
**CATHOLIC CHARITIES OF THE DIOCESE OF
BATON ROUGE, INC.**

**FINANCIAL STATEMENTS
JUNE 30, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-30-14



A Professional Accounting Corporation
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**CATHOLIC CHARITIES OF THE DIOCESE OF
BATON ROUGE, INC.**

FINANCIAL STATEMENTS
JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Catholic Charities of the Diocese of Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR or the Organization), a non-profit organization, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CCDBR 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 CCDBR's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of the Diocese of Baton Rouge, Inc. as of June 30, 2013, and the respective changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on pages 19 -21 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report, dated December 30, 2013, on our consideration of the Organization's internal control over financial reporting and 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 or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCDBR's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana

December 30, 2013, except with respect to the supplemental information
presented in the schedule of expenditures of federal awards and the related
notes which is dated March 28, 2014

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	1,524,745
Cash and cash equivalents - restricted	626,500
Certificate of deposit - unrestricted	7,071
Certificate of deposit - restricted	53,655
Grants receivable	511,646
Unconditional promises to give - United Way	
Services funding for the next fiscal year	413,500
Total current assets	<u>3,137,117</u>

OTHER ASSETS

Property, furniture and equipment - net	<u>1,734,966</u>
Total assets	<u>\$ 4,872,083</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 178,061
Accrued expenses	276,708
Due to United States Conference of Catholic Bishops	5,500
Current portion of notes payable to Catholic Diocese of Baton Rouge	4,031
Total current liabilities	<u>464,300</u>

OTHER LIABILITIES

Non-current portion of notes payable to Catholic Diocese of Baton Rouge	26,870
Non-current portion of notes payable to Office of Community Development	136,000
Total other liabilities	<u>162,870</u>
Total liabilities	<u>627,170</u>

NET ASSETS

Unrestricted	3,151,258
Temporarily restricted	1,040,000
Permanently restricted	53,655
Total net assets	<u>4,244,913</u>
Total liabilities and net assets	<u>\$ 4,872,083</u>

The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>REVENUES</u>				
United Way contributions	\$ 147,409	\$ 413,500	\$ -	\$ 560,909
Other contributions	527,188	-	-	527,188
Federal and state contracts	2,698,642	-	-	2,698,642
Catholic Diocese of Baton Rouge	1,295,521	-	-	1,295,521
Fee income	389,120	-	-	389,120
Disaster response and emergency assistance grant income	-	544,849	-	544,849
Other income	53,356	-	-	53,356
Net assets released from donor restrictions:				
Satisfaction of restrictions	1,570,527	(1,570,527)	-	-
Total revenues	<u>6,681,763</u>	<u>(612,178)</u>	<u>-</u>	<u>6,069,585</u>
<u>EXPENSES</u>				
Program services	5,853,963	-	-	5,853,963
Management and general	505,826	-	-	505,826
Fundraising	-	-	-	-
Total expenses	<u>6,359,789</u>	<u>-</u>	<u>-</u>	<u>6,359,789</u>
<u>CHANGE IN NET ASSETS</u>	321,974	(612,178)	-	(290,204)
<u>BALANCE AT JUNE 30, 2012</u>	<u>2,829,284</u>	<u>1,652,178</u>	<u>53,655</u>	<u>4,535,117</u>
<u>BALANCE AT JUNE 30, 2013</u>	<u>\$ 3,151,258</u>	<u>\$ 1,040,000</u>	<u>\$ 53,655</u>	<u>\$ 4,244,913</u>

