LG LOFTIS GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS ▪ BUSINESS ADVISORS

Catholic Charities
Dignity

Catholic Charities

Independent Auditor's Report,
Consolidated Financial Statements,
Supplementary Information,
and
Single Audit Information

June 30, 2018 and 2017

Catholic Charities

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LG LOFTIS GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Independent Auditor's Report

Board of Directors
Catholic Charities

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Catholic Charities and its subsidiaries Hibernian House and CC Housing, Inc. (collectively "Catholic Charities", a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 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 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 consolidated financial statements are free of 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 consolidated 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, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Catholic Charities as of and for the year ended June 30, 2017 were audited by a predecessor auditor, whose report dated October 30, 2017 expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 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. The information has been subjected to the auditing 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 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, 2018, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities' internal control over financial reporting and compliance.

Loftis Group LLC

Albuquerque, New Mexico
October 30, 2018

Consolidated Financial Statements

Catholic Charities

Consolidated Statements of Financial Position

June 30,

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ 202,784	$ 223,067
Restricted cash and cash equivalents	-	159,826
Accounts receivable, net	7,708	12,858
Contracts and grants receivable, net	304,444	234,697
Unconditional promises to give, current portion	191,124	210,936
Prepaid rent, current portion	1,500	1,500
Total current assets	707,560	842,884
Noncurrent assets		
Replacement reserves	153,453	134,353
Agency trust deposits	32,220	15,467
Security deposits	4,882	4,701
Unconditional promises to give, net of unamortized discount and current portion	8,193	144,857
Prepaid rent, net of current portion	67,375	68,875
Property and equipment, net	7,464,146	7,624,595
Total noncurrent assets	7,730,269	7,992,848
Total assets	$ 8,437,829	$ 8,835,732
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 58,496	$ 83,113
Payroll and related liabilities	149,985	119,547
Accrued paid time off	120,591	101,504
Deferred revenue	454	730
Line of credit	449,748	620,000
Long-term debt, current portion	91,009	89,084
Total current liabilities	870,283	1,013,978
Noncurrent liabilities		
Security deposits	4,718	4,599
Capital advance from the U.S. Department of Housing and Urban Development	1,183,300	1,183,300
Long-term debt, net of current portion and unamortized debt issuance costs	2,860,258	2,952,691
Total noncurrent liabilities	4,048,276	4,140,590
Total liabililties	4,918,559	5,154,568
Net assets		
Unrestricted	3,274,338	3,320,596
Temporarily restricted	244,932	360,568
Total net assets	3,519,270	3,681,164
Total liabilities and net assets	$ 8,437,829	$ 8,835,732

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

Catholic Charities

Consolidated Statement of Activities
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contracts and grants			
Federal	$ 1,743,244	$ -	$ 1,743,244
Non-federal	1,064,997	-	1,064,997
Total contracts and grants	2,808,241	-	2,808,241
Contributions			
Monetary	643,138	71,190	714,328
Archdiocese of Santa Fe	390,000	-	390,000
In-kind	254,298	-	254,298
United Way	35,889	-	35,889
Total contributions	1,323,325	71,190	1,394,515
Other support and revenue			
Program fees	541,927	-	541,927
Special events, net of donor benefit	101,457	-	101,457
Rental income	50,139	-	50,139
Other income	22,085	-	22,085
Loss on disposal of equipment	(6,754)	-	(6,754)
Investment income	155	-	155
Total other support and revenue	709,009	-	709,009
Net assets released from restrictions	186,826	(186,826)	-
Total support and revenue	5,027,401	(115,636)	4,911,765
Expenses			
Program services			
Self-sufficiency and housing assistance	1,442,200	-	1,442,200
Educational opportunity	630,526	-	630,526
Children's learning center	756,202	-	756,202
Immigration and citizenship legal assistance	519,739	-	519,739
Refugee resettlement and support	181,783	-	181,783
Community involvement	161,571	-	161,571
Hibernian House	114,039	-	114,039
Generations at West Mesa	93,395	-	93,395
Total program services	3,899,455	-	3,899,455
Supporting services			
Management and general	875,240	-	875,240
Fundraising	298,964	-	298,964
Total supporting services	1,174,204	-	1,174,204
Total expenses	5,073,659	-	5,073,659
Change in net assets	(46,258)	(115,636)	(161,894)
Net assets, beginning of year	3,320,596	360,568	3,681,164
Net assets, end of year	$ 3,274,338	$ 244,932	$ 3,519,270

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

Catholic Charities

Consolidated Statement of Activities

For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contracts and grants			
Federal	$ 2,008,671	$ -	$ 2,008,671
Non-federal	912,672	-	912,672
Total contracts and grants	2,921,343	-	2,921,343
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	158,270	35,000	193,270
Total contributions	1,238,185	764,823	2,003,008
Other support and revenue			
Program fees	668,019	-	668,019
Special events, net of donor benefit	163,748	-	163,748
Rental income	55,771	-	55,771
Other income	29,266	-	29,266
Total other support and revenue	916,804	-	916,804
Net assets released from restrictions	1,221,542	(1,221,542)	-
Total support and revenue	6,297,874	(456,719)	5,841,155
Expenses			
Program services			
Self-sufficiency and housing assistance	1,496,729	-	1,496,729
Educational opportunity	541,701	-	541,701
Children's learning center	552,469	-	552,469
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
Change in net assets	929,000	(456,719)	472,281
Net assets, beginning of year	2,391,596	817,287	3,208,883
Net assets, end of year	$ 3,320,596	$ 360,568	$ 3,681,164

