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A Professional Accounting Corporation

March 31, 2021

Mr. Thomas H. Cole, CPA
Office of the Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804

Dear Mr. Cole,

Our audit report of Catholic Charities of the Diocese of Baton Rouge, Inc. for the period ending June 30, 2020 has been restated due to management's subsequent recognition of amounts with donor restrictions after the release of our audit report which was issued in December of 2020. This restatement is a reclassification of previously reported net assets. Total net assets of the agency remained unchanged. Management identified \$1,320,703 of funds received in advance for disaster related assistance for which expenditures were not incurred by June 30, 2019, and purpose restrictions were not met resulting in a reclassification of net assets between with and without donor restrictions. As a result, amounts previously reported without donor restrictions were reduced by \$1,320,703 and amounts with donor restrictions were increased at the beginning of the fiscal year. In addition, \$739,000 of expenses incurred and for which purpose restrictions were met were shown as additional amounts released from donor restriction in the current fiscal year.

This resulted in adjustments to the Statement of Net Position and the Statement of Activities and Changes in Net Assets as previously reported. The notes to the financial statements also required adjustment due to this correction. The notes impacted were 7, 8, 12 and 13. Audit procedures were extended through March 30, 2021, the revised report date. The report dates of the Independent Auditors' Report and the 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 were updated accordingly. This correction did not impact the Independent Auditors' Report on Compliance for Each Major Program and On Internal Control over Compliance Required by Uniform Guidance so the report date remained unchanged from the previous submission.

Sincerely,

A handwritten signature in cursive script that reads 'Postlethwaite & Netterville'.

Postlethwaite & Netterville

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

FINANCIAL STATEMENTS

JUNE 30, 2020



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

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

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
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, 2020, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Catholic Charities of the Diocese of Baton Rouge, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information consisting of the schedule of compensation, benefits, and other payments to executive director on page 17 is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 22 - 24 is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is not a required part of the financial statements. The schedule of compensation, benefits, and other payments to executive director and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 March 30, 2021, 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
March 30, 2021

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

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 4,186,474
Certificate of deposit	14,092
Grants receivable	856,259
Prepaid expenses	21,638
Other receivables	89,483
Total current assets	<u>5,167,946</u>

OTHER ASSETS

Property and equipment - net	2,161,672
Certificate of deposit - restricted	53,657
Total other assets	<u>2,215,329</u>
Total assets	<u>\$ 7,383,275</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 81,535
Accrued expenses	260,012
Note payable to Catholic Diocese of Baton Rouge	82
Total current liabilities	<u>341,629</u>

OTHER LIABILITIES

Note payable to Office of Community Development	561,000
Total other liabilities	<u>561,000</u>
Total liabilities	<u>902,629</u>

NET ASSETS

Without donor restrictions	4,788,991
With donor restrictions	1,691,655
Total net assets	<u>6,480,646</u>
Total liabilities and net assets	<u>\$ 7,383,275</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND SUPPORT</u>			
<u>Contributions:</u>			
Diocese of Baton Rouge assistance	\$ 1,196,543	\$ -	\$ 1,196,543
Capital Area United Way contributions	88,205	145,000	233,205
Other contributions	1,523,355	1,056,295	2,579,650
Total contributions	2,808,103	1,201,295	4,009,398
<u>Grant assistance:</u>			
Disaster response and recovery assistance income	221,414	-	221,414
Other federal and state grant awards	2,046,574	-	2,046,574
Total grant assistance	2,267,988	-	2,267,988
<u>Other income:</u>			
Charges for services	169,860	-	169,860
Miscellaneous	203,124	-	203,124
Total other income	372,984	-	372,984
Net assets released from donor restrictions:			
Satisfaction of purpose restrictions	884,000	(884,000)	-
TOTAL REVENUES AND SUPPORT	6,333,075	317,295	6,650,370
<u>EXPENSES</u>			
Program services	5,168,560	-	5,168,560
Management and general	1,327,412	-	1,327,412
TOTAL EXPENSES	6,495,972	-	6,495,972
<u>CHANGE IN NET ASSETS</u>			
	(162,897)	317,295	154,398
<u>BALANCE AT JUNE 30, 2019, as previously reported</u>			
	6,272,591	473,946	6,746,537
Reclassification of net asset balances			
	(1,320,703)	1,320,703	-
Changes to unconditional promises to give			
	-	(420,289)	(420,289)
<u>BALANCE AT JUNE 30, 2019, as restated</u>			
	4,951,888	1,374,360	6,326,248
<u>BALANCE AT JUNE 30, 2020</u>			
	\$ 4,788,991	\$ 1,691,655	\$ 6,480,646

