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CATHOLIC CHARITIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2017 and 2016

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CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Catholic Charities

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Catholic Charities (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Catholic Charities' preparation and fair presentation of the consolidated 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 Catholic Charities' 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements, and the supplementary consolidating information is also presented for purposes of additional analysis, and is not a required part of the basic consolidated 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 consolidated financial statements. This information has been subjected to the audit procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017, on our consideration of Catholic Charities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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' internal control over financial reporting and compliance.

Atkinson & Co., Ltd.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 30, 2017

Catholic Charities

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	2017	(As Restated) 2016
CURRENT ASSETS		
Cash and cash equivalents	$ 223,067	$ 161,418
Restricted cash and cash equivalents	159,826	818,880
Grants and contracts receivable, net of allowance for doubtful accounts of $2,371 at June 30, 2017 and $3,048 at June 30, 2016	234,697	302,092
Accounts receivable, net of allowance for doubtful accounts of $362 at June 30, 2017 and $770 at June 30, 2016	12,858	4,415
Current portion of unconditional promises to give	210,936	340,390
Prepaid rent	1,500	1,500
Total current assets	842,884	1,628,695
UNCONDITIONAL PROMISES TO GIVE, less current portion net of unamortized discount and allowance for doubtful accounts of $16,221 at June 30, 2017 and $20,499 at June 30, 2016	144,857	280,870
PROPERTY AND EQUIPMENT, net	7,624,595	3,808,900
OTHER ASSETS		
Replacement reserves	134,353	116,654
Prepaid rent	68,875	70,375
Agency trust deposits	15,467	19,413
Security deposits	4,701	13,008
Total other assets	223,396	219,450
Total assets	$ 8,835,732	$ 5,937,915

LIABILITIES AND NET ASSETS

	2017	(As Restated) 2016
CURRENT LIABILITIES		
Short-term borrowings	$ 620,000	$ 645,000
Accounts payable	83,113	480,333
Accrued payroll and related taxes	119,547	85,234
Current portion of capital lease obligations	8,076	7,683
Current portion of long-term debt	81,008	37,847
Accrued compensated absences	101,504	101,504
Deferred revenues	730	711
Security deposits payable	4,599	4,309
Total current liabilities	1,018,577	1,362,621
CAPITAL LEASE OBLIGATIONS, less current portion	18,176	26,144
LONG-TERM DEBT, less current portion and unamortized debt issuance costs	2,934,515	156,967
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT CAPITAL ADVANCE	1,183,300	1,183,300
Total liabilities	5,154,568	2,729,032
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Unrestricted net assets	3,320,596	2,391,596
Temporarily restricted net assets	360,568	817,287
Total net assets	3,681,164	3,208,883
Total liabilities and net assets	$ 8,835,732	$ 5,937,915

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

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Support:			
Contracts and grants:			
Federal	$ 2,008,671	$ -	$ 2,008,671
Non-federal	912,672	-	912,672
Contributions:			
Monetary	518,833	729,823	1,248,656
Archdiocese of Santa Fe	370,000	-	370,000
In-kind	191,082	-	191,082
United Way allocations	158,270	35,000	193,270
Total support	4,159,528	764,823	4,924,351
Revenue:			
Program fees	668,019	-	668,019
Fundraising event, net of donor benefit of $25,260	163,748	-	163,748
Rental income	55,771	-	55,771
Other, net	29,236	-	29,236
Return on investments	30	-	30
Total revenue	916,804	-	916,804
Total support and revenue before releases	5,076,332	764,823	5,841,155
Net assets released from restrictions:			
Restrictions satisfied by time and expenditures	1,221,542	(1,221,542)	-
EXPENSES			
Program services:			
Self sufficiency and housing assistance	1,496,729	-	1,496,729
Educational opportunity	1,094,170	-	1,094,170
Immigration and citizenship legal assistance	609,100	-	609,100
Refugee resettlement and support	532,032	-	532,032
Community involvement	132,667	-	132,667
Hibernian House	116,243	-	116,243
Generations at West Mesa	71,201	-	71,201
Total program services	4,052,142	-	4,052,142
Supporting services:			
Management and general	1,043,200	-	1,043,200
Fundraising	273,532	-	273,532
Total supporting services	1,316,732	-	1,316,732
Total expenses	5,368,874	-	5,368,874
CHANGES IN NET ASSETS	929,000	(456,719)	472,281
Net assets at beginning of year, as restated	2,391,596	817,287	3,208,883
Net assets at end of year	$ 3,320,596	$ 360,568	$ 3,681,164

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

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS – CONTINUED

For the Year Ended June 30, 2016 (As Restated)

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Support:			
Contracts and grants:			
Federal	$ 1,965,445	$ -	$ 1,965,445
Non-federal	830,535	-	830,535
Contributions:			
Monetary	464,214	316,952	781,166
Archdiocese of Santa Fe	370,000	-	370,000
In-kind	225,901	-	225,901
United Way allocations	54,681	22,000	76,681
Total support	3,910,776	338,952	4,249,728
Revenue:			
Program fees	502,787	-	502,787
Fundraising event, net of donor benefit of $28,680	107,155	-	107,155
Rental income	52,416	-	52,416
Other, net	10,925	-	10,925
Return on investments	1,057	-	1,057
Loss on disposal of property and equipment	(82)	-	(82)
Loss on demolition of old building	(215,340)	-	(215,340)
Total revenue	458,918	-	458,918
Total support and revenue before releases	4,369,694	338,952	4,708,646
Net assets released from restrictions:			
Restrictions satisfied by time and expenditures	2,404,918	(2,404,918)	-
EXPENSES			
Program services:			
Self sufficiency and housing assistance	1,321,779	-	1,321,779
Educational opportunity	1,102,121	-	1,102,121
Refugee resettlement and support	623,304	-	623,304
Immigration and citizenship legal assistance	568,088	-	568,088
Community involvement	163,353	-	163,353
Hibernian House	108,971	-	108,971
Generations at West Mesa	67,686	-	67,686
Total program services	3,955,302	-	3,955,302
Supporting services:			
Management and general	716,266	-	716,266
Fundraising	259,507	-	259,507
Total supporting services	975,773	-	975,773
Total expenses	4,931,075	-	4,931,075
CHANGES IN NET ASSETS	1,843,537	(2,065,966)	(222,429)
Net assets at beginning of year, as previously stated	648,059	2,883,253	3,531,312
Prior period adjustement, see Note C	(100,000)	-	(100,000)
Net assets at end of year, as restated	$ 2,391,596	$ 817,287	$ 3,208,883