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

Catholic Charities

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services						
	Self-Sufficiency and Housing Assistance	Educational Opportunity	Children's Learning Center	Immigration/ Citizenship Legal Assistance	Refugee Resettlement and Support	Community Involvement	Hibernian House
Salaries, payroll taxes, and benefits	$ 420,490	$ 469,507	$ 572,290	$ 394,751	$ 107,066	$ 108,339	$ 31,008
Special assistance	755,712	-	-	-	1,214	6,005	-
In-kind	75,734	1,789	5,260	-	29,521	19,956	-
Repairs and maintenance	32,055	14,020	15,361	16,076	10,829	2,981	11,224
Interest	-	-	-	-	-	-	-
Contract services	75,646	1,518	1,033	24,012	4,202	272	9,353
Utilities and telephone	23,865	12,336	9,367	12,924	8,357	4,555	8,079
Supplies	2,312	49,209	30,154	1,894	1,031	1,506	5,454
Food	-	-	39,713	-	-	-	-
Miscellaneous	27	12	-	2,872	-	-	10,529
Audit and accounting fees	7,575	2,985	2,908	3,168	2,793	746	5,144
Insurance	8,515	2,486	2,367	4,654	4,127	1,053	3,979
Legal	-	-	729	-	-	-	51
Travel, meetings and conferences	3,637	1,256	4,014	5,614	1,161	4,540	943
Dues and subscriptions	1,051	1,196	4,391	3,510	1,673	897	-
Printing and related equipment lease	1,276	1,103	486	3,814	524	461	-
Bank fees	-	2,273	2,745	2,745	-	-	-
Special event	-	-	-	-	-	-	-
Rent	11,000	-	-	1,500	-	-	416
Postage	97	175	110	8,504	282	765	6
Staff development	1,568	125	4,863	2,866	87	154	111
Advertising and marketing	123	49	47	52	46	62	30
Employee/volunteer appreciation	-	143	599	208	-	160	-
Bad debt expense	-	-	-	-	-	-	-
Total expenses before depreciation and amortization	1,420,683	560,182	696,437	489,164	172,913	152,452	86,327
Depreciation and amortization	21,517	70,344	59,765	30,575	8,870	9,119	27,712
Total expenses	$ 1,442,200	$ 630,526	$ 756,202	$ 519,739	$ 181,783	$ 161,571	$ 114,039

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

Catholic Charities

Consolidated Statement of Functional Expenses – continued
For the Year Ended June 30, 2018

	Program Services		Supporting Services			
	Generations at West Mesa	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries, payroll taxes, and benefits	$ 74,344	2,177,795	$ 571,782	$ 120,773	$ 692,555	$ 2,870,350
Special assistance	-	762,931	-	-	-	762,931
In-kind	-	132,260	16,195	105,843	122,038	254,298
Repairs and maintenance	1,399	103,945	27,972	10,226	38,198	142,143
Interest	-	-	131,074	-	131,074	131,074
Contract services	130	116,166	2,969	2,189	5,158	121,324
Utilities and telephone	1,270	80,753	19,418	6,079	25,497	106,250
Supplies	107	91,667	2,412	880	3,292	94,959
Food	-	39,713	-	-	-	39,713
Miscellaneous	-	13,440	24,024	800	24,824	38,264
Audit and accounting fees	1,188	26,507	4,008	2,854	6,862	33,369
Insurance	303	27,484	3,449	2,303	5,752	33,236
Legal	12,475	13,255	14,682	1,148	15,830	29,085
Travel, meetings and conferences	51	21,216	5,003	945	5,948	27,164
Dues and subscriptions	971	13,689	10,111	1,325	11,436	25,125
Printing and related equipment lease	63	7,727	1,404	14,881	16,285	24,012
Bank fees	-	7,763	4,492	2,135	6,627	14,390
Special event	-	-	-	13,635	13,635	13,635
Rent	-	12,916	-	348	348	13,264
Postage	236	10,175	1,384	1,582	2,966	13,141
Staff development	99	9,873	1,819	25	1,844	11,717
Advertising and marketing	6	415	2,053	7,000	9,053	9,468
Employee/volunteer appreciation	-	1,110	3,970	1,218	5,188	6,298
Bad debt expense	-	-	3,689	-	3,689	3,689
Total expenses before depreciation and amortization	92,642	3,670,800	851,910	296,189	1,148,099	4,818,899
Depreciation and amortization	753	228,655	23,330	2,775	26,105	254,760
Total expenses	$ 93,395	$ 3,899,455	$ 875,240	$ 298,964	$ 1,174,204	$ 5,073,659

