits	369,225	126,818	50,190	546,233	489,630
Payroll taxes	172,458	63,531	32,851	268,840	260,967
Total personnel costs	2,967,739	1,050,975	527,659	4,546,373	4,480,973
Financial assistance to individuals	519,077			519,077	421,720
Contract services	176,569	87,065	33,286	296,920	303,240
In-kind services	235,419	23,716	7,505	266,640	198,885
Depreciation expense	171,200	60,628	30,439	262,267	277,367
Occupancy expenses	214,552	5,796	27,639	247,987	290,631
Other	53,846	99,221	83,067	236,134	224,711
Telephone	119,001	42,916	6,425	168,342	181,601
Travel expense	59,857	4,402	5,049	69,308	80,557
Events	11,428	20,901	34,311	66,640	95,460
Training and conferences	34,680	3,094	27,903	65,677	52,802
Supplies	42,550	18,283	1,666	62,499	56,944
Interest expense	39,356	13,938	6,997	60,291	62,097
Printing and publications	2,634	12,488	36,406	51,528	73,545
Equipment leases	24,683	12,328	1,328	38,339	42,302
Postage and shipping	11,428	561	2,522	14,511	27,752
TOTAL 2017 FUNCTIONAL EXPENSES	\$ 4,684,019	\$ 1,456,312	\$ 832,202	\$ 6,972,533	
TOTAL 2016 FUNCTIONAL EXPENSES	\$ 4,491,722	\$ 1,405,379	\$ 973,486		\$ 6,870,587

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, 2017

With comparative totals for the year ended April 30, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 591,469	\$ (102,981)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation expenses	262,267	277,367
Loss on disposal of assets	-	23,200
(Gain) loss on investments	(535,720)	140,011
Reinvested interest	(97,068)	(95,961)
Change in value of allowance for doubtful accounts	50,024	
(Increase) decrease in operating assets:		
Accounts receivable	(263,649)	134,136
Pledges receivable	(82,362)	(280,020)
Prepaid expenses	(34,229)	82,975
Receivable from charitable trusts	(3,064)	2,619
Increase (decrease) in operating liabilities:		
Accounts payable	31,707	201,783
Accrued vacation	10,454	29,450
Funds held for other organizations	41,391	290,923
Funds held in trust for clients	-	(38,128)
Advances on contracts	(58,512)	17,621
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(87,292)	682,995
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of new investments	(494,472)	(5,838,149)
Proceeds from sale of investments	579,295	5,952,113
Purchase of property and equipment	(57,566)	(68,324)
NET CASH PROVIDED BY INVESTING ACTIVITIES	27,257	45,640
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(34,524)	(32,908)
NET CASH (USED) BY FINANCING ACTIVITIES	(34,524)	(32,908)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(94,559)	695,727
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,778,398	1,082,671
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,683,839	\$ 1,778,398
SUPPLEMENTAL DISCLOSURE:		
Operating activities reflect interest paid of:	\$ 60,291	\$ 62,097

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. Catholic Charities is also nationally accredited through the New York-based Council on Accreditation, demonstrating the implementation of best practice standards in the field of human services in all aspects of Catholic Charities’ programs, services, management, and administration.

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

Housing & Financial Services – 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 fiscal 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	\$ 124,785
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Purpose restricted:

Care for the elderly	1,246,133
General program support	752,907
CSEC	213,294
Financial assistance	128,131
Immigration and Refugee Resettlement	102,497
Youth: Restorative Justice and Violence	87,037
Cassidy assistance fund for seniors	72,512
Family Literacy Program	35,027
Barrier removal	24,515
Housing counseling	14,226
	<u>\$2,801,064</u>

For the year ended April 30, 2017, net assets released from restrictions were \$986,461 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, 2017.