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, 2020

	Program Services				Total Program	Supporting Services	Total Expenses
	Stabilizing Families and Individuals	Immigrant and Refugee Services	Transitional Housing	Other Program Services		Management and General	
Specific assistance to individuals	\$ 481,280	\$ 283,842	\$ 10,496	\$ 221,774	\$ 997,392	\$ -	\$ 997,392
Salaries and wages	831,576	1,038,644	252,801	129,738	2,252,759	773,121	3,025,880
Fringe benefits	146,597	194,340	30,633	13,760	385,330	151,634	536,964
Payroll taxes	59,802	57,828	17,598	10,545	145,773	61,403	207,176
Operating supplies	18,439	11,259	1,811	1,558	33,067	12,445	45,512
Communications	14,835	13,098	8,897	538	37,368	7,561	44,929
Postage and shipping	1,865	4,818	323	123	7,129	970	8,099
Occupancy	74,012	63,472	6,521	184,726	328,731	40,070	368,801
Equipment rental and maintenance	43,364	15,474	31,951	393	91,182	6,350	97,532
Printing and publications	109	2,125	-	-	2,234	1,045	3,279
Conferences, conventions, and related travel	13,090	39,793	1,988	1,810	56,681	13,545	70,226
Depreciation	-	-	-	-	-	149,509	149,509
Dues and subscriptions	2,075	1,669	-	200	3,944	5,834	9,778
Advertising and PR	10,239	1,279	-	-	11,518	4,726	16,244
Professional fees / subcontracts	14,283	528,888	3,637	3,218	550,026	32,135	582,161
Shelter cost	1,212	176	46,643	35	48,066	12	48,078
Computer support	70,194	62,874	29,280	7,077	169,425	46,812	216,237
Training / staff development	5,210	378	-	30	5,618	637	6,255
Insurance	72	8,741	11,438	415	20,666	11,155	31,821
Other	12,819	8,102	353	377	21,651	8,448	30,099
	<u>\$ 1,801,073</u>	<u>\$ 2,336,800</u>	<u>\$ 454,370</u>	<u>\$ 576,317</u>	<u>\$ 5,168,560</u>	<u>\$ 1,327,412</u>	<u>\$ 6,495,972</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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 154,398
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	149,509
Changes in:	
Grants receivable	571,161
Other receivables	(72,265)
Accounts payable	(29,684)
Prepaid expenses	(19,622)
Accrued expenses	22,787
	<hr/>
Net cash provided by operating activities	776,284

CASH FLOW FROM INVESTING ACTIVITIES

Reinvestment of earnings on certificate of deposit	<hr/> (576)
Net cash used in investing activities	<hr/> (576)

CASH FLOW FROM FINANCING ACTIVITIES

Principal payments on note and line of credit	<hr/> (754,134)
Net cash used in financing activities	<hr/> (754,134)
Net change in cash and cash equivalents	21,574
Cash and cash equivalents, beginning of year	<hr/> 4,164,900
Cash and cash equivalents, end of year	<hr/> <u>\$ 4,186,474</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during year:	
Interest	<hr/> <u>\$ 650</u>

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

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 October 2, 1964, to promote organized charitable welfare and social service work for the moral betterment of all persons. The Organization's major program services include the following:

Stabilizing Families and Individuals: This program includes services such as disaster assistance, family achievement, prison ministry, homelessness prevention, and employment services. Disaster assistance services include immediate relief when disasters occur, and coordinating and distributing supplies like food, water, personal care supplies, cleaning materials and other needed items. The Organization also provides counseling for maternity and adoption services and counseling for men and women recently released from prison.

Immigrant and Refugee Services: CCDBR helps refugees with a smooth transition into life in the United States, starting with finding and furnishing a home for the new arrivals, orientation about the culture, English language training, and employment services. The goal is early self-sufficiency and most of the refugees achieve this within four months.