The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Specific assistance to individuals	\$ 1,298,359	\$ -	\$ -	\$ 1,298,359
Other salaries and wages	2,298,522	266,174	-	2,564,696
Fringe benefits	367,368	52,218	-	419,586
Payroll taxes	171,634	21,322	-	192,956
Supplies	42,259	9,918	-	52,177
Communications and internet	74,581	10,638	-	85,219
Postage and shipping	12,600	1,765	-	14,365
Occupancy	285,479	56,037	-	341,516
Equipment rental and maintenance	43,375	8,681	-	52,056
Printing and publications	9,785	1,366	-	11,151
Travel	63,634	9,144	-	72,778
Conferences, conventions, and meetings	162,450	2,816	-	165,266
Depreciation	121,415	1,771	-	123,186
Advertising and PR	12,063	2,057	-	14,120
Professional fees / subcontracts	692,776	30,522	-	723,298
Shelter cost	44,549	901	-	45,450
Other	153,114	30,496	-	183,610
	<u>\$ 5,853,963</u>	<u>\$ 505,826</u>	<u>\$ -</u>	<u>\$ 6,359,789</u>

The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (290,204)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	123,186
Loss on asset dispositions	44
Changes in:	
Grants receivable	182,903
Unconditional promises to give	10,000
Other assets	13,361
Accounts payable	(5,484)
Accrued expenses	108,020
	<hr/>
Net cash provided by operating activities	141,826

CASH FLOW FROM INVESTING ACTIVITIES

Proceeds from sale of investments	4,917
Purchase of equipment and construction costs	(108,196)
	<hr/>
Net cash used in investing activities	(103,279)

CASH FLOW FROM FINANCING ACTIVITIES

Principal payments on debt	(3,996)
	<hr/>
Net cash used in financing activities	(3,996)
	<hr/>
Net change in cash and cash equivalents	34,551
Cash and cash equivalents, beginning of year	2,116,694
	<hr/>
Cash and cash equivalents, end of year	\$ 2,151,245
	<hr/>
Cash and cash equivalents - unrestricted	\$ 1,524,745
Cash and cash equivalents - restricted	626,500
Total cash and cash equivalents	\$ 2,151,245

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during year:	
Interest	\$ 1,156

The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. Nature of Activities

Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR or the Organization) is a non-profit corporation which was organized under the laws of the State of Louisiana on April 2, 1975, to promote organized charitable welfare and social service work for the moral betterment of all persons.

b. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

c. Promises to Give and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management feels that all promises to give are collectible, and as such, no allowance for doubtful accounts has been established.

d. Grants Receivable

Grants receivable represents amounts owed to the Organization for costs incurred under federal and state grant contracts which are reimbursable to the Organization. Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on grants receivables using the allowance method. The allowance is based on experience with collections from granting agencies. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible contracts receivable when management determines that the receivable will not be collected. Management feels that all receivables are collectible, and as such, no allowance for doubtful accounts has been established.

e. Unrestricted Net Assets

It is the recommendation of the Board of Directors and management of the Organization that four to six months operating expenses should be accumulated and maintained as unrestricted net assets in order to cover unreimbursed overhead expenses associated with grant awards and other contingencies, and due to the uncertainty and irregularity in the timing of grant receipts from its federal and state programs.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

f. Property and Equipment

Property and equipment are stated at cost or, if donated, at the estimated fair market value at the date of donation. Maintenance and repairs are charged to expense, while additions and improvements in excess of \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range as follows:

Furniture and equipment	3 - 10 Years
Shelters	20 - 25 Years

g. Donated Services

A significant portion of CCDBR's functions are conducted by unpaid volunteers. The value of the contributed time is not reflected in the accompanying financial statements since the services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America. See Note 5 regarding in-kind contributions.

h. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include any highly liquid investments with original maturities of three months or less.

i. Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and the supporting services benefited based on management's estimates.

j. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

k. Income Taxes

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

k. Income Taxes (continued)

The Organization recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and other information available at the reporting date and is subject to management's judgment. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

With few exceptions, the Organization is no longer subject examinations by taxing authorities for years before June 30, 2010.

