
CATHOLIC CHARITIES OF THE DIOCESE OF
BATON ROUGE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

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

**FINANCIAL STATEMENTS
JUNE 30, 2017**

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
<u>Audited Financial Statements</u>	
Statement of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7 – 14
<u>Supplemental Information:</u>	
Schedule of Compensation, Benefits, and Other Payments to Executive Director.....	15
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 <i>Government Auditing Standards</i>	16 - 17
<u>Single Audit Reports</u>	
Independent Auditors' Report on Compliance for Each Major Program and On Internal Control over Compliance Required by Uniform Guidance.....	18 – 19
Schedule of Expenditures of Federal Awards.....	20
Notes to Schedule of Expenditures of Federal Awards.....	21 - 22
Schedule of Findings and Questioned Costs.....	23 – 24
Summary Schedule of Prior Year Audit Findings	25

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, 2017, 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, 2017, 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 15 is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 20 -22 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 December 29, 2017, 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.

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

Baton Rouge, Louisiana
December 29, 2017

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

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 2,023,349
Certificate of deposit - unrestricted	12,038
Certificate of deposit - restricted	53,655
Grants receivable	3,194,311
Current portion of net unconditional promises to give	216,961
Total current assets	<u>5,500,314</u>

OTHER ASSETS

Non-current portion of net unconditional promises to give	212,644
Property and equipment - net	2,539,165
Total other assets	<u>2,751,809</u>

Total assets	<u>\$ 8,252,123</u>
--------------	---------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 365,783
Accrued expenses	853,809
Due to United States Conference of Catholic Bishops	5,500
Current portion of notes payable to Catholic Diocese of Baton Rouge	4,637
Total current liabilities	<u>1,229,729</u>

OTHER LIABILITIES

Non-current portion of notes payable to Catholic Diocese of Baton Rouge	9,060
Non-current portion of notes payable to Office of Community Development	660,000
Total other liabilities	<u>669,060</u>

Total liabilities	<u>1,898,789</u>
-------------------	------------------

NET ASSETS

Unrestricted	5,914,111
Temporarily restricted	385,568
Permanently restricted	53,655
Total net assets	<u>6,353,334</u>

Total liabilities and net assets	<u>\$ 8,252,123</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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>REVENUES</u>				
Capital Area United Way contributions	\$ 117,939	\$ -	\$ -	\$ 117,939
Other contributions	2,378,227	-	-	2,378,227
Other federal and state grant awards	2,574,352	-	-	2,574,352
Diocese of Baton Rouge assistance	1,529,490	-	-	1,529,490
Disaster response and recovery assistance income	12,232,200	-	-	12,232,200
Other income	455,432	-	-	455,432
Net assets released from donor restrictions:				
Satisfaction of restrictions	261,867	(261,867)	-	-
Total revenues	19,549,507	(261,867)	-	19,287,640
<u>EXPENSES</u>				
Program services	16,862,040	-	-	16,862,040
Management and general	1,070,665	-	-	1,070,665
Total expenses	17,932,705	-	-	17,932,705
<u>CHANGE IN NET ASSETS</u>	1,616,802	(261,867)	-	1,354,935
<u>BALANCE AT JUNE 30, 2016</u> - as previously reported	4,297,309	219,999	53,655	4,570,963
Correction of an accounting error	-	427,436	-	427,436
<u>BALANCE AT JUNE 30, 2016</u> - as restated	4,297,309	647,435	53,655	4,998,399
<u>BALANCE AT JUNE 30, 2017</u>	\$ 5,914,111	\$ 385,568	\$ 53,655	\$ 6,353,334

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, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Specific cash assistance to individuals	\$ 1,553,799	\$ -	\$ 1,553,799
Other salaries and wages	9,579,421	554,277	10,133,698
Fringe benefits	1,782,405	72,981	1,855,386
Payroll taxes	815,098	41,082	856,180
Operating supplies	140,265	5,357	145,622
Communications and internet	367,397	38,238	405,635
Postage and shipping	14,171	2,079	16,250
Occupancy	504,334	40,642	544,976
Equipment rental and maintenance	460,113	6,279	466,392
Printing and publications	7,050	4,166	11,216
Conferences, conventions, and travel	979,260	19,691	998,951
Depreciation	-	162,801	162,801
Dues and subscriptions	5,180	3,104	8,284
Advertising and public relations	10,821	1,858	12,679
Professional fees / subcontracts	551,021	88,825	639,846
Shelter cost	35,333	-	35,333
Other	56,372	29,285	85,657
	<u>\$ 16,862,040</u>	<u>\$ 1,070,665</u>	<u>\$ 17,932,705</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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,354,935
Adjustments to reconcile the change in net assets to net cash used in operating activities:	
Depreciation	162,801
Discount on unconditional promises to give	(2,169)
Forgiveness of debt	(136,000)
Changes in:	
Grants receivable	(2,671,212)
Unconditional promises to give	216,961
Prepaid expenses	90,243
Accounts payable	207,776
Accrued expenses	656,628
	<hr/>
Net cash used in operating activities	(120,037)

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of equipment and construction costs	(49,206)
Reinvestment of earnings on CD	(4,927)
	<hr/>
Net cash used in investing activities	(54,133)

CASH FLOW FROM FINANCING ACTIVITIES

Principal payments on debt	(4,652)
	<hr/>
Net cash used in financing activities	(4,652)
	<hr/>
Net change in cash and cash equivalents	(178,822)
Cash and cash equivalents, beginning of year	2,202,171
	<hr/>
Cash and cash equivalents, end of year	\$ 2,023,349
	<hr/> <hr/>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during year:	
Interest	\$ 489
	<hr/> <hr/>

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.