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

Catholic Charities

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017

	Program Services				
	Self Sufficiency and Housing Assistance	Educational Opportunity	Immigration and Citizenship Legal Assistance	Refugee Resettlement and Support	Community Involvement
Salaries and related expenses					
Salaries and wages	$ 328,417	$ 723,244	$ 354,897	$ 187,980	$ 76,726
Fringe benefits	57,363	134,185	78,879	27,490	15,136
Payroll taxes	28,220	60,549	30,244	16,391	6,398
Total salaries and related expenses	414,000	917,978	464,020	231,861	98,260
Other expenses					
Special assistance	824,049	-	-	138,208	-
Repairs and maintenance	21,660	24,185	19,925	11,137	3,791
Contract services	84,259	3,927	37,111	37,178	634
In-kind	77,663	1,420	4,920	40,516	7,100
Rent	23,385	3,160	1,500	27,186	5,148
Supplies	1,781	54,613	5,107	3,897	546
Telephone	9,264	11,764	13,531	5,189	3,091
Interest	-	-	-	-	-
Utilities	6,286	12,447	8,777	4,243	1,384
Special event	-	2,160	-	-	134
Food	-	29,807	-	-	-
Audit and accounting fees	6,768	5,353	3,454	3,024	803
Travel	2,467	2,902	5,789	11,562	2,354
Dues and subscriptions	1,453	3,038	3,156	5,898	130
Bank fees	-	1,115	1,578	-	-
Insurance	5,616	2,436	3,075	2,918	905
Bad debt expense	3,472	-	-	-	-
Postage	179	153	10,774	921	405
Meetings and conferences	14	2,772	148	3,264	18
Advertising and marketing	637	1,991	333	400	474
Miscellaneous	252	1,350	1	-	500
Employee / volunteer relations	73	332	173	11	2,911
Staff development	265	1,871	3,396	490	-
Legal	-	210	-	-	-
Printing and related equipment lease, net of allocations:					
Printing	1,584	1,768	1,084	777	479
Equipment lease	-	-	5,724	-	-
Total expenses before depreciation and amortization	1,485,127	1,086,752	593,576	528,680	129,067
Depreciation and amortization	11,602	7,418	15,524	3,352	3,600
Total expenses	$ 1,496,729	$ 1,094,170	$ 609,100	$ 532,032	$ 132,667

			Supporting Services		
Hibernian House	Generations at West Mesa	Subtotal Program Services	Management and General	Fundraising	Total Expenses
$ 23,184	$ -	$ 1,694,448	$ 363,789	$ 128,245	$ 2,186,482
701	-	313,754	74,256	15,012	403,022
2,582	-	144,384	36,320	10,998	191,702
26,467	-	2,152,586	474,365	154,255	2,781,206
-	-	962,257	383	-	962,640
14,606	-	95,304	237,912	4,669	337,885
9,353	71,201	243,663	52,341	2,193	298,197
-	-	131,619	28,416	31,047	191,082
8,076	-	68,455	12,677	1,915	83,047
5,752	-	71,696	7,363	322	79,381
-	-	42,839	13,187	1,914	57,940
-	-	-	52,384	-	52,384
8,218	-	41,355	5,825	1,020	48,200
-	-	2,294	-	36,214	38,508
-	-	29,807	-	-	29,807
5,137	-	24,539	3,677	1,141	29,357
-	-	25,074	1,656	134	26,864
-	-	13,675	11,464	1,332	26,471
-	-	2,693	14,147	7,477	24,317
3,997	-	18,947	2,109	534	21,590
-	-	3,472	16,068	-	19,540
-	-	12,432	2,839	3,218	18,489
1,399	-	7,615	1,106	695	9,416
60	-	3,895	2,290	3,054	9,239
5,611	-	7,714	827	11	8,552
-	-	3,500	4,556	379	8,435
-	-	6,022	1,977	-	7,999
-	-	210	2,580	129	2,919
-	-	5,692	1,772	21,613	29,077
-	-	5,724	-	-	5,724
88,676	71,201	3,983,079	951,921	273,266	5,208,266
27,567	-	69,063	91,279	266	160,608
$ 116,243	$ 71,201	$ 4,052,142	$ 1,043,200	$ 273,532	$ 5,368,874

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

Catholic Charities

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES – CONTINUED

For the Year Ended June 30, 2016

	Program Services				
	Self Sufficiency and Housing Assistance	Educational Opportunity	Refugee Resettlement and Support	Immigration and Citizenship Legal Assistance	Community Involvement
Salaries and related expenses					
Salaries and wages	$ 314,574	$ 705,820	$ 197,145	$ 331,096	$ 101,732
Fringe benefits	61,976	132,794	39,556	78,055	23,192
Payroll taxes	27,640	58,935	17,255	29,116	8,906
Total salaries and related expenses	404,190	897,549	253,956	438,267	133,830
Other expenses					
Special assistance	615,991	5,000	191,142	-	878
Contract services	135,842	5,627	26,001	31,715	808
In-kind	51,040	2,550	60,488	16,022	2,024
Repairs and maintenance	22,965	65,892	13,352	14,930	1,882
Rent	39,525	-	43,325	1,622	9,848
Supplies	2,508	53,382	2,724	4,073	252
Telephone	8,879	10,374	5,939	9,435	2,170
Audit and accounting fees	7,088	5,149	3,991	2,825	689
Utilities	133	11,659	532	8,536	-
Interest	-	-	-	-	-
Special event	-	38	2,732	-	-
Food	-	27,754	-	-	-
Travel	2,194	3,007	4,245	4,874	1,344
Dues and subscriptions	1,735	2,822	931	1,246	130
Insurance	4,349	1,726	2,207	1,925	940
Postage	224	402	900	8,004	384
Legal	7,158	-	-	504	-
Meetings and conferences	12	199	3,342	60	1,511
Employee / volunteer relations	-	494	382	320	2,003
Advertising and marketing	2,366	1,991	1,379	1,093	237
Staff development	745	1,607	129	5,150	199
Bank fees	-	-	-	-	-
Miscellaneous	502	-	63	-	-
Bad debt expense	-	-	-	-	-
Printing and related equipment lease, net of allocations:					
Printing	1,435	1,818	941	1,682	285
Equipment lease	1,859	2,278	1,252	1,689	339
Total expenses before depreciation and amortization	1,310,740	1,101,318	619,953	553,972	159,753
Depreciation and amortization	11,039	803	3,351	14,116	3,600
Total expenses	$ 1,321,779	$ 1,102,121	$ 623,304	$ 568,088	$ 163,353

			Supporting Services		
Hibernian House	Generations at West Mesa	Subtotal Program Services	Management and General	Fundraising	Total Expenses
$ 26,560	$ -	$ 1,676,927	$ 384,680	$ 99,049	$ 2,160,656
1,843	-	337,416	74,221	19,226	430,863
3,601	-	145,453	33,436	8,346	187,235
32,004	-	2,159,796	492,337	126,621	2,778,754
-	-	813,011	1,720	-	814,731
4,154	67,686	271,833	57,009	2,319	331,161
-	-	132,124	1,158	78,547	211,829
13,178	-	132,199	15,895	2,546	150,640
6,683	-	101,003	24,247	3,497	128,747
3,247	-	66,186	2,418	285	68,889
-	-	36,797	10,676	1,964	49,437
5,133	-	24,875	3,581	1,001	29,457
7,794	-	28,654	83	-	28,737
-	-	-	28,309	-	28,309
-	-	2,770	5,447	18,376	26,593
-	-	27,754	-	-	27,754
-	-	15,664	3,851	4	19,519
-	-	6,864	10,421	792	18,077
3,945	-	15,092	2,040	315	17,447
-	-	9,914	1,783	4,143	15,840
-	-	7,662	4,553	-	12,215
603	-	5,727	5,611	543	11,881
-	-	3,199	6,490	39	9,728
82	-	7,148	1,992	413	9,553
-	-	7,830	788	600	9,218
-	-	-	7,414	1,032	8,446
4,581	-	5,146	2,169	110	7,425
-	-	-	594	-	594
-	-	6,161	1,904	15,729	23,794
-	-	7,417	(1,503)	365	6,279
81,404	67,686	3,894,826	690,987	259,241	4,845,054
27,567	-	60,476	25,279	266	86,021
$ 108,971	$ 67,686	$ 3,955,302	$ 716,266	$ 259,507	$ 4,931,075