2. Grants Receivable

The detail of grants receivable as of June 30, 2013, is as follows:

Match Grant	\$ 10,397
Immigration and Refugee Services (Legal)	60,319
Employment Services	19,550
Foster Grandparents	47,351
Social Responsibility	2,217
Refugee Social Services	2,614
Refugee Cash Assistance	105,905
Maternity and Adoption	40,481
Migration and Refugee Services	6,544
Case Management	164,628
United States Conference of Catholic Bishops	<u>51,640</u>
	<u>\$ 511,646</u>

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Property, Furniture and Equipment

Property and equipment acquired by the Organization is considered to be owned by the Organization. However, the State of Louisiana maintains the title to the property and equipment purchased in whole or in part under contracts/grants funded by the State of Louisiana. The State has the right to require the transfer of the property and equipment (including title) to the State or to an eligible non-state party named by the State. Such transfer may occur at any time.

The composition of property, furniture and equipment at June 30, 2013 was as follows:

Land and shelters	\$ 2,075,791
Furniture and equipment	<u>509,793</u>
	2,585,584
Accumulated depreciation	<u>(850,618)</u>
	<u>\$ 1,734,966</u>

Depreciation expense totaled \$123,186 for the year ended June 30, 2013.

4. Due to United States Conference of Catholic Bishops

The Migration and Refugee Services Program established a revolving account with the United States Conference of Catholic Bishops (USCCB) for the purpose of resettling refugees. In accordance with the revolving account agreement, these funds are to be returned to the USCCB upon the termination of the program. As of June 30, 2013, the balance due to USCCB amounted to \$5,500.

5. Related Party

CCDBR has a relationship with the Catholic Diocese of Baton Rouge (DOBR) that includes participation in Diocesan benefit programs, and considerable savings on rent, insurance, telephone, and other equipment usage. For the year ended June 30, 2013, these in-kind contributions have been recorded as revenue with the offset being recorded as expenses in the amount of \$162,541.

In addition, revenues from DOBR include \$91,102 to subsidize the Joseph Homes program, \$178,899 to subsidize the Maternity and Adoption program, and \$143,928 to subsidize the Case Management program. The remaining \$659,053 was used to fund other programs within the organization.

Due to the nature of CCDBR's organization, the funding is expected to continue for the duration of these program operations of CCDBR.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Due to Catholic Diocese of Baton Rouge

The Catholic Diocese of Baton Rouge provided financing for CCDBR on August 3, 2005 to acquire a house used for shelter for clients in need. The loan amount was \$55,000, is being repaid in 199 monthly installments and is unsecured. The interest rate on the note is 3.50%. Interest expense incurred on this loan during the year ended June 30, 2013 was \$1,156. The following schedule shows the future payouts of the note:

For year ending June 30,

2014	4,031
2015	4,175
2016	4,324
2017	4,477
2018	4,637
Thereafter	<u>9,257</u>
	<u>\$ 30,901</u>

7. Note Payable – Office of Community Development

CCDBR received \$136,000 as part of a loan agreement with the Office of Community Development. These funds were to be used for the rehabilitation of buildings as part of the Families First Housing Program. This is a principal only loan with a term of 10 years. The repayment terms of the note are being forgiven as long as CCDBR can establish proof of services paid for by using non-federal funds equal to or greater than the annual repayment amount.

8. Pension Plan

Effective June 30, 2009, employee benefits under the Catholic Diocese of Baton Rouge defined benefit pension plan (the Plan) were frozen and a defined contribution (401(k)) plan was started as of July 1, 2009. Employer contributions at the rate of 5% of eligible payroll are to be used to fund the obligations which are currently unfunded.