Transitional Housing: Daily support is given by house managers while residents transition to independence. Services include transportation to doctor and hospital appointments, educational and vocational opportunities, and places of employment.

Other Services consist of Senior and Mental Health Counseling as described below:

Senior Services: The Organization offers skill-building sessions touching on senior issues like grandparents raising grandchildren, budgeting, grief, and self-advocacy. There are also sessions that include education on nutrition, coping skills, community resources and self-awareness. Through the Foster Grandparent program, seniors are able to volunteer at schools to help children learn to read, provide tutoring and guide children through critical times in their lives.

Mental Health Counseling: This program includes services such as adoption related counseling, post-abortion counseling and behavioral health services. Individual and family counseling is offered for adopted persons, birth parents, adoptive parents or anyone whose life has been touched by adoption. Licensed, Project Rachel-trained counselors offers healing and hope for women and men struggling with past abortion decisions. The Organization also offers professional counseling for individual, marriage and families.

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Recent accounting pronouncement

The Organization adopted Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, for the year ended June 30, 2020. This guidance clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU assist organizations in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

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.

Contributions and Revenue Recognition

Contributions received are recorded as without donor restrictions or with donor restrictions, 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), donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities and changes in net assets as released from restrictions.

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, if applicable. 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 grants 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.

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 \$5,000 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

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Contributed Use of Facilities

The Organization is allowed to use office space owned by an affiliate, the Diocese of Baton Rouge at no charge. See Note 4. A formal agreement does not exist and the value of the use of the facility is recorded annually at the estimated fair market value of similar rental space based on the square footage occupied as if its use was not contributed.

Donated Services

A significant portion of CCDBR's functions are conducted by unpaid volunteers. The value of the contribution 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.

Cash Equivalents

Cash equivalents include any highly liquid investments with original maturities of three months or less.

Fair Value of Financial Instruments

The fair value of CCDBR's financial instruments including cash and cash equivalents and certificates of deposits held at local financial institutions at June 30, 2020, do not differ materially from the aggregate carrying value of these financial instruments recorded in the accompanying statement of financial position.

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 statement of functional expenses and activities. Expenses have been directly allocated between functions except expenses related to rent which was allocated based on square footage occupied.

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.

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

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.

The Organization accounts for income taxes in accordance with the guidance included in the Accounting Standards Codification (ASC). The Organization recognizes in 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. Changes in the recognition or measurement are reflected in the period in which the change in judgement 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 at June 30, 2020.

Accounting Pronouncements Issued But Not Yet Adopted

The FASB issued ASU 2014-09, Revenue from Contracts with Customers, to update its revenue recognition standard to clarify the principals of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The implementation of this standard was delayed by FASB upon issuance of ASU 2020-05 in June 2020. This standard will be effective for the Foundation's fiscal year ending June 30, 2021.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This accounting standard requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This standard will be effective for the year ended June 30, 2023.

The Organization is currently assessing the impact of these pronouncements on its financial statements.

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

NOTES TO FINANCIAL STATEMENTS

2. Grants Receivable

A summary of grants receivable due from each agency as of June 30, 2020, is as follows:

Department of Health and Hospitals	\$ 492,944
Lutheran Immigration & Refugee Services	52,055
City Parish of East Baton Rouge	42,879
Foster Grandparent Program	81,450
Louisiana Department of Public Safety and Corrections	672
Ronaldson Field LLC	32,572
Diocese of Baton Rouge	7,819
Vera Institute of Justice	135,030
United States Conference of Catholic Bishops	<u>10,838</u>
	<u>\$ 856,259</u>

3. Property and Equipment

The composition of property and equipment at June 30, 2020, was as follows:

Land and shelters	\$ 3,393,891
Equipment	<u>455,288</u>
	3,849,179
Accumulated depreciation	<u>(1,687,507)</u>
	<u>\$ 2,161,672</u>

Depreciation expense totaled \$149,509 for the year ended June 30, 2020.

4. Related Party Transactions

Financial Support

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, 2020 these in-kind contributions have been recorded as revenue with the offset being recorded as expenses in the amount of \$180,167.