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

Catholic Charities

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2017

	Program Services						
	Self-Sufficiency and Housing Assistance	Educational Opportunity	Children's Learning Center	Immigration/ Citizenship Legal Assistance	Refugee Resettlement and Support	Community Involvement	Hibernian House
Salaries, payroll taxes, and benefits	$ 414,000	$ 463,527	$ 454,451	$ 464,020	$ 231,861	$ 98,260	$ 26,467
Special assistance	824,049	-	-	-	138,208	-	-
In-kind	77,663	-	1,420	4,920	40,516	7,100	-
Repairs and maintenance	21,660	13,772	10,413	19,925	11,137	3,791	14,606
Interest	-	-	-	-	-	-	-
Contract services	84,259	2,179	1,748	37,111	37,178	634	9,353
Utilities and telephone	15,550	14,433	9,778	22,308	9,432	4,475	8,218
Supplies	1,781	27,949	26,664	5,107	3,897	546	5,752
Food	-	-	29,807	-	-	-	-
Miscellaneous	252	-	1,350	1	-	500	5,611
Audit and accounting fees	6,768	2,967	2,386	3,454	3,024	803	5,137
Insurance	5,616	1,377	1,059	3,075	2,918	905	3,997
Legal	-	1	209	-	-	-	-
Travel, meetings and conferences	2,481	4,720	954	5,937	14,826	2,372	1,399
Dues and subscriptions	1,453	628	2,410	3,156	5,898	130	-
Printing and related equipment lease	1,584	1,102	666	6,808	777	479	-
Bank fees	-	552	563	1,578	-	-	-
Special event	-	2,160	-	-	-	134	-
Rent	23,385	3,160	-	1,500	27,186	5,148	8,076
Postage	179	41	112	10,774	921	405	-
Staff development	265	-	1,871	3,396	490	-	-
Advertising and marketing	637	278	1,713	333	400	474	60
Employee/volunteer appreciation	73	11	321	173	11	2,911	-
Bad debt expense	3,472	-	-	-	-	-	-
Total expenses before depreciation and amortization	1,485,127	538,857	547,895	593,576	528,680	129,067	88,676
Depreciation and amortization	11,602	2,844	4,574	15,524	3,352	3,600	27,567
Total expenses	$ 1,496,729	$ 541,701	$ 552,469	$ 609,100	$ 532,032	$ 132,667	$ 116,243

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

Catholic Charities
Consolidated Statement of Functional Expenses – continued
For the Year Ended June 30, 2017

	Program Services		Supporting Services			
	Generations at West Mesa	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries, payroll taxes, and benefits	$ -	2,152,586	$ 474,365	$ 154,255	$ 628,620	$ 2,781,206
Special assistance	-	962,257	383	-	383	962,640
In-kind	-	131,619	28,416	31,047	59,463	191,082
Repairs and maintenance	-	95,304	237,912	4,669	242,581	337,885
Interest	-	-	52,384	-	52,384	52,384
Contract services	71,201	243,663	52,341	2,193	54,534	298,197
Utilities and telephone	-	84,194	19,012	2,934	21,946	106,140
Supplies	-	71,696	7,363	322	7,685	79,381
Food	-	29,807	-	-	-	29,807
Miscellaneous	-	7,714	827	11	838	8,552
Audit and accounting fees	-	24,539	3,677	1,141	4,818	29,357
Insurance	-	18,947	2,109	534	2,643	21,590
Legal	-	210	2,580	129	2,709	2,919
Travel, meetings and conferences	-	32,689	2,762	829	3,591	36,280
Dues and subscriptions	-	13,675	11,464	1,332	12,796	26,471
Printing and related equipment lease	-	11,416	1,772	21,613	23,385	34,801
Bank fees	-	2,693	14,147	7,477	21,624	24,317
Special event	-	2,294	-	36,214	36,214	38,508
Rent	-	68,455	12,677	1,915	14,592	83,047
Postage	-	12,432	2,839	3,218	6,057	18,489
Staff development	-	6,022	1,977	-	1,977	7,999
Advertising and marketing	-	3,895	2,290	3,054	5,344	9,239
Employee/volunteer appreciation	-	3,500	4,556	379	4,935	8,435
Bad debt expense	-	3,472	16,068	-	16,068	19,540
Total expenses before depreciation and amortization	71,201	3,983,079	951,921	273,266	1,225,187	5,208,266
Depreciation and amortization	-	69,063	91,279	266	91,545	160,608
Total expenses	$ 71,201	$ 4,052,142	$ 1,043,200	$ 273,532	$ 1,316,732	$ 5,368,874

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

Catholic Charities

Consolidated Statements of Cash Flows

For the Years Ended June 30,

	2018	2017
Cash flows from operating activities		
Cash received from grants and contracts	$ 2,738,218	$ 2,999,991
Cash received from contributions	1,296,693	2,062,171
Cash received from program fees	547,077	645,605
Cash received from special events	101,457	163,748
Other cash received	55,564	97,580
Cash paid to employees and suppliers	(4,407,119)	(5,308,248)
Cash paid for interest	(131,074)	(52,384)
Net cash provided by operating activities	200,816	608,463
Cash flows from investing activities		
Withdrawals from reserve for replacements	-	4,293
Deposits to reserve for replacements	(19,100)	(21,992)
Purchases of property and equipment	(98,363)	(3,976,303)
Net cash used by investing activities	(117,463)	(3,994,002)
Cash flows from financing activities		
Net borrowings/repayments on line of credit	(170,252)	(25,000)
Proceeds from borrowings on long-term debt	-	3,225,000
Principal payments on long-term debt	(93,210)	(411,866)
Net cash provided (used) by financing activities	(263,462)	2,788,134
Net decrease in cash and cash equivalents	(180,109)	(597,405)
Cash and cash equivalents, beginning of year	382,893	980,298
Cash and cash equivalents, end of year	$ 202,784	$ 382,893
Cash and cash equivalents are comprised of the following on the statements of financial position:		
Cash and cash equivalents - unrestricted	202,784	223,067
Cash and cash equivalents - restricted	-	159,826
Total cash and cash equivalents	$ 202,784	$ 382,893