The 401(k) Plan covers all full time employees. Eligible employees are automatically enrolled after the first three months of employment but may choose to opt out of participation in the plan. The Diocese matches 100% of the first 2% of elective contributions not to exceed 2% of compensation and participants can elect to contribute between 4% and 98% of compensation. The plan offers both pre-tax and Roth options. For the year ended June 30, 2013, employer contributions of \$169,479 were made to the plan.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

9. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrences of other events specified by the donors to the following programs:

Immigration and Refugee Services	\$ 240,507
Satellite Counseling Offices	5,000
Maternity and Adoption	22,558
Case Management	65,000
LaPointe	15,000
Refugee Social Services	11,700
Emergency Assistance	217,311
Disaster Response	569,951
Agency	<u>423,500</u>
	<u>\$ 1,570,527</u>

10. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2013 were available for specific programs being conducted by the Organization as follows:

Immigration and Refugee Services Legal	\$ 25,000
Maternity and Adoption	53,000
Family Achievement Center	30,000
Employment Services	40,000
Case Management	58,000
Foster Grandparent	18,000
LaPointe	50,000
Sanctuary for Life	36,000
Emergency Assistance	5,000
Disaster Response	626,500
Joseph Homes	38,000
Behavioral Health	38,000
Other Programs	<u>22,500</u>
	<u>\$ 1,040,000</u>

11. Off-Balance Sheet Risk

CCDBR may, from time to time, have deposits in a financial institution in excess of federally insured limits. Management believes the credit risk associated with these deposits is minimal.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

12. Promise to Give – United Way Funding

On May 21, 2013, the Capital Area United Way notified CCDBR of its current fiscal year allocation of \$413,500. This allocation is considered a temporarily restricted contribution and is recorded as an unconditional promise to give as of June 30, 2013.

13. Endowed Net Assets

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 (“Act”) to implement the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as the standard for the management and investment of institutional funds in Louisiana. The Act permits an institution to appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. The expenditure of funds from these endowments is limited to the income from the investment of principal. The funds are under the direction and control of the Executive Director of the Organization.

The Organization received a permanently restricted donation in the form of a certificate of deposit during 2006. This is the only permanently restricted asset of the Organization. As such, a formal policy for spending has not been established. Investment earnings are recorded in current year operations as increases in temporarily restricted net assets until these earnings receive appropriation for expenditure.

The net asset composition by type of fund was as follows as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment	\$ -	\$ -	\$ 53,655	\$ 53,655

Changes in endowment net assets were as follows as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2012	\$ -	\$ -	\$ 53,655	\$ 53,655
Investment Return:				
Investment income	-	-	462	462
Appropriation of endowment assets for expenditure	-	-	(462)	(462)
Contributions	-	-	-	-
Endowment net assets, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,655</u>	<u>\$ 53,655</u>

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 30, 2013, and determined that there were no events that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

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

To the Board of Directors and Management
Catholic Charities of the Diocese
of Baton Rouge, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of financial position and the related statements of activities and changes in net assets, functional expenses and cash flows of Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR) (a non-profit organization) as of and for the year ended June 30, 2013 and the related notes to the financial statements, and have issued our report thereon dated December 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities of the Diocese of Baton Rouge'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 CCDBR's internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Diocese of Baton Rouge'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 control deficiency, or a combination of control 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 the 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 CCDBR's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 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 CCDBR's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pastlethwaite & Netterville

Baton Rouge, Louisiana
December 30, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Catholic Charities of the Diocese
of Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR) (a non-profit organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. CCDBR's 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 the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on CCDBR's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 CCDBR's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination on CCDBR's compliance.

Opinion on Each Major Federal Program

In our opinion, CCDBR complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of CCDBR is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit of compliance, we considered CCDBR's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 CCDBR's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal controls 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 30, 2013