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

NOTES TO FINANCIAL STATEMENTS

4. Related Party Transactions (continued)

In addition, other cash support received from DOBR was used to support the following programs:

Foster Grandparents	\$ 64,340
Administration	188,076
Satellite Counseling Offices	8,509
Social Responsibility	44,426
Migration and Refugee Services	59,031
Maternity and Adoption	166,308
Mission Enhancement	9,483
Joseph Homes	48,441
Family First Housing	48,857
Sanctuary for Life	233,298
Housing Program	19,055
LaPointe	10,887
United States Conference of Catholic Bishops	16,435
Employment Services	32,598
Case Management	63,115
Other	3,517
	<u>\$ 1,016,376</u>

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

Note Payable – 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 3.25%. Interest expense incurred on this loan during the year ended June 30, 2020 was \$650. The following schedule shows the future payouts of the note:

<u>Ending June 30,</u>	
2021	\$ <u>82</u>
	\$ <u>82</u>

Line of Credit – Catholic Diocese of Baton Rouge

As a result of CCDBR's vender contract for disaster case management with the State of Louisiana, which is paid on a cost reimbursement basis, available operating cash was limited during the fiscal year. In January 2018, a non-interest bearing line of available credit was established with DOBR, as a short-term solution until payment was received by the State of Louisiana. The State's process of approving reimbursements delayed the repayment of the requests made by CCDBR from the State of Louisiana. There is no formal written agreement establishing the terms of repayment to the DOBR. During the year ended June 30, 2020, the balance remaining on credit line of \$750,000 was paid back to DOBR.

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

NOTES TO FINANCIAL STATEMENTS

4. Related Party Transactions (continued)

Affiliated Organization

CCDBR is one of 7 members of The Faith Fund, Inc. (TFF or the fund), a non-profit membership corporation organized in 2018. TFF was formed to provide low-cost accessible financial services, educational opportunities and related services and activities to help families and individuals work toward financial security. TFF owed CCDBR approximately \$74,200 as of June 30, 2020, for costs paid on behalf of the fund and is included in other receivables on the Statement of Financial Position.

5. Note Payable – Office of Community Development

In August 2013, CCDBR entered into a loan agreement with the City of Baton Rouge – Parish of East Baton Rouge (City-Parish)’s Office of Community Development for the construction of an eight unit apartment building under the City-Parish’s Federal HOME program. The agreement allowed for a maximum principal-only loan amount of \$660,000 payable over twenty years beginning June 1, 2016 and is secured by the property. Project costs are paid by CCDBR and draw down reimbursement requests are made to the Office of Community Development (OCD) based on allowable expenditures. Under the terms of the agreement, CCDBR may secure forgiveness of \$33,000 each year by submitting an annual report by May 1st to the OCD of services to clients provided with non-federal funds equal to or greater than the amount of annual debt service required. During the year ended June 30, 2019, OCD forgave \$99,000 of the loan. As of June 30, 2020, a total of \$561,000 is owed to the OCD. The Organization submitted its annual report requesting forgiveness of the loan during 2020, but as of this date of the report has not received approval from OCD.

6. Pension Plan

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. CCDBR 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, 2020, employer contributions of \$225,461 were made to the plan.

7. 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:

Disaster Assistance	\$ 739,000
Employment Services	48,333
Satellite Counseling Offices	48,333
LaPointe	48,334
	<u>\$ 884,000</u>

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

NOTES TO FINANCIAL STATEMENTS

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2020, were for:

Disaster related assistance	\$	1,637,998
Endowment funds to remain in perpetuity		<u>53,657</u>
		<u>\$ 1,691,655</u>

9. 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.

10. Conditional Promises to Give

On May 23, 2019, the Capital Area United Way notified CCDBR of promise to give totaling \$435,000 to be paid in quarterly installments starting on July 1, 2019 through June 30, 2022. In order to receive this funding certain conditions must be met including a signed grantee agreement and quarterly reports evidencing program compliance with the RBA framework and grant guidelines. A right of release from the obligation exists if the signed agreement and quarterly reports are not received. CCDBR received \$145,000 by meeting all conditions for the first four quarters of the fiscal year ended June 30, 2020.