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, 2017. An allowance of 7% for uncollectible pledges has been provided for and as of April 30, 2017 was \$(50,024). 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, 2017 of \$1,417,514 is expected to be collected as follows:

<u>Year ended April 30,</u>	
2018	\$ 509,469
2019	444,102
2020	358,052
2021	100,052
2022	30,991
Thereafter	<u>34,722</u>
	1,477,388
Less: allowance for doubtful accounts	(50,024)
Less: unamortized discount on contributions receivable	<u>(9,850)</u>
	<u>\$1,417,514</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 these financial statement elements 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 \$2,500 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 for the year ended April 30, 2017 totaled \$285,706.

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, 2016, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through November 17, 2017, the date which the financial statements were available for issue (see note 14).

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, 2017 was \$3,064.

The receivable of \$124,785 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 7.27%, and an estimated life expectancy.

4. Investments

Significant information about investments at April 30, 2017 is summarized as follows:

Equity funds	\$3,690,873
Fixed income	1,674,295
Money market funds	<u>271,788</u>
Total	<u>\$5,636,956</u>

The restricted portion of total investments in the amount of \$1,573,231 includes \$1,246,133 that is to be used for elderly care, \$55,310 is restricted by the donor to be used for senior homelessness prevention and \$271,788 is the restricted cash portion of the investments to be used for other donor restricted purposes.

5. Property and Equipment

Property and equipment at April 30, 2017 consist of the following:

Building and improvements	\$ 3,132,330
Furniture and equipment	<u>391,978</u>
	3,524,308
Less: accumulated depreciation	<u>(1,838,424)</u>
	1,685,884
Construction in progress	19,066
Land	<u>374,224</u>
	<u>\$ 2,079,174</u>

Depreciation expense for the year ended April 30, 2017 was \$262,267.

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, 2016	\$ 1,104,223
Amount received from San Francisco Chronicle Season of Sharing Fund	2,137,656
Amounts collected for other organizations during the fiscal year:	
Catholic Campaign for Human Development	186,205
Catholic Relief Services – General Collection	179,234
Catholic Relief Services – Rice Bowl Collection	<u>120,068</u>
	3,727,386
Less amounts remitted during fiscal year	<u>(2,581,772)</u>
Balance, April 30, 2017	<u>\$ 1,145,614</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, 2017 consists of the following:

Richmond, California mortgage loan	\$1,282,332
Less: current portion	<u>(36,273)</u>
	<u>\$1,246,059</u>

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>	
2018	\$ 36,273
2019	37,966
2020	39,737
2021	<u>1,168,356</u>
	<u>\$1,282,332</u>

8. Lease Commitments

Obligations Under Operating Leases

Catholic Charities leases properties and equipment under operating leases. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ended April 30,</u>	
2018	\$26,788
2019	19,957
2020	19,957
2021	15,678
2022	<u>3,705</u>
	<u>\$86,085</u>

Total lease expense for the year ended April 30, 2017 was \$62,017.

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, 2017 amounted to \$31,323.

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

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.

11. Fair Value Measurements

The table below presents the balances of assets or liabilities measured at fair value at April 30, 2017 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income				
U.S. Treasury Notes	\$1,039,814	\$ -	\$ -	\$1,039,814
Other Government Securities	312,231			312,231
U.S. Treasury Bonds	220,417			220,417
U.S. Treasury Inflation Bonds	<u>101,833</u>	<u> </u>	<u> </u>	<u>101,833</u>
	<u>1,674,295</u>	<u>-</u>	<u>-</u>	<u>1,674,295</u>
Equities				
Domestic	<u>3,690,873</u>	<u>-</u>	<u>-</u>	<u>3,690,873</u>
Receivable from Charitable Trusts			124,785	<u>124,785</u>
	<u>\$5,365,168</u>	<u>\$ -</u>	<u>\$124,785</u>	<u>\$5,489,953</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	\$121,721
Change in the charitable trusts value	<u>3,064</u>
Balance, end of year	<u>\$124,785</u>

continued

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

11. Fair Value Measurements, continued

The table below presents transactions measured at fair value on a non-recurring basis during the year ended April 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledged contributions (new)	\$ -	\$ -	\$518,745	\$518,745
Contributed services		285,706		285,706
	<u>\$ -</u>	<u>\$285,706</u>	<u>\$518,745</u>	<u>\$804,451</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).