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>FEDERAL GRANTING AGENCY/RECIPIENT AGENCY/ GRANT NAME/GRANT NUMBER</u>	<u>CFDA NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
U. S. Department of Labor. Pass through from the State of Louisiana – Division of Administration - Governor's Office of Elderly Affairs: S.C.S.E P. - Title V (CFMS#692949)	17.235	\$ 662,786
U.S. Department of Health and Human Services: Pass through from the Administration for Children and Families, Office of Refugee Resettlement: Refugee and Entrant Assistance – Wilson/Fish Program	93.583	992,534
Refugee Preventative Health Discretionary Grant Program	93.576	89,622
Pass through from the United States Conference of Catholic Bishops: Refugee Preventative Health Discretionary Grant Program (Match)	93.576	<u>85,281</u>
Total U.S. Department of Health and Human Services		1,167,437
U.S. Department of Housing and Urban Development: Emergency Shelter Block Grant	14.231	44,661
Department of State: Pass through from the United States Conference of Catholic Bishops: U.S. Refugee Admissions Program	19.510	163,198
Corporation for National and Community Service: Foster Grandparent Program, Title II, Part B (Grant# 08SFWLA003)	94.011	297,895
Federal Emergency Management Agency: Emergency Assistance Program	97.024	36,586
U.S. Department of Homeland Security Pass through from Catholic Charities of the Archdiocese of New Orleans: Disaster Assistance Projects (ISSAC)	97.088	<u>164,623</u>
Total Federal Expenditures		<u>\$ 2,537,186</u>

See accompanying notes to schedule of expenditures of federal awards.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of federal financial awards includes the federal grant activity of Catholic Charities of the Diocese of Baton Rouge, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - RECONCILIATION OF EXPENSES TO FEDERAL EXPENDITURES

	Expenses	Non-Federal Award Expenditures	Non-cash Adjustments, Including Depreciation	Equipment Purchases	Federal Expenditures
Senior Employment	811,350	(147,594)	(970)	-	662,786
Social Responsibility	18,917	(18,917)	-	-	-
FGP Title II, Part B	355,422	(57,383)	(144)	-	297,895
USCCB	205,247	(42,049)	-	-	163,198
Match Grant	93,900	(8,619)	-	-	85,281
Maternity & Adoption	491,448	(492,644)	(258)	1,454	-
Satellite Counseling Offices	161,814	(161,814)	-	-	-
Family Achievement Center	111,235	(104,524)	(6,711)	-	-
Employment Services	100,019	(99,952)	(67)	-	-
Case Management	296,950	(261,022)	-	-	35,928
Behavioral Health	17,807	(17,807)	-	-	-
Behavioral Health - One Stop	42,058	(42,058)	-	-	-
Housing Program	131,991	(80,032)	(51,959)	-	-
LaPointe	99,574	(99,574)	-	-	-
SFL	134,352	(167,260)	(24,569)	57,477	-
Mission Enhancement	365,545	(366,877)	(88)	1,420	-
Refugee Cash Assitance WF	776,732	(51,140)	-	-	725,592
Joseph Homes (ESBG)	234,978	(180,093)	(10,224)	-	44,661
Disaster Response	992,614	(811,216)	(25,687)	45,498	201,209
Refugee Cash Assistance	245,325	(26,103)	-	-	219,222
Refugee Social Services	113,922	(12,508)	-	-	101,414
Migration and Refugee Services	118,998	(118,597)	(401)	-	-
Migration and Refugee Services - Legal Agency	326,988	(326,651)	(337)	-	-
	112,603	(113,179)	(1,771)	2,347	-
	\$ 6,359,789	\$ (3,807,613)	\$ (123,186)	\$ 108,196	\$ 2,537,186

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE C – SUB-RECIPIENT GRANTS

During the year ended June 30, 2013, the Organization passed through federal awards to sub-recipients totaling \$530,031 under the Refugee and Entrant Assistance – Wilson/Fish Program (CFDA# 93.583).