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

Catholic Charities

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30,

Increase (Decrease) in Cash and Cash Equivalents

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 472,281	$ (222,429)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	160,608	86,021
Loss on demolition of old building	-	215,340
Loss on disposal of property and equipment	-	82
Discount and amortization of discount on unconditional promises to give	(1,581)	(4,764)
Donated leasehold improvements	-	(14,072)
Reinvested interest on reserve replacements	(40)	(34)
Provision for bad debts	19,540	594
Net changes in assets and liabilities:		
Decrease in grants and contracts receivable	78,629	80,772
(Increase) decrease in accounts receivable	(22,414)	3,165
Decrease in unconditional promises to give	250,245	499,145
Decrease in prepaid rent	1,500	56,834
Decrease (increase) in security deposits	8,307	(328)
Decrease (increase) in agency trust deposits	3,946	(3,503)
(Decrease) increase in accounts payable	(397,220)	384,684
Increase in accrued payroll and related taxes	34,313	44,419
(Decrease) in accrued compensated absences	-	(2,397)
Increase in security deposits payable	290	137
Increase in deferred revenues	19	264
Net cash flows provided by operating activities	608,423	1,123,930
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawals from reserve for replacements	4,293	-
Proceeds from disposal of property and equipment	-	3,701
Purchases of property and equipment	(3,976,303)	(2,170,791)
Deposits to reserve for replacements	(21,952)	(16,736)
Net cash flows used in investing activities	(3,993,962)	(2,183,826)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing on long-term notes payable	3,225,000	250,000
Bond issuance costs	-	(66,650)
Net borrowings/repayments on line-of-credit	(25,000)	20,000
Principal payments on long-term debt	(404,291)	(21,989)
Principal payments on capital lease obligations	(7,575)	(12,198)
Net cash flows provided by financing activities	2,788,134	169,163
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(597,405)	(890,733)
Cash and cash equivalents, beginning of year	980,298	1,871,031
Cash and cash equivalents, end of year	$ 382,893	$ 980,298

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

CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED

For the Years Ended June 30,

Increase (Decrease) in Cash and Cash Equivalents

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	2017	2016
Donation of materials, supplies, and services	$ 191,082	$ 225,901
Cash paid during the year for interest	$ 52,384	$ 28,309
Assets acquired under capital leases	$ -	$ 46,025

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

NOTE A – NATURE OF BUSINESS

Catholic Charities (the Organization) was incorporated in 1946, and is a faith-based non-profit tax-exempt organization. Catholic Charities is a member of Catholic Charities, USA, the largest non-profit human services network in the United States. Catholic Charities provides help and creates hope by promoting self-sufficiency, strengthening families, fighting poverty, and building community.

During fiscal year 2002, Catholic Charities assumed control of Hibernian House of New Mexico, Inc. (Hibernian House). The project is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

During fiscal year 2016, Catholic Charities formed CC Housing, Inc. to provide affordable housing, housing counseling, economic development, and opportunities for youth, families and the elderly.

The consolidated financial statements include the accounts of Catholic Charities, Hibernian House and CC Housing, Inc., collectively referred to as "Catholic Charities." Intercompany accounts and transactions are eliminated in consolidation.

Catholic Charities operates the following social service programs:

SELF-SUFFICIENCY AND HOUSING ASSISTANCE

Proyecto La Luz: Supportive Transitional Housing helps homeless women and children in Bernalillo County gain secure housing, while assisting parents with employment and other services.

Partners in Housing: A permanent housing for chronically homeless persons with a disabling condition. The purpose of this supportive housing program is to enable this special needs population to live as independently as possible in a permanent setting.

Homeless Prevention and Rapid Re-Housing: The program provides assistance to individuals and families meeting specific requirements.

Rental Assistance Program (RAP): The program provides up to eleven months of rental assistance, case management, and life skills education to individuals meeting specific requirements.

EDUCATIONAL OPPORTUNITY

Adult Basic Education: Classes include English as a second language, citizenship classes, adult basic education, Spanish GED, computer classes, and workplace literacy, including collaboration with Albuquerque Public Schools through Even Start projects, and the UNM HEP project.

Child Learning Center: Early Head Start and childcare programs are provided by trained and certified staff.

NOTE A – NATURE OF BUSINESS – CONTINUED

REFUGEE SUPPORT

Refugee Support: The Center for Refugee Support provides youth mentoring, English practice, and general cultural orientation to refugee families who have fled persecution around the world and found a home in Albuquerque. Our programs connect volunteers with refugee families for support, friendship, and encouragement toward self-sufficiency.

Refugee Youth Program: This after school and summer program for mid-school and high school refugee youth provides tutoring, English language classes, citizenship classes, and the support of caring staff and volunteers.

IMMIGRATION AND CITIZENSHIP LEGAL ASSISTANCE

***Immigration Services*:** The services focus on family unification and immigrant victims of domestic violence. Free legal assistance is provided for immigrants who are victims of domestic violence. Citizenship classes, case management, information, and referral are part of the program.

COMMUNITY INVOLVEMENT

Senior Transportation Services: The program provides seniors with companionship and enables them to lead productive, independent lives by providing weekly transportation to medical appointments, government offices, banks, pharmacies, and grocery stores. Volunteer drivers are literally the “driving force” behind this program. All have clean driving records and provide transportation free of charge.

Parish and Faith Community Outreach: Staff and volunteers work with Catholic and non-Catholic institutions to fortify their commitment to social justice by strengthening and developing reciprocal relationships through education, relationship building, and unique projects designed to enrich both Catholic Charities and the Faith Communities.

HIBERNIAN HOUSE

Hibernian House: A 20-unit supportive housing development for low-income seniors in Albuquerque.

GENERATIONS AT WEST MESA

Generations at West Mesa: Generations at West Mesa is an affordable housing development for grandparents raising grandchildren. Generations at West Mesa is located at 5715 Avalon Road NW, Albuquerque, New Mexico 87120-7617 containing approximately 3.55 acres. Generations at West Mesa shall consist of a 54-unit mixed-income, senior rental development. Of the 54 units, 45 are restricted to households earning 30%, 50%, and 60% of area median income, along with 9 unrestricted market rate units. The units will be a mix of 1, 2, and 3 bedroom units that will serve the needs of seniors at a variety of income levels over the age of 62, with a particular emphasis on seniors over the age of 75 and grandparents raising grandchildren. Catholic Charities will be providing other supportive services on site.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

1. Basis of Presentation

Catholic Charities is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of Catholic Charities and changes therein are classified and reported as follows:

Unrestricted Net Assets – represent net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – represent net assets subject to donor-imposed stipulations that will be met either by actions of Catholic Charities and/or the passage of time.

