

**CATHOLIC CHARITIES OF THE
DIOCESE OF FRESNO**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015**

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Catholic Charities of the Diocese of Fresno
Fresno, California

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Fresno (the Organization), a nonprofit organization, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of the Diocese of Fresno as of June 30, 2016 and 2015, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2017 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
January 24, 2017

FINANCIAL STATEMENTS

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**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

	2016	Restated 2015
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 2,476,265	\$ 1,992,097
Grants receivable	82,731	166,762
Inventory	56,422	44,989
Prepaid expenses	523	347
Total current assets	2,615,941	2,204,195
Cash - trust funds	2,547,151	2,249,673
Property and equipment, net	1,663,560	1,644,310
Total assets	\$ 6,826,652	\$ 6,098,178

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 77,747	\$ 72,238
Accrued expenses	51,579	39,931
Unearned revenue	-	107,364
Total current liabilities	129,326	219,533
Trust funds payable	2,547,151	2,249,673
Total liabilities	2,676,477	2,469,206
Net Assets:		
Unrestricted net assets	3,998,235	3,554,182
Temporarily restricted net assets	151,940	74,790
Total net assets	4,150,175	3,628,972
Total liabilities and net assets	\$ 6,826,652	\$ 6,098,178

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
Contributions	\$ 914,717	\$ 170,000	\$ 1,084,717
Donated materials and services	2,937,866	-	2,937,866
Grant revenue	540,135	-	540,135
Thrift shop sales	93,335	-	93,335
Program service fees	387,527	-	387,527
Special events, net	877,465	-	877,465
Other income	21,700	-	21,700
Investment income	<u>2,173</u>	<u>-</u>	<u>2,173</u>
Total revenues and support before net assets released from restriction	<u>5,774,918</u>	<u>170,000</u>	<u>5,944,918</u>
Net assets released from restriction	<u>92,850</u>	<u>(92,850)</u>	<u>-</u>
Total revenues and support after reclassification of net assets released from restriction	<u>5,867,768</u>	<u>77,150</u>	<u>5,944,918</u>
Expenses:			
Program services:			
Social services	3,787,271	-	3,787,271
Payee services	454,337	-	454,337
Senior companion services	491,618	-	491,618
Thrift shop	<u>115,525</u>	<u>-</u>	<u>115,525</u>
Total program services	<u>4,848,751</u>	<u>-</u>	<u>4,848,751</u>
Supporting services:			
Management and general	429,406	-	429,406
Fundraising	<u>145,558</u>	<u>-</u>	<u>145,558</u>
Total supporting services	<u>574,964</u>	<u>-</u>	<u>574,964</u>
Total expenses	<u>5,423,715</u>	<u>-</u>	<u>5,423,715</u>
Change in net assets	444,053	77,150	521,203
Net assets, beginning of year	<u>3,554,182</u>	<u>74,790</u>	<u>3,628,972</u>
Net assets, end of year	<u>\$ 3,998,235</u>	<u>\$ 151,940</u>	<u>\$ 4,150,175</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENT OF ACTIVITIES - RESTATED
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
Contributions	\$ 1,191,196	\$ 5,000	\$ 1,196,196
Donated materials and services	2,741,818	-	2,741,818
Grant revenue	723,718	-	723,718
Thrift shop sales	83,737	-	83,737
Program service fees	404,626	-	404,626
Special events, net	778,328	-	778,328
Other income	30,594	-	30,594
Investment income	<u>1,574</u>	<u>-</u>	<u>1,574</u>
 Total revenues and support before net assets released from restriction	 <u>5,955,591</u>	 <u>5,000</u>	 <u>5,960,591</u>
 Net assets released from restriction	 <u>28,552</u>	 <u>(28,552)</u>	 <u>-</u>
 Total revenues and support after reclassification of net assets released from restriction	 <u>5,984,143</u>	 <u>(23,552)</u>	 <u>5,960,591</u>
Expenses:			
Program services:			
Social services	3,649,107	-	3,649,107
Payee services	369,657	-	369,657
Senior companion services	490,724	-	490,724
Thrift shop	<u>97,916</u>	<u>-</u>	<u>97,916</u>
 Total program services	 <u>4,607,404</u>	 <u>-</u>	 <u>4,607,404</u>
Supporting services:			
Management and general	365,016	-	365,016
Fundraising	<u>158,174</u>	<u>-</u>	<u>158,174</u>
 Total supporting services	 <u>523,190</u>	 <u>-</u>	 <u>523,190</u>
 Total expenses	 <u>5,130,594</u>	 <u>-</u>	 <u>5,130,594</u>
 Change in net assets	 <u>853,549</u>	 <u>(23,552)</u>	 <u>829,997</u>
 Net assets, beginning of year	 3,198,521	 -	 3,198,521
 Prior period adjustment	 <u>(497,888)</u>	 <u>98,342</u>	 <u>(399,546)</u>
 Net assets, beginning	 <u>2,700,633</u>	 <u>98,342</u>	 <u>2,798,975</u>
 Net assets, end of year	 <u>\$ 3,554,182</u>	 <u>\$ 74,790</u>	 <u>\$ 3,628,972</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>PROGRAM SERVICES-89%</u>				<u>SUPPORTING SERVICES-11%</u>		<u>Total</u>
	<u>Social Services</u>	<u>Payee Services</u>	<u>Senior Services</u>	<u>Thrift Shop</u>	<u>Management and General</u>	<u>Fundraising</u>	
Personnel Expenses:							
Salaries	\$ 262,224	\$ 204,685	\$ 83,418	\$ 51,390	\$ 210,089	\$ 76,197	\$ 888,003
Payroll taxes and benefits	70,162	62,601	28,933	16,521	52,003	10,084	240,304
Total personnel expenses	332,386	267,286	112,351	67,911	262,092	86,281	1,128,307
Food and other assistance	3,195,723	-	49,846	-	500	-	3,246,069
Professional service	13,944	13,183	6,734	3,157	32,266	2,779	72,063
Occupancy and telephone	54,368	45,977	17,115	14,565	4,641	1,012	137,678
Travel and conferences	6,836	6,315	29,435	2,392	16,973	397	62,348
Materials and supplies	49,043	40,516	11,088	9,929	5,987	4,934	121,497
Maintenance and repairs	59,076	26,905	10,152	11,279	10,537	2,131	120,080
Stipends	-	-	241,910	-	-	-	241,910
Printing	1,853	7,605	181	327	981	34,551	45,498
Postage	632	15,590	359	-	753	5,773	23,107
Equipment and lease	4,028	5,525	1,758	1,425	3,165	15	15,916
Depreciation	56,558	139	-	3,619	49,170	-	109,486
Other expenses	12,392	25,016	6,949	921	36,112	7,049	88,439
Meals	432	280	3,740	-	6,229	636	11,317
Total expenses	<u>\$ 3,787,271</u>	<u>\$ 454,337</u>	<u>\$ 491,618</u>	<u>\$ 115,525</u>	<u>\$ 429,406</u>	<u>\$ 145,558</u>	<u>\$ 5,423,715</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENT OF FUNCTIONAL EXPENSES - RESTATED
FOR THE YEAR ENDED JUNE 30, 2015**