11. 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 Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization 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 donor restricted donation during 2006. This is the only donor 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 donor 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, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment	\$ <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

11. Endowed Net Assets (continued)

Changes in endowment net assets were as follows as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2019	\$ -	\$ 53,655	\$ 53,655
Investment Return:			
Investment income	-	29	29
Appropriation of endowment assets for general expenditure	-	(29)	(29)
Contributions	-	-	-
Endowment net assets, June 30, 2020	\$ -	\$ 53,655	\$ 53,655

12. Liquidity and Availability

As of June 30, 2020 the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets, period end	
Cash and cash equivalents	\$ 4,186,474
Certificate of deposit	14,092
Grants receivable	856,259
Other receivables	89,483
Less: amounts with donor restrictions	(1,691,655)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,454,653

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations become due. To help manage unanticipated liquidity needs, the Organization has the opportunity to borrow funds from the Diocese of Baton Rouge (an affiliated organization) similar to a line of credit.

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

NOTES TO FINANCIAL STATEMENTS

13. **Restatement of Net Assets with Donor Restrictions/Reclassification of Amounts with Donor Restrictions**

Management identified \$1,320,703 of funds received in advance for disaster related assistance for which expenditures were not incurred by June 30, 2019, and purpose restrictions were not met resulting in a reclassification of net assets with and without donor restrictions. As a result, amounts previously reported without donor restrictions were reduced by \$1,320,703 and amounts with donor restrictions were increased at the beginning of the fiscal year.

Management of the Organization reconsidered whether there were conditions or barriers which would preclude the Organization to receive the funding from United Way. See Note 10 for the requirements to obtain the pledge. The promise to give is considered conditional and should not have been recognized until the conditions were met.

A summary of these adjustments and their impact to net assets with donor restrictions is below:

Net assets with donor restrictions, at the beginning of the year, as previously reported	\$ 473,946
Reclassification of amounts with donor restriction	1,320,703
Restated unconditional promises to give	<u>(420,289)</u>
Net assets with donor restrictions, at beginning of the year, as restated	<u>\$1,374,360</u>

14. **Subsequent Events**

Management has evaluated events through the date that the financial statements were available to be issued, March 30, 2021, and determined that the following matter required additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. This pandemic has subsequently impacted the global economy, creating significant volatility and disruption in the financial markets. Given the continued spread of COVID-19 throughout the United States, the related impact, if any, on the Organization's operational and financial performance will depend on evolving factors that cannot be predicted at this time.

Supplemental Information

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

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED JUNE 30, 2020

Executive Director: David C. Aguillard

Purpose	Amount
Salary	\$ 142,879
Benefits - insurance	7,281
Benefits - retirement	2,799
Benefits - Long Term Disability	285
Benefits - Basic Life Insurance	26
Cell phone	1,997
Registration fees	920
Conference travel	3,777
Total	\$ 159,964

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

Board of Directors and Management of
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 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, 2020, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2021.

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, Inc.'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 Inc.'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 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 CCDBR'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 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 CCDBR's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 30, 2021

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

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

Report on Compliance for its Major Federal Program

We have audited Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR) (a non-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2020. CCDBR's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 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 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 of the major federal program. However, our audit does not provide a legal determination of CCDBR's compliance.

Opinion on its 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 its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of CCDBR 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 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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Baton Rouge, Louisiana
December 23, 2020

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>FEDERAL GRANTING AGENCY/RECIPIENT AGENCY/ GRANT NAME/GRANT NUMBER</u>	<u>CFDA NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>	<u>AMOUNTS PAID TO SUB-RECIPIENTS</u>
U.S. Department of Health and Human Services:			
Direct:			
Refugee Resettlement Services (Grant# 1701LARSOC and 1801LARSOC)	93.566*	\$ 425,595	\$ 191,456
Pass through from the Administration for Children and Families, Office of Refugee Resettlement:			
Refugee and Entrant Assistance – Wilson/Fish Program (Grant# 90RW0050-03-00)	93.583*	990,270	271,952
Refugee Preventative Health Discretionary Grant Program (Grant# 90RX0273-02-00)	93.576*	<u>51,243</u>	<u>34,684</u>
Total U.S. Department of Health and Human Services		<u>1,467,108</u>	<u>498,093</u>
U.S. Department of Housing and Urban Development:			
Emergency Shelter Block Grant (Grant# 2019/2020)	14.231	<u>35,795</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development		<u>35,795</u>	<u>-</u>
Department of State:			
Pass through from the United States Conference of Catholic Bishops:			
U.S. Refugee Admissions Program (Grant# Not Assigned)	19.510	43,899	-
Corporation for National and Community Service:			
Foster Grandparent Program, Title II, Part B (Grant# 08SFWLA003)	94.011**	316,420	-
Federal Emergency Management Agency:			
Emergency Assistance Program (Grant# Not Assigned)	97.024	<u>86,142</u>	<u>-</u>
Total Federal Expenditures		<u>\$ 1,949,364</u>	<u>\$ 498,093</u>