Permanently Restricted Net Assets – represent net assets subject to donor-imposed stipulations that must be maintained permanently by Catholic Charities. Catholic Charities does not have any permanently restricted net assets.

2. Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Concentrations of Credit Risk

Catholic Charities maintains its cash depository accounts with various financial institutions. Balances in the accounts may at times exceed Federal or other insurance limits. Catholic Charities has not experienced, and believes it is not exposed to, significant credit risk from these deposits.

4. Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, Catholic Charities considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash that is considered restricted for specific purposes either by donor imposed stipulations on the use of the funds or by the Board of Directors.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Promises to Give

Contributions received, including unconditional promises to give, are recognized at fair value as revenues in the period received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Promises to give are valued and initially recorded based on the estimated future cash flows based on historical experience. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts are computed using risk-free interest rates ranging from .11% to 2.26%, as adjusted, where applicable for the assessed credit risk of the donation, applicable to the years in which the promises are received. Amortization of the discount is included in temporarily restricted contribution revenue. Any subsequent adjustments to the valuation of promises to give are done through a provision for doubtful accounts. Promises to give at June 30 are as follows:

	2017	2016
Unconditional promises to give before unamortized discount	$ 372,014	$ 641,759
Less: Unamortized discount	(12,501)	(14,082)
Less: Allowance for doubtful accounts	(3,720)	(6,417)
Net unconditional promises to give	$ 355,793	$ 621,260
Amounts due in:		
One year or less	$ 210,936	$ 340,390
Between one year and five years	161,078	301,369
	$ 372,014	$ 641,759

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. During 2015, the Organization received a conditional promise to give for $2,000,000 subject to the Organization's ability to meet the Affordable Housing Development Organization (AHDO) requirements. Subsequent to June 30, 2017, the Organization has met these requirements. There were no other outstanding conditional promises to give as of June 30, 2017 and 2016.

6. Accounts Receivable

Accounts receivable are recorded at net realizable value and are evaluated for collectability by using historical experience applied to an aging of the accounts. Generally, collateral is not required on receivables. Contractual terms determine when receivables become delinquent. Catholic Charities utilizes the allowance method to provide a valuation for estimated uncollectible accounts receivable. An allowance of $362 and $770 was recorded for certain accounts receivable as of June 30, 2017 and 2016, respectively.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Property and Equipment

All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over useful lives ranging from three to thirty-nine years.

8. Program Fees

Program fees are recognized as the services are performed. Services required in the senior support, homeless, and immigration programs are recorded at standard rates, less a sliding fee adjustment based on the clients' ability to pay.

9. Recognition of Donor Restrictions

Cash contributions and grants from private organizations that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction is satisfied in the reporting period in which the contributions and grants are received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Catholic Charities reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

10. Federal Contracts and Grant Revenue

Revenue on contracts and grants is recognized when funds are spent in accordance with contractual provisions. Contracts and grants receivable represent amounts due for expenditures incurred prior to year-end, but not yet reimbursed. An allowance of $2,371 and $3,048 was recorded for certain contracts and grants receivables as of June 30, 2017 and 2016, respectively.

11. Donated Services and Materials

A substantial number of volunteers have donated time to Catholic Charities' programs and administration. As these services do not qualify for recognition as donated services in accordance with generally accepted accounting principles, they are not recorded as revenue and expenses in the general ledger. Supplies, materials, property, and services that do qualify

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Donated Services and Materials – Continued

for recognition were donated to Catholic Charities and are recorded at their estimated values of \$191,082 and \$225,901 for the years ended June 30, 2017 and 2016, respectively. As of June 30, 2017 and 2016, any inventory on hand associated with these donated materials was minimal and therefore, was not included in the accompanying Consolidated Statements of Financial Position.

12. Income Taxes

Catholic Charities and Hibernian House are non-profit corporations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, their normal activities do not result in any income tax liability. Catholic Charities and Hibernian House are classified as other than a private foundation and file separate entity tax returns.

CC Housing, Inc., a newly formed entity, is anticipated to be granted tax exempt status upon completion of its Form 1023 application with the Internal Revenue Service. The entity will file a separate tax return indicating its application for 501(c)(3) status is pending approval.

Catholic Charities applies the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Income Taxes* (FASB ASC 740). FASB ASC 740 provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions in an enterprise's financial statements. Uncertain income tax positions must meet a more-likely-than-not recognition threshold to be recognized. Catholic Charities' policy is to classify income tax penalties and interest according to their natural classification rather than as income tax expense. As of June 30, 2017 and 2016, management does not believe Catholic Charities has any uncertain tax positions that would require financial statement recognition, measurement, or disclosure under FASB ASC 740. Due to statutes of limitation, Catholic Charities and Hibernian House tax returns are no longer subject to examinations by tax authorities for fiscal years before 2014. CC Housing, Inc.'s tax returns are subject to examinations by tax authorities for fiscal year 2016 forward.

13. Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets and in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

14. Advertising

Catholic Charities expenses advertising costs as incurred. Such expenses are shown in the Consolidated Statements of Functional Expenses; no amounts of advertising are carried as assets.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

15. Subsequent Events

Subsequent events are events or transactions that occur after the Statement of Financial Position date, but before financial statements are issued. Catholic Charities recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Consolidated Statement of Financial Position, including the estimates inherent in the process of preparing the consolidated financial statements. Catholic Charities' consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the Consolidated Statement of Financial Position, but arose after the Consolidated Statement of Financial Position date and before consolidated financial statements were available to be issued.

Subsequent to June 30, 2017, the Organization received a notice of award for Affordable Housing Development Organization (AHDO) funding; and therefore, meeting conditional requirements set by the City of Albuquerque (See Note B5). The Organization plans to break ground in March 2018 on Generations at West Mesa, a 54-unit affordable housing complex for grandparents raising grandchildren. Catholic Charities has evaluated subsequent events through October 30, 2017, which is the date the consolidated financial statements were available to be issued.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment at June 30, consisted of the following:

	2017	(As Restated) 2016
Buildings	$ 6,926,752	$ 1,054,272
Furniture, fixtures, and equipment	179,896	209,616
Leasehold improvements	288,577	180,147
Vehicles	169,612	157,933
Equipment acquired under capital leases	46,025	46,025
	7,610,862	1,647,993
Less accumulated depreciation and amortization	(736,423)	(695,159)
	6,874,439	952,834
Land	646,829	646,829
Artwork	103,327	-
Construction in progress	-	2,209,237
	$ 7,624,595	$ 3,808,900

NOTE C – PROPERTY AND EQUIPMENT – CONTINUED

As a result of the Organization's newly constructed headquarters building, the Organization recorded an impairment loss of $215,340 as of June 30, 2016, on a demolished building that was on land adjacent to the new building. The land was used to build additional parking space for the new building.

During 2017, as a result of an internal review of the Organization's detailed property and equipment listing, the Organization discovered that land which was previously sold was never removed from the detailed property and equipment listing at the time of sale. The Organization disposed of the land during 2014. Accordingly, the Organization restated its consolidated financial statements for the year ended June 30, 2016. The effect of the correction was to decrease property and equipment and unrestricted net assets at the beginning of 2016 by $100,000.