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

Catholic Charities

Consolidated Statements of Cash Flows - continued

For the Years Ended June 30,

	2018	2017
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	$ **(161,894)**	$ 472,281
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**254,760**	160,608
Loss on disposal of equipment	**6,754**	-
Amortization of discount on unconditional promises to give	**(5,056)**	(1,581)
Amortization of prepaid rent	**1,500**	1,500
Provision for bad debts	**3,689**	19,540
Changes in assets and liabilities:		
Accounts receivable	**5,150**	(22,414)
Contracts and grants receivable	**(69,747)**	78,629
Unconditional promises to give	**157,843**	250,245
Agency trust deposits	**(16,753)**	3,946
Security deposits	**(181)**	8,307
Accounts payable	**(24,617)**	(397,220)
Payroll and related liabilities	**30,438**	34,313
Accrued paid time off	**19,087**	-
Deferred revenue	**(276)**	290
Security deposits	**119**	19
Total adjustments	**362,710**	136,182
Net cash provided by operating activities	$ **200,816**	$ 608,463
Supplemental disclosure of noncash activities		
In-kind contributions of materials, supplies, and services	$ **254,298**	$ 191,082

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

Catholic Charities
Notes to the Consolidated Financial Statements
June 30, 2018 and 2017

1) Organization and Nature of Activities

Catholic Charities 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 nonprofit 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:

<u>Self-Sufficiency and Housing Assistance</u>

- *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.

<u>Educational Opportunity</u>

- *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 Title I projects, and the UNM HEP project.

1) Organization and Nature of Activities – continued

- *Children's Learning Center:* The Children's Learning Center is a five-star licensed and accredited bilingual preschool program providing Early Head Start and Childcare services for children ages 6 weeks to 12 years. Early Head Start and Childcare programs are provided by trained and certified staff.

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.

Refugee Resettlement and 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.

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.

1) Organization and Nature of Activities – continued

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 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.

2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying consolidated financial statements are presented in accordance with the accounting and reporting standards required by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) ASC 958, *Not for Profit Entities.* FASB ASC 958 requires Catholic Charities to report information regarding its financial position and activities according to three classes of net assets:

- *Unrestricted Net Assets* – These net assets result from providing services, producing goods, unrestricted contributions and dividends and interest from income-providing assets less applicable related expenses. All contributions made to Catholic Charities are considered to be available for unrestricted use unless specifically restricted by the donor.
- *Temporarily Restricted Net Assets* – These net assets result from (a) contributions and other inflows of assets whose use by Catholic Charities is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of Catholic Charities pursuant to those stipulations; (b) other asset enhancements and diminishments subject to the same kinds of stipulations; and (c) imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of Catholic Charities pursuant to those stipulations. See Note 11 for more information on Catholic Charities' temporarily restricted net assets.

2) Summary of Significant Accounting Policies – continued

- *Permanently Restricted Net Assets* – These net assets have donor-imposed restrictions that stipulate that resources be maintained permanently but permit Catholic Charities to use or expend part or all of the income or economic benefits derived from the donated assets. Catholic Charities reported no permanently restricted net assets at June 30, 2018 and 2017.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the useful lives of capitalized assets and the related depreciation expense and the fair value of in-kind donations of services and materials.

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.

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.

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 0.11% to 2.48%, as adjusted, where applicable for the assessed credit risk of the donation, applicable to the years in which the promises are received. Any subsequent adjustments to the valuation of promises to give are done through a provision for doubtful accounts.

2) Summary of Significant Accounting Policies – continued

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. There were no outstanding conditional promises to give as of June 30, 2018 and 2017.

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.

Property and Equipment
All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of $1,000 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.

Impairment of Long-Lived Assets
Catholic Charities reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Accrued Paid Time Off
Qualified employees are entitled to accumulate paid time off (PTO) according to a graduated leave schedule depending on length of service and the employee's hire date. The maximum amount of PTO hours that employees may carry over to subsequent years is equal to the amount of PTO hours that the employee will earn during the employment year. Upon termination, up to 50% of each employees annual accrued balance or 50% of their accrued PTO hours at the time of termination, whichever is less, will be paid.

Contracts and Grants 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.

2) Summary of Significant Accounting Policies – continued

Contributions

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 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.

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 scale adjustment based on the clients' ability to pay.

Donated Services and Materials

Significant contributions of services are recorded if the services create or enhance non-financial assets or require specialized skills. Recognized contributed services are recorded at the fair value of the services on the date of donation. Significant donations of materials are recorded at their fair value on the date of donation. For the years ended June 30, 2018 and 2017, Catholic Charities had in-kind donated services, supplies, materials, and property of $254,298 and $191,082, respectively, that met the revenue recognition criteria above.