*Refugee and Resettlement Services State Cluster \$1,467,108

**Foster Grandparent/Senior Companion Cluster \$316,420

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, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditure of federal 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 Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - RECONCILIATION OF EXPENSES TO FEDERAL EXPENDITURES AND TO GRANT REVENUES

	Expenses	Fee for Service Contracts or Non-Federal Award Expenditures	Non-cash Adjustments, Including Depreciation	Federal Expenditures
Social Responsibility	\$ 166,555	\$ 143,628	\$ 22,927	\$ -
FGP Title II, Part B	412,173	90,050	5,703	316,420
USCCB	12,955	(30,944)	-	43,899
Match Grant	97,068	97,068	-	-
Maternity & Adoption	510,266	473,043	37,223	-
Satellite Counseling Offices	197,287	186,464	10,823	-
Employment Services	80,134	76,668	3,466	-
Case Management	87,501	84,523	2,978	-
Housing Program	498	498	-	-
LaPointe	168,266	168,266	-	-
SFL	243,327	243,327	-	-
Mission Enhancement	105,236	105,072	164	-
Emergency Assistance	106,869	20,727	-	86,142
LOR	1,477,960	10,852	-	1,467,108
Joseph Homes (ESBG)	317,129	279,349	1,985	35,795
COVID	84,494	84,494	-	-
Migration and Refugee Services	969,621	931,288	38,333	-
Other programs	223,372	216,424	6,948	-
Agency Administration	387,704	338,088	49,616	-
Disaster Recovery fee for services contract	763,739	763,739	-	-
The Faith Fund (TFF)	83,818	83,818	-	-
	<u>\$ 6,495,972</u>	<u>\$ 4,366,442</u>	<u>\$ 180,166</u>	<u>\$ 1,949,364</u>

Reconciliation to grant assistance revenues:

Total Federal expenditures	\$ 1,949,364
State assistance received	<u>318,624</u>
Total Grant Assistance	<u>\$ 2,267,988</u>

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, 2020

NOTE C – INDIRECT COST RATE

The Organization has not elected to use the 10 percent de minimus interest cost rate as allowed under Uniform Guidance.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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

A. Findings – Financial Statement Audit

None noted

B. Findings and Questioned Costs – Major Federal Award Programs

93.583	Refugee and Entrant Assistance – Wilson/Fish Program
93.566	Refugee Resettlement Services
93.576	Refugee Preventative Health Discretionary Grant Program

2019-001) Preparation of Schedule of Expenditures and Federal Awards

Questioned Costs: None

Criteria: The Uniform Guidance Subpart F section 200.510 requires the preparation of the Schedule of Expenditures of Federal Awards (SEFA) to include an accurate reporting of federal awards expended based on the terms and conditions of the grants. In order for the SEFA to be prepared accurately and properly report the amounts expended for federal awards, a system of controls should be in existence that includes the timely preparation and review of the amounts reported on the SEFA.

Condition: While there was notable improvement over the SEFA preparation processes over the prior year, timing of adjustments and reconciliation to the general ledger should be performed in a more timely manner.

Effect: The initial SEFA provided to us did not contain the correct amounts of federal expenditures which is the basis used to determine the major federal programs to be audited in a fiscal year.

Cause: CCDBR receives multiple sources of revenues, including both federal, state and private contributions, which fund the costs of program operations. The program expenses exceed the actual federal funding received to cover these costs resulting in difficulty in the timely preparation of the SEFA by management.

Recommendation: CCDBR should strengthen its controls including its review and approval processes over the information and balances that is accumulated and reported on the SEFA to make sure the expenditures reported are timely and an accurate representation of federal costs.

Current Status: Resolved.