NOTE D – OPERATING LEASE OBLIGATIONS (INCLUDING RELATED PARTY LEASES)

Catholic Charities has several non-cancelable operating leases, primarily for equipment and office space that expire at various dates through April 2018. In June 2014, Catholic Charities entered into a lease for space in Santa Fe with the Archdiocese of Santa Fe. The lease is for a fifty-year period expiring in June 2064. Catholic Charities prepaid the full amount of the rent of $75,000 and is amortizing the prepaid rent over the life of the lease. Rental expense for these leases was $80,695 and $128,343 for the years ended June 30, 2017 and 2016, respectively.

Future minimum lease payments under non-cancelable operating leases are as follows for the year ending June 30:

2018	$ 13,640

During 2017, the Organization terminated its office space lease arrangement. The lessor waived all early termination fees and refunded the deposit.

NOTE E – CAPITAL LEASE OBLIGATIONS

Catholic Charities leases office equipment under capital leases expiring in fiscal year 2021. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments. The assets are amortized over the life of the lease. Amortization of assets under capital leases is included in depreciation expense.

Following is a summary of property held under capital leases:

Office equipment	$ 46,025
Accumulated depreciation	(18,410)
	$ 27,615

NOTE E – CAPITAL LEASE OBLIGATIONS – CONTINUED

Minimum future lease payments under capital leases of June 30, 2017, were as follows:

2018	$ 9,205
2019	9,205
2020	9,205
2021	767
Net minimum lease payments	28,382
Amount representing interest	(2,130)
Present value of net minimum lease payments	$ 26,252

NOTE F – SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Catholic Charities has a $750,000 line-of-credit agreement with a local financial institution that renews in March 2018. The line carries interest at the bank's prime lending rate (4.50% plus .5% at June 30, 2017, and 4.00% plus .5% at June 30, 2016) and is secured by deposit accounts, inventory, accounts receivable, and equipment. At June 30, 2017 and 2016, Catholic Charities had $620,000 and $645,000, respectively, in outstanding borrowings on the line. Catholic Charities is required to comply with certain financial covenants and provisions in connection with the line-of-credit. All such covenants and provisions were complied with as of June 30, 2017.

Long-term debt at June 30, consisted of the following:

	2017	2016
Industrial revenue bond (IRB), series 2016 issued by Bernalillo County, New Mexico under a capital lease agreement structure, payable to a bank as trustee. Principal and interest due in monthly installments at an initial interest at 3.47%, maturing March 2041, net of unamortized issuance costs of $66,650. Unamortized issuance costs are amortized to interest expense over the life of the loan. The effective interest rate does not differ significantly from the stated interest rate. The note is secured by related building.	$ 2,416,858	$ 183,350
Note payable to a bank, due in monthly installments of $3,012 including principal and interest at 3.47%, maturing May 1, 2027. The note is secured by related building.	598,665	-
Note payable to a bank, due in monthly installments of $1,934 including principal and interest at 4.83%, maturing January 2017. The note is secured by related equipment.	-	11,464
	3,015,523	194,814
Less current portion	(81,008)	(37,847)
Total	$ 2,934,515	$ 156,967

NOTE F – SHORT-TERM BORROWINGS AND LONG-TERM DEBT – CONTINUED

Maturities on long-term debt are as follows for the years ending June 30:

2018	$ 81,008
2019	83,996
2020	86,815
2021	90,286
2022	93,605
Thereafter	2,579,813
	$ 3,015,523

On January 26, 2016, Bernalillo County, New Mexico, issued its Industrial Revenue Bonds, Series 2016 totaling $3,000,000. A bank purchased the bond and issued a loan in the amount of $2,500,000 for a capital project for which Catholic Charities is the obligor. This qualifies as a conduit financing which requires selected disclosures made by public companies. As of the date of these consolidated financial statements, $2,500,000 of the bonds had been advanced to Catholic Charities. The maturities listed above are based on the expected repayment terms of the full $2,500,000 beginning with fiscal year 2017.

The bond indenture places limits on the incurrence of additional borrowings and also requires that the Organization satisfy certain measures of financial performance including debt service coverage, and hold certain insurance coverage as long as the bonds are outstanding.

Conduit Financing Disclosures

There is only one segment for purposes of segment reporting which is reported on page 4. The construction project acts as security for the bond obligation. Catholic Charities is required to keep a debt service ratio of 1.15 to 1 tested annually on the basis of the audited financial statements, commencing with the audited financial statements for the fiscal years ending June 30, 2017 and 2016. The debt service ratio was calculated based on the Catholic Charities' stand alone entity and not using consolidated information. The Organization must comply and was in compliance with other covenants and provisions in connection with the IRB. Financial instrument disclosures for promises to give receivables, accounts receivable, and the bonds payable are presented in Notes B5, B6, and F, respectively. Promises to give receivables are initially recorded based on the estimated future cash flows based on historical experience. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows which approximates fair value. Accounts receivable are recorded at net realizable value which approximates fair value due to the short maturities of the receivables. Bonds payable are reported at amortized face amount which approximates fair value. There is no change in the valuation of these instruments.

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

	2017	2016
Restricted for purpose:		
Education	$ 4,775	$ -
Capital Campaign	-	712,138
Restricted for time:		
Capital Campaign	217,493	-
Pledges receivable	103,300	83,149
United Way	35,000	22,000
	$ 360,568	$ 817,287

Temporarily restricted net assets are released from donor restrictions as expenses are incurred to satisfy the restricted purpose, or due to the passage of time, as follows:

	2017	2016
Purpose restriction accomplished:		
Capital Campaign	$ 1,139,408	$ 2,345,054
Education	6,500	-
Time restriction accomplished:		
United Way	53,634	10,000
Pledges receivable	22,000	49,864
	$ 1,221,542	$ 2,404,918

NOTE H – PENSION PLAN

Catholic Charities administers a participant directed non-contributory, defined contribution pension plan (401k plan) for its qualified employees. Catholic Charities contributes five percent of covered compensation to the plan. Employees qualify upon attaining the age of 21 and completing one plan year of employment of at least 1,000 hours. Benefits vest 100 percent after three plan years of employment. Pension plan expense totaled $82,811 and $79,135 for the years ended June 30, 2017 and 2016, respectively.

NOTE I – RELATED PARTY TRANSACTIONS

The Board of Directors of Catholic Charities manages its overall affairs through the direction of the Archbishop of the Archdiocese of Santa Fe.

The Board of Directors and certain employees contribute various amounts in general support of Catholic Charities. A certain Board of Directors member is also an officer of a bank with which Catholic Charities maintains its cash balances. Board of Directors' outstanding promises to give at June 30, 2017 and 2016, are $76,947 and $191,279, respectively.

The Archdiocese of Santa Fe provides annual funding (stipends), which are received monthly. The funding year runs from July 1 through June 30 of each year. The allocation for the years ended June 30, 2017 and 2016, was $370,000, respectively.

During 2014, Catholic Charities entered into a $75,000 lease with the Archdiocese of Santa Fe for use of space in Santa Fe, New Mexico. See also Note D.