Functional Allocation of Expenses

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

Income Taxes

Catholic Charities, CC Housing, Inc., 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, CC Housing, Inc., and Hibernian House are each classified as other than a private foundation and file separate entity tax returns.

2) Summary of Significant Accounting Policies – continued

Catholic Charities applies the provisions of FASB ASC 740, *Income Taxes*. FASB ASC 740 provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions in an entity'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, 2018, and 2017, 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 2015. CC Housing, Inc.'s tax returns are subject to examinations by tax authorities for fiscal year 2016 forward.

Reclassifications
Certain amounts from the prior year financial statement have been reclassified in order to conform to the current year presentation.

3) Unconditional Promises to Give

Unconditional promises to give are as follows at June 30:

	2018	2017
Unconditional promises to give before unamortized discount and allowance	$ **213,849**	$ 372,014
Less: Unamortized discount	**(7,445)**	(12,501)
Less: Allowance for doubtful accounts	**(7,087)**	(3,720)
Unconditional promises to give, net of unamortized discount and allowance	$ **199,317**	$ 355,793
Amounts due in:		
One year or less	$ **191,124**	$ 210,936
Between one year and five years	**22,725**	161,078
Unconditional promises to give before unamortized discount and allowance	$ **213,849**	$ 372,014

4) Property and Equipment, Net

Property and equipment, net, consist of the following as of June 30:

	2018	2017
Depreciable		
Buildings	**$ 7,008,783**	$ 6,926,752
Furniture, fixtures, and equipment	**191,979**	179,896
Leasehold improvements	**288,577**	288,577
Vehicles	**151,612**	169,612
Equipment acquired under capital leases	**46,025**	46,025
Less: Depreciation and amortization	**(971,232)**	(736,423)
Total depreciable property and equipment, net	**6,715,744**	6,874,439
Land	**640,825**	646,829
Artwork	**103,327**	103,327
Construction in progress	**4,250**	-
Property and equipment, net	**$ 7,464,146**	$ 7,624,595

5) Replacement Reserves

Under the Regulatory Agreement with the U.S. Department of Housing and Urban Development (HUD), 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 $153,453 and $134,353 at June 30, 2018 and 2017, respectively, are held in separate accounts and generally are not available for operating purposes. Use of the replacement reserve account is contingent upon HUD's prior written approval. There were $0 and $4,293 of withdrawals from the reserve for related expenditures for the fiscal years ending June 30, 2018 and 2017, respectively

6) 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 Catholic Charities' 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, 2018 and 2017 is $32,220 and $15,467, respectively.

8) Long-Term Debt – continued

Note Payable
As of June 30, 2018, Catholic Charities has one note payable to a bank. The note is due in monthly installments of $3,012, with an interest rate of 3.47%, maturing on May 1, 2027. At June 30, 2018 and 2017, Catholic Charities had $583,339 and $598,665, respectively, in outstanding borrowings on the note.

Capital Lease Obligation
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. At June 30, 2018 and 2017, Catholic Charities had $16,533 and $26,252, respectively, in outstanding borrowings on the capital leases.

Future principal payments on long-term debt as of June 30, 2018, are as follows:

	Principal	Interest	Total
2019	$ 91,009	$ 102,840	$ 193,849
2020	93,889	99,960	193,849
2021	89,513	96,869	186,382
2022	92,126	93,723	185,849
2023	95,383	90,466	185,849
Thereafter	2,553,295	797,528	3,350,823
	$ 3,015,215	$ 1,281,386	$ 4,296,601

9) Capital Advance

Hibernian House received a capital advance from the U.S. Department of Housing and Urban Development in fiscal year 2003 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 from the date of the capital advance (fiscal year 2043). The advance is classified in the consolidated financial statements as a noncurrent liability. The advance program requires Hibernian House to escrow an amount equal to 0.5% of the capital advance, which is reported in the consolidated financial statements as a noncurrent asset.

Catholic Charities

Notes to the Consolidated Financial Statements
June 30, 2018 and 2017

10) Operating Lease Commitments

Catholic Charities has several non-cancelable operating leases, primarily for equipment and office space that expired at various dates through April 2018. Rental expense was $12,848 and $80,695 for the years ended June 30, 2018 and 2017, respectively. 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.

11) Temporarily Restricted Net Assets

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

	2018	2017
Restricted for time:		
Capital campaign	$ 140,227	$ 217,493
Pledges receivable	73,622	103,300
United Way	-	35,000
Restricted for purpose:		
Education	21,293	4,775
Housing	5,000	-
Community outreach	4,790	-
Total temporarily restricted net assets	$ 244,932	$ 360,568

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:

	2018	2017
Time restriction accomplished:		
Capital campaign	$ 82,645	$ -
Pledges receivable	56,378	22,000
United Way	35,000	53,634
Purpose restriction accomplished:		
Education	12,803	6,500
Capital campaign	-	1,139,408
Total net assets released from restrictions	$ 186,826	$ 1,221,542

12) 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 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.

13) Pension Plan

Catholic Charities administers a participant directed non-contributory, defined contribution pension plan (401k plan) for its qualified employees. Catholic Charities contributes 5% 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% after three plan years of employment. Pension plan expense totaled $89,257 and $82,811 for the years ended June 30, 2018 and 2017, respectively.