NOTE D – RESTATEMENT OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

In March 2014, the Organization was notified by one of its granting agencies, the Governor's Office of Elderly Affairs (a pass through agency of federal awards – CFDA No. 17.235), that the total expenditures previously reported on the schedule of expenditures of federal awards of \$736,430 included a portion of state funding totaling \$73,644. The schedule of expenditures of federal awards has been restated to reflect this change.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency (ies) identified that is (are) not considered to be material weaknesses? _____ yes x none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.235	Senior Community Service Employment Program (SCSEP)
93 583	Refugee and Entrant Assistance - Wilson/Fish Program

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.
- Catholic Charities of the Diocese of Baton Rouge, Inc. was not determined to be a low-risk auditee.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

B. Findings – Financial Statement Audit

None noted

C. Findings and Questioned Costs – Major Federal Award Programs

None noted

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

2012-1) Eligibility – Assessment of Participants

U.S. Department of Labor:

**Pass through from the State of Louisiana –Division of Administration –
Governor’s Office of Elderly Affairs**

17.235 Senior Community Service Employment Program (SCSEP)

Grant No:	703519
Criteria:	Under the terms of the grant award, the Organization must visit host agencies with active participants in the program at least twice per twelve month period.
Condition:	Out of a sample of fifty-one participants, one participant file lacked documentation of two site visits being performed during a twelve month period.
Cause:	Staff turnover in this department had resulted in an established process being followed inconsistently.
Questioned Costs:	Not applicable
Effect:	The Organization is non-compliant with the terms of the grant award.
Recommendation:	The Organization should review established procedures to ensure that each participant’s file is clearly documented with the dates and times of work site visits.
Updated Status:	Resolved.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

C. Findings and Questioned Costs – Major Federal Award Programs (continued)

2012-2) Monitoring of Sub-recipients

U.S. Department of Health and Human Services:

**Pass through from the Administration for Children and Families,
Office of Refugee Resettlement**

93.583 Refugee and Entrant Assistance – Wilson/Fish Program

Grant No: 90RW0037/02

Criteria: OMB Circular A-133 and the A-102 Common Rule indicate that a pass-through entity is responsible for monitoring the activities of its sub-recipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition: Catholic Charities is the State coordinator and administers the Wilson-Fish Program. In considering the Organization's compliance with its monitoring requirements, we noted that monitoring activities consisted of desk reviews of monthly reimbursement requests and on-site visits. However, the Organization's monitoring process does not include obtaining a sub-recipient's audited financial statements.

Cause: The Organization was unaware of the new requirement of obtaining annual audits.

Questioned Costs: Not applicable

Effect: The Organization not obtaining a sub-recipient's audited financial statement could present a risk that non-compliance exists at the sub-recipient level without timely detection by the pass-through entity.

Recommendation: The Organization should develop and document a process for obtaining financial audits and OMB Circular A-133 compliance reports of its sub-recipients. And, if applicable, the Organization should document its follow-up with compliance findings and corrective action plans identified in such reports.

Updated Status: Resolved.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.

REPORT TO MANAGEMENT

JUNE 30, 2013



December 30, 2013

Board of Directors
Catholic Charities of the Diocese of Baton Rouge, Inc.
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR) as of and for the year ended June 30, 2013, we considered CCDBR's internal controls, compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of an internal control matter that also represents an opportunity for enhanced internal control and compliance with laws and regulations and financial reporting. The following paragraphs summarize our comments and suggestions regarding the matter. This letter does not affect our report dated December 30, 2013 on the financial statements of CCDBR.

Observation 2013-1 Senior Employment Program – Documentation

P&N notes both host agency and participant visits are required in accordance with the grant agreement. While these visits are being completed, files lack a consistent documentation process of such visits.

Recommendation

We recommend that CCDBR develop a form be included within each host agency and participant file which clearly documents the dates of the host agency visits as well as the individual performing the visit and which participant is being assessed.

Management's Response:

CCDBR will implement the recommendations as prescribed above.

This report is intended solely for the use of the board of directors, management, and the Louisiana Legislative Auditor and should not be used by anyone other than these specified parties.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank CCDBR staff for their cooperation with us during the performance of the audit.

Sincerely,



Baton Rouge, Louisiana
December 30, 2013