NOTE J – COMMITMENTS AND CONTINGENCIES

The grants and contracts operated by Catholic Charities are subject to a closing audit process by federal granting agencies subsequent to the end of a grant period. At this time, no reasonable estimate can be made as to adjustments, if any, in amounts due to or from grantors that may result from the closing process. Actual costs reported in the accompanying Consolidated Statements of Activities and Changes in Net Assets, and for prior years since inception of ongoing grants, exceeded billed costs, and management believes no material reimbursements to granting agencies are due.

Catholic Charities receives a significant amount of its funding from federal grants from various agencies. Should Catholic Charities lose program funding, management believes that Catholic Charities would be able to receive similar program funding from other sources.

NOTE K – CAPITAL ADVANCE

Hibernian House received a capital advance from the U.S. Department of Housing and Urban Development for the construction of a building for housing to low-income elderly persons. The advance bears no interest and need not be repaid so long as Hibernian House continues to make the housing available for the elderly for at least 40 years. The advance is classified in the consolidated financial statements as a long-term liability. The advance program requires Hibernian House to escrow an amount equal to 0.5% of the capital advance, which is shown in the consolidated financial statements as a non-current asset.

NOTE L – HUD RESTRICTED RESERVES

Under the regulatory agreement, the Hibernian House is required to set aside amounts for the replacement of property and other project expenditures approved by HUD. HUD restricted reserves of $134,353 and $116,654 at June 30, 2017 and 2016, respectively, are held in separate accounts and generally are not available for operating purposes. Use of the residual receipt account is contingent upon HUD's prior written approval. There were $4,293 and $0 of withdrawals from the reserve for related expenditures for the fiscal years ending June 30, 2017 and 2016, respectively.

NOTE M – MANAGEMENT FEE

The Hibernian House pays Monarch Properties, Inc. a management fee equal to 9.77% for 2017 and 2016 of residential income collected by Monarch Properties, Inc. Management fees for the years ended June 30, 2017 and 2016, amounted to $9,353 and $9,397, respectively.

NOTE N – COMMUNITY FOUNDATION ENDOWMENT FUNDS

Catholic Charities is the beneficiary of an endowment fund known as the Wilhelmina Neat Coe/Peace Foundation Fund held by the Albuquerque Community Foundation (ACF). ACF makes annual distributions of the investment income earned from the endowment to Catholic Charities which are restricted for home care programs for the disabled and elderly. The balance of the endowment fund held by ACF for the benefit of Catholic Charities totaled $113,367 and $101,443 as of June 30, 2017 and 2016, respectively. The donor of these funds granted the governing board of ACF "variance power." This variance power allows ACF to modify the donor's stipulations under certain circumstances in order to meet the changing needs of the Albuquerque community.

Catholic Charities is also the beneficiary of an additional endowment fund. The fund is known as the Olympia Garcia de Duran/Catholic Social Services Fund and is held by the Santa Fe Community Foundation (SFCF). The balance of the endowment fund held by SFCF for the benefit of Catholic Charities programs in Santa Fe totaled $228,836 and $216,843 as of June 30, 2017 and 2016, respectively.

Catholic Charities is the beneficiary of an additional endowment fund known as the Catholic Charities Fund held by the Catholic Foundation of the Archdiocese of Santa Fe. The balance of the endowment fund held by the Catholic Foundation totaled $45,219 and $40,881 as of June 30, 2017 and 2016, respectively.

Catholic Charities is a beneficiary of an endowment fund known as the Hibernian House Priest Home Fund held by the Catholic Foundation of the Archdiocese of Santa Fe. The balance of the endowment fund held by the Catholic Foundation for the benefit of Catholic Charities totaled $22,235 and $20,791 as of June 30, 2017 and 2016, respectively.

None of the above endowment funds are reflected as assets on the consolidated financial statements of Catholic Charities given the variance power granted to each respective foundation.

NOTE O – COLLABORATIVE ARRANGEMENT

Catholic Charities participates in a collaborative arrangement under a grant from the Department of Housing and Urban Development and the City of Albuquerque. The collaborative arrangement includes Albuquerque's Health Care for the Homeless, the Safe House, and Barrett Foundation and provides housing for chronically homeless participants and a broad range of services to homeless families and non-custodial parents. Catholic Charities renews the collaborative arrangement on an annual basis after it receives notice of funding from the Department of Housing and Urban Development and the City of Albuquerque and at renewal is obligated to provide part of the services for the homeless. During 2016, the grant from the City of Albuquerque was not renewed. Revenue is recognized on a cost reimbursement basis and is recorded in grants and contributions in the Consolidated Statement of Activities and Changes in Net Assets. Expenses related to the collaborative arrangement are recorded in the Housing Services program. Revenue and corresponding expenses related to the collaborative arrangement for 2017 and 2016 were approximately $79,552 and $128,461, respectively.

NOTE P – AGENCY TRUST DEPOSITS

Catholic Charities utilizes the 501(c) Agencies Trust Unemployment program to help pay state unemployment claims. Under the program, Catholic Charities establishes a trust that is based on the Organization's unemployment claims experience and gross annual payroll. The Agencies Trust then reimburses the state from the trust for the claims benefits paid to former employees. The amount on deposit to pay for future unemployment claims as of June 30, 2017 and 2016 is $15,467 and $19,413, respectively.

NOTE Q – NEW ACCOUNTING STANDARDS

1. The Financial Accounting Standards Board (FASB) has recently issued Accounting Standards Update (ASU) 2014-09, (Topic 606): *Revenue from Contracts with Customers* that was designed to develop a common revenue standard for U.S. GAAP and international standards. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Steps to apply the core principle are as follows:

1. Identify the contract(s) with the customer
2. Identify the separate performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue when a performance obligation is satisfied

NOTE Q – NEW ACCOUNTING STANDARDS – CONTINUED

Several new disclosures will also be required to include sufficient information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This ASU will be effective for annual periods beginning after December 15, 2018.

2. In February 2016, the FASB issued ASU 2016-02 *Leases* (FASB Codification Topic 842) which significantly changes the accounting for leases in the financial statements of lessees and supersedes FASB Codification Topic 840. With this update, GAAP now will require lessees under operating leases to recognize a liability in the statement of financial position and an asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting election not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Cash flows related to operating leases will continue to be reported within operating activities on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2019.

3. In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (FASB Codification Topic 958) to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of the ASU are as follows:

A. Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, a not-for-profit will report amounts for *net assets with donor restrictions* and *net assets without donor restrictions*, as well as the currently required amount for total net assets.

B. Present on the face of the statement of activities the amount of the change in each of the two classes of net assets (noted in item A) rather than that of the currently required three classes. A not-for-profit would continue to report the currently required amount of the change in total net assets for the period.

C. Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting, but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.

D. Provide the following enhanced disclosures about:

- Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
- Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.

NOTE Q – NEW ACCOUNTING STANDARDS – CONTINUED

- Qualitative information that communicates how a not-for-profit manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.
- Quantitative information, either on the face of the balance sheet or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability of a not-for-profit's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.
- Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location, which could be on the face of the statement of activities, as a separate statement, or in notes to financial statements.
- Method(s) used to allocate costs among program and support functions.
- Underwater endowment funds, which include required disclosures of (1) a not-for-profit's policy, and any actions taken during the period, concerning appropriation from underwater endowment funds, (2) the aggregate fair value of such funds, (3) the aggregate of the original gift amounts (or level required by donor or law) to be maintained, and (4) the aggregate amount by which funds are underwater (deficiencies), which are to be classified as part of net assets with donor restrictions.