14) Management Fee

Hibernian House pays Monarch Properties, Inc. a management fee equal to 9.77% for 2018 and 2017 of residential income collected by Monarch Properties, Inc. Management fees amounted to $9,353 for each of the years ended June 30, 2018 and 2017.

15) 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 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, 2018 and 2017, was $390,000 and $370,000, respectively.

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15) Related Party Transactions – continued

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 Note 10.

The Board of Directors and certain employees contribute various amounts in general support of Catholic Charities. A certain board 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, 2018 and 2017, are $34,834 and $76,947, respectively.

16) 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 $114,980 and $113,367 as of June 30, 2018 and 2017, 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 endowment fund known as the Olympia Garcia de Duran/Catholic Social Services Fund 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 $228,356 and $228,836 as of June 30, 2018 and 2017, respectively.

Catholic Charities is also the beneficiary of an 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 $49,331 and $45,219 as of June 30, 2018 and 2017, respectively.

Catholic Charities is also 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 $22,032 and $22,235 as of June 30, 2018 and 2017, 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.

17) Recently Issued Accounting Pronouncements

The following accounting pronouncements have been issued, but have not yet been implemented by Catholic Charities.

Revenue Recognition
In May 2014, the FASB issued ASC 606 – *Revenue from Contracts with Customers.* ASC 606 is a single principle-based revenue standard for U.S. GAAP and IFRS (International Financial Reporting Standards) that replaces almost all U.S. GAAP and IFRS guidance for revenue recognition. The pronouncement is effective for fiscal years beginning after December 15, 2018 (Catholic Charities' fiscal year ending June 30, 2020).

New Not-for-Profit Reporting Framework
In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. ASU 2016-14 is intended 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 require a not-for-profit entity to:

- 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 entity 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.
- Present on the face of the statement of activities the amount of the change in each of the two classes of net assets (noted above) rather than the currently required three classes. Not-for-profit entities would continue to report the currently required amount of the change in total net assets for the period.
- 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.

The ASU also provides for enhanced disclosures regarding the following:

- Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits in 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.
- Method(s) used to allocate costs among program and support functions.

17) Recently Issued Accounting Pronouncements – continued

- Qualitative information that communicates how the not-for-profit entity 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 statement of financial position or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability of a not-for-profit entity'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 the financial statements.
- 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.

The ASU is effective for fiscal years beginning after December 15, 2017 (Catholic Charities' fiscal year ending June 30, 2019).

Leases

On February 25, 2016, the FASB issued ASU 2016-02 *Leases*, which significantly changes the accounting for leases in the financial statements of lessees and supersedes FASB ASC Topic 840. With this update, U.S. GAAP now will require lessees under operating leases to recognize a liability in the statement of financial position, a liability to make lease payments (the lease liability), 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. The ASU is effective for fiscal years beginning after December 15, 2019 (Catholic Charities' fiscal year ending June 30, 2021).

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

18) Subsequent Events

Subsequent events are events or transactions that occur after the consolidated 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 statements 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 statements of financial position, but arose after the consolidated statements of financial position date and before consolidated financial statements were available to be issued.

Catholic Charities has evaluated subsequent events through October 30, 2018, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Catholic Charities

Consolidating Statement of Financial Position

June 30, 2018

	Catholic Charities	Hibernian House	CC Housing, Inc.	Eliminations	Totals
Assets					
Current assets					
Cash and cash equivalents	$ 189,121	$ 13,663	$ -	$ -	$ 202,784
Accounts receivable, net	239,990	-	-	(232,282)	7,708
Contracts and grants receivable, net	304,444	-	-	-	304,444
Unconditional promises to give, current portion	191,124	-	-	-	191,124
Prepaid rent, current portion	1,500	-	-	-	1,500
Total current assets	926,179	13,663	-	(232,282)	707,560
Noncurrent assets					
Replacement reserves	-	153,453	-	-	153,453
Agency trust deposits	32,220	-	-	-	32,220
Security deposits	-	4,882	-	-	4,882
Unconditional promises to give, net of unamortized discount and current portion	8,193	-	-	-	8,193
Prepaid rent, net of current portion	67,375	-	-	-	67,375
Property and equipment, net	6,501,487	962,659	-	-	7,464,146
Total noncurrent assets	6,609,275	1,120,994	-	-	7,730,269
Total assets	$ 7,535,454	$ 1,134,657	$ -	$ (232,282)	$ 8,437,829
Liabilities and Net Assets					
Current liabilities					
Accounts payable	$ 54,473	$ 4,023	$ 232,282	$ (232,282)	$ 58,496
Payroll and related liabilities	145,107	4,878	-	-	149,985
Accrued paid time off	120,591	-	-	-	120,591
Deferred revenue	386	68	-	-	454
Line of credit	449,748	-	-	-	449,748
Long-term debt, current portion	91,009	-	-	-	91,009
Total current liabilities	861,314	8,969	232,282	(232,282)	870,283
Noncurrent liabilities					
Security deposits	-	4,718	-	-	4,718
Capital advance from the U.S. Department of Housing and Urban Development	-	1,183,300	-	-	1,183,300
Long-term debt, net of current portion and unamortized debt issuance costs	2,860,258	-	-	-	2,860,258
Total noncurrent liabilities	2,860,258	1,188,018	-	-	4,048,276
Total liabililties	3,721,572	1,196,987	232,282	(232,282)	4,918,559
Net assets					
Unrestricted	3,568,950	(62,330)	(232,282)	-	3,274,338
Temporarily restricted	244,932	-	-	-	244,932
Total net assets	3,813,882	(62,330)	(232,282)	-	3,519,270
Total liabilities and net assets	$ 7,535,454	$ 1,134,657	$ -	$ (232,282)	$ 8,437,829