12. Restatement of Net Assets

Beginning net assets at May 01, 2015, have been restated to correctly reflect the temporarily restricted net assets. The comparative totals for April 30, 2016 presented in these financial statements have been restated to reflect the corrected balances as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
<u>Statement of Financial Position:</u>			
Net Assets			
Unrestricted – operating	\$2,977,421	\$ -	\$2,977,421
Unrestricted – board designated	-	225,094	225,094
Unrestricted – net investment in property	2,283,875		2,283,875
Temporarily restricted	<u>2,833,754</u>	<u>(225,094)</u>	<u>2,608,660</u>
Total net assets	<u>\$8,095,050</u>	<u>\$ -</u>	<u>\$8,095,050</u>

13. Related Party Transactions

Catholic Charities received its organizational insurance coverage from the Roman Catholic Diocese of Oakland, a corporation sole, which is headed by the Bishop of the Diocese of Oakland, who also serves as the President of Catholic Charities. For the year ended April 30, 2017, the total cost of coverage was \$41,793.

14. Subsequent Events

On May 12, 2017, Catholic Charities entered in a 5 year lease with The Roman Catholic Bishop of Oakland (“RCBO”), a California nonprofit religious corporation, for the use of a property in Oakland, California. The RCBO is headed by the Bishop of the Diocese of Oakland, who also serves as the President of Catholic Charities.

continued

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO FINANCIAL STATEMENTS

14. Subsequent Events, continued

Future minimum payments, by year and in the aggregate, under this lease consist of the following:

Year ended April 30,

2018	\$ 54,768
2019	93,471
2020	115,079
2021	118,531
2022	<u>122,087</u>
	<u>\$503,936</u>

On June 30, 2017, Catholic Charities entered into a 20 year, fixed rate loan agreement with Bank of the West to refinance the previous loan on the building in Richmond, California, with the payments being amortized over 20 years. The loan carries an interest rate of 4.68% with monthly principal and interest payments of \$8,400. The loan was secured by a first deed of trust on the property and the entire balance with any interest is repayable on June 29, 2037.

No adjustments related to the above transactions have been made to the financial statements for the year ended April 30, 2017.

SUPPLEMENTAL SCHEDULE

CATHOLIC CHARITIES OF THE EAST BAY

SCHEDULE OF ACTIVITIES FOR CONTRACTS WITH ALAMEDA COUNTY

For the year ended April 30, 2017

Contract 1 Number	15-1958	85926	SSGRRESS0100001	SSGTAF015012015
Contract Period 1	10/1/15-6/30/16	01/01/16 - 06/30/17	07/01/14 - 05/31/16	10/01/15 - 09/30/16
Contract Period 1 Amount	\$ 109,208	\$ 450,000	\$ 1,161,500	\$ 96,465
Contract 2 Number	16-658			
Contract Period 2	7/1/16-6/30/17			10/01/16 - 09/30/17
Contract Period 2 Amount	\$ 289,908			\$ 96,465