	PROGRAM SERVICES-90%				SUPPORTING SERVICES-10%		Total
	Social Services	Payee Services	Senior Services	Thrift Shop	Management and General	Fundraising	
Personnel Expenses:							
Salaries	\$ 336,988	\$ 179,470	\$ 82,367	\$ 49,250	\$ 183,066	\$ 89,160	\$ 920,301
Payroll taxes and benefits	95,547	61,004	28,316	15,375	43,910	15,435	259,587
Total personnel expenses	432,535	240,474	110,683	64,625	226,976	104,595	1,179,888
Food and other assistance	2,979,971	-	58,197	-	-	-	3,038,168
Professional service	17,961	7,572	5,679	2,886	32,331	2,965	69,394
Occupancy and telephone	60,006	34,082	14,536	10,112	1,887	849	121,472
Travel and conferences	9,109	5,739	30,897	2,792	8,477	702	57,716
Materials and supplies	49,510	27,102	9,716	6,278	4,283	4,447	101,336
Maintenance and repairs	32,404	5,229	2,636	5,699	9,118	95	55,181
Stipends	-	-	248,053	-	-	-	248,053
Printing	1,200	6,030	116	107	489	28,979	36,921
Postage	382	14,390	180	-	619	5,713	21,284
Equipment and lease	5,063	4,395	1,216	857	2,844	-	14,375
Depreciation	49,002	816	-	3,688	47,387	-	100,893
Other expenses	11,291	23,394	5,832	856	25,319	9,216	75,908
Meals	673	434	2,983	16	5,286	613	10,005
Total expenses	<u>\$ 3,649,107</u>	<u>\$ 369,657</u>	<u>\$ 490,724</u>	<u>\$ 97,916</u>	<u>\$ 365,016</u>	<u>\$ 158,174</u>	<u>\$ 5,130,594</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	Restated 2015
Cash Flows from Operating Activities:		
Change in net assets	\$ 521,203	\$ 829,997
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	109,486	100,893
Loss on disposal of assets	3,831	-
Change in operating assets and liabilities:		
Decrease (increase) in:		
Grants receivable	84,031	228,732
Inventory	(11,433)	24,433
Prepaid expenses	(176)	8,494
Increase (decrease) in:		
Accounts payable	5,509	8,133
Accrued expenses	11,648	785
Unearned revenue	(107,364)	(169,040)
	616,735	1,032,427
Net cash provided by (used in) operating activities		
Cash Flows from Investing Activities:		
Purchases of property and equipment	(132,567)	(171,788)
	(132,567)	(171,788)
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash	484,168	860,639
Cash and cash equivalents, beginning of year	1,992,097	1,131,458
Cash and cash equivalents, end of year	\$ 2,476,265	\$ 1,992,097

CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 – ORGANIZATION AND OPERATIONS

Catholic Charities of the Diocese of Fresno (the Organization) is a non-profit organization established to provide various programs to help individuals in need. The programs operate in the San Joaquin Valley of California in Fresno, Kern and Merced counties. The following summary provides an overview of programs:

Social Services - The Social Services Programs provide for the poor and vulnerable individuals that are in need. The help provided to these individuals are far-reaching and diverse. The various social service departments provide for needs not covered by other programs. Some of the services include emergency assistance such as food baskets to individuals living at or below the federal poverty level, clothing and shelter, rent and utility assistance. Funds for emergency travel, help with certain prescriptions, ID's, burial assistance, and referral services are also provided.

Payee Services - Representative Payee Program provides assistance to any person needing help with the management of their monthly resources.

Senior Companion Program - The Senior Companion Program provides senior companions (volunteers age 60 and over) who provide assistance and friendship to other seniors who have difficulty with their daily living tasks. The service these companions provide help the weak and frail elderly live independently in their own homes instead of moving to institutional care. Eligible senior companions earn a small tax-free stipend to cover the cost of serving. They also receive reimbursement for transportation, an annual physical examination and supplemental accident and liability coverage while they are serving.

Thrift Shop – The Thrift Shops accept donations of clothing, furniture, utensils and other household items from the community. These goods are sold to the public and the proceeds used to carry out the Organization's mission. Clothing is given to people in need that are referred to the Organization by other agencies and churches at no cost.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash consists of various demand and interest-bearing accounts on deposit with an insured financial institution. The Organization considers cash equivalents to include all investments available for current use with an original maturity of three months or less. All cash and cash equivalents are deemed available for operations and classified as current assets.

Grants Receivable

Grants receivable primarily represent amounts due under government contracts and grants. Grants receivable are stated at the amount management expects to collect. Balances that are still outstanding after management has used reasonable collection efforts are deemed uncollectible. The Organization had no write-offs for the years ended June 30, 2016 and 2015.

Inventory

Inventory consists of donated and purchased food. Purchased inventory is valued at cost on the FIFO (first-in, first-out) method. Contributed inventory is valued at \$1.67 per gross pound based on a product valuation survey conducted for Feeding America by a third party surveyor.

CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost or, if donated and placed into service, at their estimated fair value at the date donated. All assets acquired by the Organization whose initial value or cost exceeds \$1,500 are capitalized and depreciated. Routine repairs and maintenance are expensed when incurred. Depreciation is computed using straight-line method over the following estimated useful lives:

<u>Type of Asset</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	7-39 years
Furniture and equipment	3-7 years
Vehicles	5 years

Fair Value of Financial Instruments

The Organization considers its cash and cash equivalents, grants receivable, prepaid expenses, accounts payable and accrued expenses to be short-term in nature, and therefore their fair values approximate their carrying values.

Revenue Recognition

The Organization recognizes revenue when services are rendered. A receivable is recorded to the extent the amount earned exceeds cash advances. Conversely, a liability is recorded when cash advances exceed amounts earned.

Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the grants or contracts. Additionally, if the Organization terminates its activities, all unearned amounts are to be returned to the funding sources.

Contributions

Contributions are generally recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets.

Permanently restricted net assets are subject to donor-imposed stipulations requiring that they be retained permanently. Generally, the donors of these assets permit the use of the income earned on these assets. The Organization did not have permanently restricted net assets as of June 30, 2016 and 2015.

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Net assets released from restriction during the years ended June 30, 2016 and June 30, 2015 were \$105,811 and \$28,552, respectively.

CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Thrift Store

Contributions of clothing, household goods and other items to the Organization's thrift store are recognized as thrift store revenues, when, and if, sold. Inventories of such items in the thrift store are not included as assets in the Statement of Financial Position.

Donated In-Kind Gifts and Services

Donated in-kind gifts are recognized as contributions if they have ascertainable fair values and are able to be realized in cash or other liquid assets. During the years ended June 30, 2016 and 2015, the Organization received and recognized \$2,891,069 and \$2,680,243, respectively, of food contributions.

Donated services are recognized as contributions if they 1) significantly enhance non-financial assets or 2) involve a professional service that would otherwise have been purchased and whose values can be objectively measured. The Organization received \$46,797 and \$52,988 in donated services for the years ended June 30, 2016 and 2015, respectively.