Catholic Charities

Consolidating Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2018

	Catholic Charities	Hibernian House	CC Housing, Inc.	Eliminations	Totals
Unrestricted Support and Revenue					
Contracts and grants					
Federal	$ 1,697,167	$ 46,077	$ -	$ -	$ 1,743,244
Non-federal	1,064,997	-	-	-	1,064,997
Total contracts and grants	2,762,164	46,077	-	-	2,808,241
Contributions					
Monetary	643,138	-	-	-	643,138
Archdiocese of Santa Fe	390,000	-	-	-	390,000
In-kind	254,298	-	-	-	254,298
United Way	35,889	-	-	-	35,889
Total contributions	1,323,325	-	-	-	1,323,325
Other support and revenue					
Program fees	541,927	-	-	-	541,927
Special events, net of donor benefit	101,457	-	-	-	101,457
Rental income	-	50,139	-	-	50,139
Other income	21,612	473	-	-	22,085
Loss on disposal of equipment	(6,754)	-	-	-	(6,754)
Investment income	89	66	-	-	155
Total other support and revenue	658,331	50,678	-	-	709,009
Net assets released from restrictions	186,826	-	-	-	186,826
Total unrestricted support and revenue	4,930,646	96,755	-	-	5,027,401
Expenses					
Program services					
Self-sufficiency and housing assistance	1,442,200	-	-	-	1,442,200
Educational opportunity	630,526	-	-	-	630,526
Children's learning center	756,202	-	-	-	756,202
Immigration and citizenship legal assistance	519,739	-	-	-	519,739
Refugee resettlement and support	181,783	-	-	-	181,783
Community involvement	161,571	-	-	-	161,571
Hibernian House	-	114,039	-	-	114,039
Generations at West Mesa	-	-	93,395	-	93,395
Total program services	3,692,021	114,039	93,395	-	3,899,455
Supporting services					
Management and general	875,240	-	-	-	875,240
Fundraising	298,964	-	-	-	298,964
Total supporting services	1,174,204	-	-	-	1,174,204
Total expenses	4,866,225	114,039	93,395	-	5,073,659
Change in unrestricted net assets	$ 64,421	$ (17,284)	$ (93,395)	$ -	$ (46,258)

Catholic Charities

Consolidating Statement of Activities and Changes in Net Assets – continued

For the Year Ended June 30, 2018

	Catholic Charities	Hibernian House	CC Housing, Inc.	Eliminations	Totals
Temproarily Restricted Support and Revenue					
Contributions					
Monetary	$ 71,190	$ -	$ -	$ -	$ 71,190
Total contributions	71,190	-	-	-	71,190
Net assets released from restrictions	(186,826)	-	-	-	(186,826)
Change in temporarily restricted net assets	$ (115,636)	$ -	$ -	$ -	$ (115,636)

Single Audit Information

Catholic Charities
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor or Other Identifying Number	Passed Through to Subreceipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through the State of New Mexico, Children, Youth and Families Department				
Child and Adult Care Food Program (CACFP)	10.558	176NM332N1099	$ -	$ 58,448
Total U.S. Department of Agriculture			-	**58,448**
U.S. Department of Housing and Urban Development				
Direct Awards				
Supportive Housing for the Elderly (Section 202)	14.157	--	-	46,077
Capital Advance	14.157	--	-	1,183,300
			-	1,229,377
Continuum of Care Program	14.267	NM0012L6B001609	-	50,914
Continuum of Care Program	14.267	NM0012L6B001710	-	11,135
Continuum of Care Program	14.267	NM0011L6B001609	-	150,776
Continuum of Care Program	14.267	NM0011L6B001710	-	61,427
Continuum of Care Program	14.267	NM0008L6B001508	-	36,551
Continuum of Care Program	14.267	NM0008L6B001609	70,399	240,740
Continuum of Care Program	14.267	NM0071L6B011504	-	73,675
Continuum of Care Program	14.267	NM0071L6B011605	-	136,332
			70,399	761,550
Passed through the State of New Mexico, New Mexico Mortgage Finance Authority				
Homeless Prevention RAP Program	14.231	17-02-CCH-RAP-001	-	51,243
Passed through the City of Albuquerque, Department of Family and Community Services				
Continuum of Care Program	14.267	NM0017L6B001601	-	280,917
Total U.S. Department of Housing and Urban Development			**70,399**	**2,323,087**
U.S. Department of Justice				
Passed through the State of New Mexico, Crime Victims Reparation Commission				
Crime Victim Assistance - Victims of Crime Act (VOCA)	16.575	2015-VA-GX-0053	-	6,902
Crime Victim Assistance - Victims of Crime Act (VOCA)	16.575	2016-VA-GX-0064	-	14,350
			-	21,252
Violence Against Women Act (VAWA) Formula Grants	16.588	2016-WF-AX-0010	-	38,816
Passed through the Catholic Charities USA				
Juvenile Mentoring Program	16.726	2015-JU-FX-0013	-	67,959
Total U.S. Department of Justice			-	**128,027**

The accompanying notes are an integral part of this schedule.