E. Report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses.

F. Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

The amendments in this ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

As of the date of these financial statements, management has not determined the impact these new ASUs will have on future reporting periods.

SUPPLEMENTARY INFORMATION

Catholic Charities

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2017

ASSETS

	Catholic Charities	Hibernian House	CC Housing, Inc.	Eliminating Entries	Total
CURRENT ASSETS					
Cash and cash equivalents	$ 204,935	$ 18,132	$ -	$ -	$ 223,067
Restricted cash and cash equivalents	159,826	-	-	-	159,826
Grants and contracts receivable, net	234,697	-	-	-	234,697
Accounts receivable, net	151,743	2	-	(138,887)	12,858
Current portion of unconditional promises to give	210,936	-	-	-	210,936
Prepaid rent	1,500	-	-	-	1,500
Total current assets	963,637	18,134	-	(138,887)	842,884
UNCONDITIONAL PROMISES TO GIVE, less current portion	144,857	-	-	-	144,857
PROPERTY AND EQUIPMENT, net	6,635,675	988,920	-	-	7,624,595
OTHER ASSETS					
Replacement reserves	-	134,353	-	-	134,353
Prepaid rent	68,875	-	-	-	68,875
Agency trust deposits	15,467	-	-	-	15,467
Security deposits	-	4,701	-	-	4,701
Total other assets	84,342	139,054	-	-	223,396
Total assets	$ 7,828,511	$ 1,146,108	$ -	$ (138,887)	$ 8,835,732

LIABILITIES AND NET ASSETS

	Catholic Charities	Hibernian House	CC Housing, Inc.	Eliminating Entries	Total
CURRENT LIABILITIES					
Short-term borrowings	$ 620,000	$ -	$ -	$ -	$ 620,000
Accounts payable	82,051	1,062	138,887	(138,887)	83,113
Accrued payroll and related taxes	117,700	1,847	-	-	119,547
Current portion of capital lease obligations	8,076	-	-	-	8,076
Current portion of long-term debt	81,008	-	-	-	81,008
Accrued compensated absences	101,504	-	-	-	101,504
Deferred revenues	384	346	-	-	730
Security deposits payable	-	4,599	-	-	4,599
Total current liabilities	1,010,723	7,854	138,887	(138,887)	1,018,577
CAPITAL LEASE OBLIGATIONS, less current portion	18,176	-	-	-	18,176
LONG-TERM DEBT, less current portion and unamortized issuance costs	2,934,515	-	-	-	2,934,515
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT CAPITAL ADVANCE	-	1,183,300	-	-	1,183,300
Total liabilities	3,963,414	1,191,154	138,887	(138,887)	5,154,568
NET ASSETS					
Unrestricted net assets (deficit)	3,504,529	(45,046)	(138,887)	-	3,320,596
Temporarily restricted net assets	360,568	-	-	-	360,568
Total net assets (deficit)	3,865,097	(45,046)	(138,887)	-	3,681,164
Total liabilities and net assets	$ 7,828,511	$ 1,146,108	$ -	$ (138,887)	$ 8,835,732

Catholic Charities

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2017

	Catholic Charities	Hibernian House	CC Housing, Inc.	Eliminating Entries	Total
UNRESTRICTED SUPPORT AND REVENUE					
Support:					
Contracts and grants:					
Federal	$ 1,962,022	$ 46,649	$ -	$ -	$ 2,008,671
Non-federal	912,672	-	-	-	912,672
Contributions:					
Monetary	518,833	-	-	-	518,833
Archdiocese of Santa Fe	370,000	-	-	-	370,000
In-kind	191,082	-	-	-	191,082
United Way allocations	158,270	-	-	-	158,270
Total support	4,112,879	46,649	-	-	4,159,528
Revenue:					
Program fees	668,019	-	-	-	668,019
Fundraising event, net	163,748	-	-	-	163,748
Rental income	-	55,771	-	-	55,771
Other, net	28,268	968	-	-	29,236
Return on investments	30	-	-	-	30
Total revenue	860,065	56,739	-	-	916,804
Total unrestricted support and revenue before releases	4,972,944	103,388	-	-	5,076,332
Net assets released from restrictions:					
Restrictions satisfied by time and expenditures	1,221,542	-	-	-	1,221,542
EXPENSES					
Program services:					
Self-sufficiency and housing assistance	1,496,729	-	-	-	1,496,729
Educational opportunity	1,094,170	-	-	-	1,094,170
Immigration and citizenship legal assistance	609,100	-	-	-	609,100
Refugee resettlement and support	532,032	-	-	-	532,032
Community involvement	132,667	-	-	-	132,667
Hibernian House	-	116,243	-	-	116,243
Generations at West Mesa	-	-	71,201	-	71,201
Total program services	3,864,698	116,243	71,201	-	4,052,142
Supporting services:					
Management and general	1,043,200	-	-	-	1,043,200
Fundraising	273,532	-	-	-	273,532
Total supporting services	1,316,732	-	-	-	1,316,732
Total expenses	5,181,430	116,243	71,201	-	5,368,874
Changes in unrestricted net assets	$ 1,013,056	$ (12,855)	$ (71,201)	$ -	$ 929,000

Catholic Charities

CONSOLIDATING STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS – CONTINUED

For the Year Ended June 30, 2017

	Catholic Charities	Hibernian House	CC Housing, Inc.	Eliminating Entries	Total
TEMPORARILY RESTRICTED SUPPORT					
Contributions:					
Monetary	$ 729,823	$ -	$ -	$ -	$ 729,823
United Way allocations	35,000	-	-	-	35,000
Total temporarily restricted support	764,823	-	-	-	764,823
Net assets released from restrictions:					
Restrictions satisfied by time and expenditures	(1,221,542)	-	-	-	(1,221,542)
Changes in temporarily restricted net assets	$ (456,719)	$ -	$ -	$ -	$ (456,719)

SCHEDULES AND REPORTS REQUIRED
BY UNIFORM GUIDANCE

Catholic Charities

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

Federal Grantor – Pass-Through Grantor – Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through United States Conference of Catholic Bishops				
Refugee Assistance – Voluntary Agency Program (USCC Match)	93.567	90 RV 0070-02 / 90 RV 0070-03	$ -	$ 50,983
Passed through City of Albuquerque				
Department of Family and Community Services:				
Childcare (Headstart)	93.600	06CH7083-04-00	-	173,000
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			**$ -**	**$ 223,983**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Continuum of Care Program - NM0012L6B001508	14.267		$ -	$ 45,389
Continuum of Care Program - NM0012L6B001609	14.267		-	1,436
Continuum of Care Program - NM0011L6B001508	14.267		-	150,360
Continuum of Care Program - NM0011L6B001609	14.267		-	73,234
Continuum of Care Program - NM0008L6B001407	14.267		17,032	38,010
Continuum of Care Program - NM0008L6B001508	14.267		62,520	246,860
Continuum of Care Program - NM0071L6B011403	14.267		-	59,868
Continuum of Care Program - NM0071L6B011504	14.267		-	132,883
Passed through the City of Albuquerque,				
Department of Family and Community Services:				
Leased Units/Supportive Housing and Urban Development	14.267	NM0017L6B001407	-	14,261
Leased Units/Supportive Housing and Urban Development	14.267	NM0017L6B001508	-	298,683
Passed through the State of New Mexico				
N.M. Mortgage Finance Authority				
Homeless Prevention RAP Program	14.231	16-02-CCH-RAP-001	-	48,992
Capital Advance Financing	14.157		-	1,183,300
Section 202 Housing for the Elderly – PRAC	14.157		-	46,649
Passed through Catholic Charities, USA				
Housing Counseling Program	14.169	HC160011017	-	7,603
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			**$ 79,552**	**$ 2,347,528**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