Functional Expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the accompanying Statement of Activities. Certain overhead and indirect costs have been allocated to program services and fundraising based on management's estimate of the actual personnel and facilities used in such activities. Management and general include those expenses that are not directly identifiable with any specific program but provide for the overall support and direction of the Organization.

Advertising

The Organization expenses all advertising costs as incurred. Total advertising expense was \$4,958 and \$924 at June 30, 2016 and 2015, respectively.

Income Tax Status

The Organization has qualified as a non-profit organization and has been granted tax-exempt status pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes.

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

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.

Reclassification

Certain reclassifications were made to the prior-year financial statements in order to conform with the presentation in the current year financial statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 3 – CASH HELD FOR OTHERS – TRUST FUNDS

The Organization holds cash in trust for participants in various programs. The use of these funds is limited to the uses defined by the Social Security Administration and Veterans Administration.

NOTE 4 – CONCENTRATIONS

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. The Organization has cash deposits in several bank accounts. At June 30, 2016 and 2015, the Organization had approximately \$2,233,001 and \$1,846,864, respectively, in excess of the FDIC insured limit of \$250,000.

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at June 30:

	<u>2016</u>	<u>Restated 2015</u>
Fixed assets consist of:		
Cost and donated value:		
Land	\$ 532,443	\$ 532,443
Construction in progress	-	127,732
Buildings and improvements	2,051,543	1,854,855
Vehicles	61,148	61,148
Equipment, furniture and computers	<u>470,076</u>	<u>412,247</u>
	3,115,210	2,988,425
Accumulated depreciation	<u>(1,451,650)</u>	<u>(1,344,115)</u>
Property and equipment, net	<u>\$ 1,663,560</u>	<u>\$ 1,644,310</u>

Total depreciation expense for the years ended June 30, 2016 and 2015 was \$109,486 and \$100,893, respectively.

NOTE 6 – LEASES

The Organization leases equipment under various operating agreements. Minimum future rental payments under operating leases having remaining terms in excess of one year at June 30, 2016 are as follows:

<u>Years Ending</u>	
2017	\$ 11,754
2018	7,826
2019	<u>5,695</u>
Total	<u>\$ 25,275</u>

Total rent expense for the years ended June 30, 2016 and June 30, 2015 was \$14,706 and \$14,375, respectively. In the normal course of business, operating leases are generally renewed or replaced by other leases.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Anonymous contribution	\$ -	\$ 69,790
Food 4 Less contribution	-	5,000
Pusateri	144,641	
Me N Ed's Pizzeria, Inc.	<u>7,299</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 151,940</u>	<u>\$ 74,790</u>

NOTE 8 – FOOD AND OTHER ASSISTANCE

Food and other assistance reflected in the Statements of Functional Expenses consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Food	\$ 3,164,867	\$ 2,957,856
Lodging and rent	44,357	44,514
Utilities	17,289	17,717
Transportation	1,633	293
Miscellaneous (gas, vouchers, ID cards, prescriptions)	<u>17,923</u>	<u>17,788</u>
	<u>\$ 3,246,069</u>	<u>\$ 3,038,168</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

Related parties include 1) members of management, the board of directors and their immediate families; 2) substantial contributors; 3) entities controlled by the Organization; and 4) entities controlled by members of the board of directors, management and their immediate families.

Included in the expenses of the Organization for the years ended June 30, 2016 and 2015, were amounts paid to the Diocese of Fresno of \$224,485 and \$236,627, respectively, for workers compensation, general liability and property insurance, auto insurance, and health benefits.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated and conclude that there are no other subsequent events that have occurred from June 30, 2016 through the date the financial statements were available to be issued at January 24, 2017 that would require additional disclosure or adjustment.

**CATHOLIC CHARITIES OF THE DIOCESE OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 11 – RESTATEMENT AND PRIOR PERIOD ADJUSTMENTS

During the review of property and equipment account, management determined that assets disposed in a prior year were not removed from the accounting records. Accordingly, amounts previously reported have been restated in the June 30, 2015 financial statements and are now presented as follows:

	<u>Restated</u>	<u>Previously Reported</u>
Property and equipment, net	\$ 1,644,310	\$ 2,049,680
Net Assets	3,628,972	4,034,342
Depreciation	100,893	127,336
Change in Net Assets	829,997	803,554

The prior period adjustment of \$399,546, which resulted in a decrease to net assets, consisted of the following:

- Beginning unrestricted net assets were decreased by \$66,075 due to an overstatement of revenue in a prior period.
- Beginning temporarily restricted net assets were increased by \$98,342 due to an understatement of revenue in a prior period.
- Beginning unrestricted net assets were decreased by \$431,813 due to an overstatement of property and equipment, net in a prior period.



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

To the Board of Directors
Catholic Charities of the Diocese of Fresno
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Charities of the Diocese of Fresno (the Organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
January 24, 2017