Contract/Program Description	Oakland USD Crisis Counseling	City of Oakland Measure Y - CRSN	Employment/RESS Alameda County	Targeted Assistance	Total
<u>Revenue</u>					
Grants	\$ 265,276	\$ 254,801	\$ 83,632	\$ 104,104	\$ 707,813
Rent income					-
Other: private grant					-
Total revenues	<u>265,276</u>	<u>254,801</u>	<u>83,632</u>	<u>104,104</u>	<u>707,813</u>
Salaries	175,060	74,467	49,202	67,629	366,358
Employee benefits	23,830	6,859	6,096	8,089	44,874
Payroll taxes	13,092	4,319	3,291	3,605	24,307
Total personnel costs	<u>211,982</u>	<u>85,645</u>	<u>58,589</u>	<u>79,323</u>	<u>435,539</u>
Financial assistance to individuals		19,399	5,000	11,650	36,049
Contracted Services	114	101,747			101,861
Occupancy expenses	9,023	5,551	3,182	3,989	21,745
Other	858	2,681		859	4,398
Telephone	5,136	2,370	3,349	3,377	14,232
Printing and publications	137	35			172
Supplies	3,961	1,893	326	559	6,739
Travel expense	1,233	2,718	783	2,905	7,639
Training and conference	362	310		44	716
Postage and shipping		213	2	13	228
Equipment leases	146	373	190	266	975
Indirect cost	44,174	30,000	12,757		86,931
Total expenses	<u>\$ 277,126</u>	<u>\$ 252,935</u>	<u>\$ 84,178</u>	<u>\$ 102,985</u>	<u>\$ 717,224</u>
Amount received as of April 30, 2017	<u>\$ 169,379</u>	<u>\$ 207,225</u>	<u>\$ 83,632</u>	<u>\$ 94,267</u>	<u>\$ 554,503</u>

See independent auditors' report.



Harrington Group

Certified Public Accountants, LLP

CATHOLIC CHARITIES OF THE EAST BAY

SINGLE AUDIT REPORTS

APRIL 30, 2017

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Harrington Group

Certified Public Accountants, LLP

**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 ("Catholic Charities"), which comprise the Statement of Financial Position as of April 30, 2017, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities' 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' internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities' 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' 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
November 17, 2017



Certified Public Accountants, LLP

**Independent Auditors' Report on Compliance for Each Major Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal and Non-federal Awards in Accordance with 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 ("Catholic Charities") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Catholic Charities' major federal programs for the year ended April 30, 2017. Catholic Charities' 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 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' 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' 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' compliance.

Opinion on Each Major Federal Program

In our opinion, Catholic Charities 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, 2017.

**Independent Auditors' Report on Compliance for Each Major Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal and Non-federal Awards in Accordance with the Uniform Guidance**
continued

Report on Internal Control Over Compliance

Management of Catholic Charities 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' 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 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' 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 a 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 were not identified.

The purpose of this report on internal control and compliance is solely to describe the scope of our testing of internal control and 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.

**Independent Auditors' Report on Compliance for Each Major Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal and Non-federal Awards in Accordance with the Uniform Guidance**
continued

Report on Schedule of Expenditures of Federal and Non-federal Awards Required by the Uniform Guidance

We have audited the financial statements of Catholic Charities' as of and for the year ended April 30, 2017, and have issued our report thereon dated November 17, 2017, which contained an unmodified opinion on those financial statements. 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 and non-federal awards is presented for the purpose of additional analysis as required by 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) 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 schedule of expenditures of federal and non-federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Harrington Group

San Francisco, California
November 17, 2017

CATHOLIC CHARITIES OF THE EAST BAY

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS For the year ended April 30, 2017