For the Year Ended June 30, 2017

Federal Grantor – Pass-Through Grantor – Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE				
Passed through the United States Department of Justice to the State of New Mexico				
VAWA Program	16.588	2015-WF-AX-0014	$ -	$ 43,129
VOCA Program	16.575	2015-VA-GX-0000 2015-VA-GX-0053	-	19,942
Passed through Catholic Charities, USA				
Juvenile Mentoring Program	16.726	2015-JU-FX-0013	-	74,119
Passed through New Mexico Coalition Against Domestic Violence				
VAWA Program	16.588	2017-WF-317	-	693
TOTAL U.S. DEPARTMENT OF JUSTICE			**$ -**	**137,883**
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through the United States Catholic Conference:				
Cuban and Haitian Entrant Resettlement Program	97.009	2014-CI-009-000001-04 / 2014-CI-009-000001-05	$ -	$ 112,743
Emergency Food and Shelter Program	97.024		-	50,000
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			**$ -**	**$ 162,743**
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the New Mexico Children, Youth and Families Department:				
Child and Adult Care Food Program	10.588	176NM332N1099	$ -	$ 42,501
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**$ -**	**$ 42,501**
U.S. DEPARTMENT OF STATE – BUREAU FOR REFUGEE PROGRAMS				
Passed through the United States Catholic Conference:				
Reception and Placement Program (USCC)	19.510	S-PRMCO-16	$ -	$ 81,176
TOTAL U.S. DEPARTMENT OF STATE – BUREAU FOR REFUGEE PROGRAMS			**$ -**	**$ 81,176**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

For the Year Ended June 30, 2017

Federal Grantor – Pass-Through Grantor – Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed through the New Mexico Higher Education Department:				
Education:				
English Language/Civics	84.002	V002A160032	$ -	$ 27,355
Adult Basic Education Grant	84.002	V002A160032	-	168,802
TOTAL U.S. DEPARTMENT OF EDUCATION			**$ -**	**$ 196,157**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 79,552**	**$ 3,191,971**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – SIGNIFICANT ACCOUNTING POLICY

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Catholic Charities and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the presentation of the basic consolidated financial statements. Catholic Charities elected not to use the 10% de minimis indirect cost rate.

NOTE B – LOAN INFORMATION

Catholic Charities' Department of Housing and Urban Development Capital Advance, CFDA number 14.157, is recorded as a loan balance as of June 30, 2017. The amount outstanding at June 30, 2017 is $1,183,300 which is not included in federal revenues of $2,008,671 as reported in the consolidated statement of activities and changes in net assets.

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

Board of Directors
Catholic Charities

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Catholic Charities, which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 Catholic Charities' consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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' consolidated 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 consolidated 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-001.

Catholic Charities' Response to Finding

Catholic Charities' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Catholic Charities' response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we express no opinion on it.

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 Catholic Charities' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Atkinson & Co., Ltd.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 30, 2017

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Directors
Catholic Charities

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities' 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' major federal programs for the year ended June 30, 2017. Catholic Charities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's 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 audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompany schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to these matters.

Catholic Charities' response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questions costs. Catholic Charities' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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' 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.

Atkinson & Co., Ltd.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
October 30, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

I. Summary of Auditor's Results

Financial Statements

A. Type of report the auditor issued on whether the consolidated financial statements were prepared in accordance with GAAP: Unmodified

B. Internal control over financial reporting:

- Material weaknesses identified Yes ____ No __X__
- Significant deficiencies identified Yes ____ None Reported __X__

C. Noncompliance material to the consolidated financial statements noted? Yes ____ No __X__

Federal Awards

A. Type of auditor's report issued on compliance for major federal programs: Unmodified

B. Internal control over major federal programs:

- Material weaknesses identified Yes ____ No __X__
- Significant deficiencies identified Yes ____ None Reported __X__

C. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes __X__ No ____

D. Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
14.267	Continuum of Care
93.600	Head Start
97.009	Cuban and Haitian Entrant Resettlement Program

E. Dollar threshold used to distinguish type A and type B programs: $750,000

F. Catholic Charities qualified as a low-risk auditee? Yes ____ No __X__

II. Financial Statement Audit Findings

None

III. Federal Award Findings and Questioned Costs

2017-001 – Timely submission of data collection form reporting package (Other Noncompliance)

IV. Prior Year Financial Statement Audit Findings

None

V. Prior Year Federal Award Findings and Questioned Costs

None

Federal Award Findings and Questioned Costs

2017-001 – Timely submission of data collection form reporting package (Other Noncompliance)

CFDA Number: All
Title: All federal award programs
Agency: All federal and pass-through agencies
Year: Fiscal year ending June 30, 2016

Statement of Condition:

The data collection form reporting package for the year ended June 30, 2016, was submitted to the Federal Audit Clearinghouse (FAC) after the nine-month period required by Uniform Guidance.

Criteria:

According to 2 CFR 200.512(a), the audit and the data collection and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period.

Cause of Condition:

During fiscal years 2016 and 2017, the Organization began and completed construction of its new headquarters. The demands of managing the project resulted in the fiscal year 2016 audit being delayed and the data collection form reporting package not being certified by the Organization by the required deadline.

Effect of Condition:

The Organization did not and will not qualify as a low-risk auditee for fiscal years 2017 and 2018. In addition, funding agencies did not have access to relevant data on the Federal Clearing House in the normal time frame.

Federal Award Findings and Questioned Costs – Continued

2017-001 – Timely submission of data collection form reporting package (Other Noncompliance) – Continued

Recommendation:

We recommend the Organization implement policies and procedures that would ensure required reporting deadlines are submitted by respective due dates.

View of Responsible Official and Corrective Action Plan:

Management agrees with the recommendation and has implemented policies and procedures to ensure required reporting deadlines are met by the respective due dates.

IDENTIFICATION OF AUDIT PRINCIPAL

For the Year Ended June 30, 2017

Audit Principal:	Barbara A. Lewis, CPA, CCIFP
Name and address of independent accounting firm:	Atkinson & Co., Ltd. 6501 Americas Parkway NE Suite 700 Albuquerque, New Mexico 87110
Audit period:	Year ended June 30, 2017
Telephone Number:	(505) 843-6492
Federal Employee ID Number:	85-0211867

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