Catholic Charities
Schedule of Expenditures of Federal Awards – continued
For the Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor or Other Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Passed through the State of New Mexico, Higher Education Department				
English Language-Civics	84.002	V002A170032	-	18,000
Adult Basic Education Grant	84.002	V002A170032	-	171,118
Total U.S. Department of Education			-	**189,118**
U.S. Department of Health and Human Services				
Passed through the City of Albuquerque, Department of Family and Community Services				
Head Start	93.600	06CH7083-04-00	-	172,864
Total U.S. Department of Health and Human Services			-	**172,864**
Federal Emergency Management Agency				
Direct Award				
Emergency Food and Shelter Program	97.024	--	-	55,000
Total Federal Emergency Management Agency			-	**55,000**
Total expenditures of federal awards			$ 70,399	$ 2,926,544

The accompanying notes are an integral part of this schedule.

Catholic Charities

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Catholic Charities and its subsidiaries Hibernian House and CC Housing, Inc. (collectively "Catholic Charities") under programs of the federal government for the year ended June 30, 2018. 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) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3) Indirect Cost Rate

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

4) Loan Information

Hibernian House received a capital advance from the U.S. Department of Housing and Urban Development (HUD) for the construction of a building for housing to low-income elderly persons. Hibernian House is not required to repay the principal or pay interest and the capital advance is forgiven at maturity, as long as the owner provides housing for the designated class of people in accordance with applicable HUD requirements. In accordance with the Uniform Guidance, the full outstanding balance on the capital advance is considered to be federal awards expended and is reported on the Schedule under CFDA number 14.157.

Catholic Charities

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

5) Reconciliation of the Schedule to the Consolidated Financial Statements

The following is a reconciliation of the expenditures reported in the Schedule to the expenditures reported in the consolidated financial statements:

Total federal revenues reported in the consolidated statements of activities	$	1,743,244
Outstanding capital advance reported as federal awards expended in the Schedule		1,183,300
Total expenditures of federal awards	$	2,926,544

The accompanying notes are an integral part of this schedule.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Catholic Charities

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, 2018, and the related consolidated 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 October 30, 2018.

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' 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Loftis Group LLC

Albuquerque, New Mexico
October 30, 2018

Independent Auditor's Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the 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 Catholic Charities' major federal program for the year ended June 30, 2018. 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 Catholic Charities' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a 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 the 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 its major federal program for the year ended June 30, 2018.

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 accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on the major federal program is not modified with respect to this matter.

Catholic Charities' response to the noncompliance 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 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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

Catholic Charities' response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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.

Loftis Group LLC

Albuquerque, New Mexico
October 30, 2018

Catholic Charities
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I — Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	Yes
Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding?	No

Catholic Charities
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2018

Section I — Summary of Auditor's Results — continued

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.157	Supportive Housing for the Elderly (Section 202)

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Section III — Federal Award Findings and Questioned Costs

2018-001 — Special Tests and Provisions – Residual Receipts Deposit

Federal program information:

Funding agency:	U.S. Department of Housing and Urban Development (HUD)
Title:	Supportive Housing for the Elderly (Section 202)
CFDA number:	14.157
Award period:	7/1/17 – 6/30/18

Criteria: According to the Regulatory Agreement with HUD, within 60 days after the end of each fiscal year, any residual receipts realized from the operation of the mortgaged property shall be deposited in a separate residual receipts account. Residual receipts shall be under the control of HUD and shall be disbursed only at the discretion of HUD for such purpose as it may determine to be necessary or appropriate.

Condition: Hibernian House did not deposit the residual receipts from fiscal year 2018 until September 4, 2018 (66 days after year-end). Hibernian House also did not deposit the residual receipts from fiscal year 2017 until September 27, 2017 (89 days after year-end).

Context: N/A

Questioned Costs: N/A

Cause: Management of Hibernian House overlooked the 60-day deadline from the Regulatory Agreement. Once notified of the deadline, management immediately calculated the residual receipts and made the deposit into the separate residual receipts account.

Effect: Hibernian House is not in compliance with the 60-day deadline to deposit residual receipts into the separate residual receipts account from the Regulatory Agreement.

Auditor's Recommendations: Management should create a reminder to calculate the residual receipts for each fiscal year and deposit this amount within 60 days after year-end.

Management's Response: Management agrees with the recommendation and has implemented a procedure to ensure required residual receipts for each fiscal year are calculated and deposited within 60 days after year-end.

Catholic Charities

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018

2017-001 — Cash Management

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.

Current Status: Resolved.

Catholic Charities
Corrective Action Plan
For the Year Ended June 30, 2018

2018-001 – Special Tests and Provisions – Residual Receipts Deposit

Corrective Action: Management has implemented a procedure to ensure required residual receipts for each fiscal year are calculated and deposited within 60 days after year-end.

Person Responsible: Chief Financial Officer

Completion Date: August 29, 2019