Federal Grantor Agency/Pass-Through Grantor/Program Title	Contract Number	Federal CFDA No.	Contract Term	Program Award	Federal	Non-Federal	Program Expenditures from Government Revenues	Pass-through to Sub-recipients
Federal Awards								
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 (NITT) Now Is The Time (NITT) Trauma-Informed Practices (TIPS) Sub-total Directly from DHHS	1H79SN062800-01 5H79SN062800-02 5U79SN061185-04	93.243 93.243 93.243	09/30/15 - 09/29/16 09/30/16 - 09/29/17 09/30/15 - 09/29/16	\$ 124,998 124,998 400,000 649,996	\$ 53,700 77,762 211,586 343,048	\$ - - - -	\$ 53,700 77,762 211,586 343,048	\$ - - - -
Pass-through, County of Alameda - Refugee and Entrant Assistance, Targeted Assistance Grants Pass-through, County of Alameda - Refugee and Entrant Assistance, Targeted Assistance Grants Pass-through, County of Alameda - Refugee and Entrant Assistance State/Replacement Designee Administered Programs Pass-through, County of Alameda - Temporary Assistance for Needy Families Sub-total pass-through, County of Alameda	SSGTAFA015012015 SSGTAFA015012015 SSGRESS14010000 SSGRESS14010000	93.584 93.584 93.566 93.588	10/01/15 - 09/30/16 10/01/16 - 09/30/17 07/01/15 - 09/30/16 07/01/15 - 09/30/16	96,465 96,465 39,775 1,121,725 1,354,430	25,854 78,250 39,775 183,654 526,702	- - - - 4,082	25,854 78,250 39,775 43,857 187,736 530,784	- - - - -
Total DHHS								
U.S. Department of Housing and Urban Development ("HUD"): Pass-through, Catholic Charities of USA - Housing Counseling Assistance Program Pass-through, Catholic Charities of USA - Housing Counseling Assistance Program		14.169 14.169	07/01/15 - 06/30/16 10/01/16 - 03/31/17	13,680 22,500	8,885 18,583	- -	8,885 18,583	- -
Total HUD								
U.S. Department of State, Bureau of Population, Refugees and Migration ("Department of State"): Pass-through, United States Conference of Catholic Bishops - U.S. Refugee and Admissions Program Pass-through, United States Conference of Catholic Bishops - U.S. Refugee and Admissions Program Pass-through, United States Conference of Catholic Bishops - U.S. Refugee and Admissions Program Pass-through, United States Conference of Catholic Bishops - U.S. Refugee and Admissions Program		19.510 19.510 19.510 19.510	10/01/15 - 09/30/16 10/01/16 - 09/30/17 10/01/15 - 09/30/16 10/01/16 - 09/30/17	135,000 135,000 175,500 445,500	97,777 98,698 78,947 188,586 464,008	- - - -	97,777 98,698 78,947 188,586 464,008	- - - -
Total Department of State								
U.S. Department of Justice ("DOJ"): Pass-through California Governor's Office of Emergency Services (Cal OES) - Crime Victim Assistance Pass-through, CalOES - Crime Victim Assistance	UV15011632 UV15011632	16.575 16.575	05/01/16 - 03/31/17 04/01/17 - 03/31/18	175,000 262,500	159,839 13,463	- -	159,839 13,463	- -
Total DOJ								
U.S. Department of Homeland Security ("DHS"): Pass-through, United Way of the Bay Area - Emergency Food and Shelter National Board Program	063400-51	97.024	11/02/15 - 03/31/17	30,000	30,000	-	30,000	-
Total DHS								
Total Federal and Non-federal Awards								
				\$ 2,953,606	\$ 1,221,480	\$ 4,082	\$ 1,225,562	\$ -

CATHOLIC CHARITIES OF THE EAST BAY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS FOR THE YEAR ENDED APRIL 30, 2017

1. Basis of Presentation

The accompanying Schedule of Expenditure of Federal and Non-federal Awards ("the Schedule") includes the federal award activity of Catholic Charities of the East Bay ("Catholic Charities") under programs of the federal government for the year ended April 30, 2017. The 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, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Catholic Charities.

2. Basis of Accounting

Expenditure reported on the Schedule are reported on the accrual basis of accounting. Such expenditure are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditure are not allowable or are limited as to reimbursement. Catholic Charities did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

3. Sub-recipients

Catholic Charities did not provide any federal awards to sub-recipients.

4. Other Information

Catholic Charities did not receive federal insurance, loans, or non-cash assistance during the year ended April 30, 2017.

CATHOLIC CHARITIES OF THE EAST BAY
Schedule of Findings and Questioned Costs
For the year ended April 30, 2017

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 deficiency identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency 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

Identification of Major Programs:

U.S. Department of State:

U.S. Refugee Admissions Program 19.510

Section II – Financial Statements Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

No matters reported.

Section IV – Summary Schedule of Prior Year Findings

No matters reported.