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.

Unconditional Promises to Give and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, 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 and reported in the statement of activities and changes in net assets as released from restrictions.

Unconditional promises to give are recognized as revenue in the period the promise is received. Promises to give are recorded at their realizable value if they are expected to be collected in one year or at fair value if they are expected to be collected in more than one year. Based on management's assessment of collectability, an allowance for doubtful accounts was not necessary at June 30, 2017.

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)

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.

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.

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, 2017, do not differ materially from the aggregate carrying value of these financial instruments recorded in the accompanying statement of financial position.

Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the other income line on the statement of activities as an increase or decrease in unrestricted net assets as appropriate.

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 and functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefited based on management's estimates.

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, 2017.

Accounting Pronouncements Issued But Not Yet Adopted

FASB has issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks is required. This standard is effective for fiscal years beginning after December 15, 2017. Early application of the standard is permitted.

FASB has issued ASU No. 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles 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. This standard will be effective for periods beginning after December 15, 2018.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2019.

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

NOTES TO FINANCIAL STATEMENTS

2. Grants Receivable

The detail of grants receivable by program as of June 30, 2017, is as follows:

Migration and Refugee Services Legal	\$ 57,639
Migration and Refugee Services	22,294
Foster Grandparents	95,813
Refugee Assistance	399,164
Disaster Response and Case Management	2,614,199
Other Program Services	<u>5,202</u>
	<u>\$ 3,194,311</u>

The detail of grants receivable due from agency as of June 30, 2017, is as follows:

City of Baton Rouge	\$ 11,732
Department of Health and Hospitals	497,438
Our Lady of the Lake	22,196
Lutheran Immigration & Refugee Services	5,202
State of Louisiana, Office of Community Development, Disaster Recovery Unit	2,592,003
Vera Institute of Justice	57,639
United States Conference of Catholic Bishops	<u>8,101</u>
	<u>\$ 3,194,311</u>

3. Property and Equipment

The composition of property, furniture and equipment at June 30, 2017, was as follows:

Land and shelters	\$ 3,361,341
Equipment	<u>393,119</u>
	3,754,460
Accumulated depreciation	<u>(1,215,295)</u>
	<u>\$ 2,539,165</u>

Depreciation expense totaled \$162,801 for the year ended June 30, 2017.

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, 2017, the balance due to USCCB amounted to \$5,500.

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

NOTES TO FINANCIAL STATEMENTS

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, 2017 these in-kind contributions have been recorded as revenue with the offset being recorded as expenses in the amount of \$160,540.

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

Joseph Homes	\$ 37,060
Foster Grandparents	10,558
Disaster Response and Recovery	86,284
Satellite Counseling Offices	89,654
Social Responsibility	228,982
Mission Enhancement	4,292
Family Achievement Center	12,695
Migration and Refugee Services	73,749
Maternity and Adoption	241,371
Sanctuary for Life	160,248
Emergency Assistance	177,885
Housing Program	50,149
Case Management	39,277
Agency	<u>156,746</u>
	<u>\$ 1,368,950</u>

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

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 3.25%. Interest expense incurred on this loan during the year ended June 30, 2017 was \$489. The following schedule shows the future payouts of the note:

<u>Ending June 30,</u>	
2018	\$ 4,637
2019	4,802
2020	<u>4,258</u>
	<u>\$ 13,697</u>

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

NOTES TO FINANCIAL STATEMENTS

7. Note Payable – Office of Community Development

CCDBR received \$136,000 as part of a loan agreement with the City of Baton Rouge – Parish of East Baton Rouge (City-Parish)’s Office of Community Development (OCD) on October 16, 2007. These funds were 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. CCDBR has submitted information to OCD establishing proof of services greater than the repayment amount. As such, this loan is considered forgiven and written off as of June 30, 2017.

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. 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. CCDBR has submitted information to OCD and is currently awaiting acknowledgement and approval as to whether a portion of the loan will be forgiven. As of June 30, 2017, a total of \$660,000 is owed to the OCD.

8. 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, 2017, employer contributions of \$891,171 were made to the plan.

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:

Migration and Refugee Legal Services	\$ 57,956
Family Assistance	22,310
Employment Services	77,903
Case Management	54,270
LaPointe	3,956
Housing	<u>45,472</u>
	<u>\$ 261,867</u>

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

NOTES TO FINANCIAL STATEMENTS

10. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017, were available for specific programs being conducted by the Organization as follows:

Family Achievement Center	\$ 6,470
Employment Services	130,005
Case Management	201,159
LaPointe	47,934
	<u>\$ 385,568</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.

12. Unconditional Promises to Give and Prior Year Restatement

On April 26, 2016, the Capital Area United Way notified CCDBR of promise to give totaling \$650,883 to be paid in three equal installments.

During the year ended June 30, 2017, the Organization discovered that unconditional promises to give was not recorded in the proper accounting period. Accordingly, an adjustment of \$427,436 was made to the June 30, 2017 beginning net assets to record the unconditional promise to give, net of discount of \$6,486 as of the beginning of the year.

Below is a summary of the restatement of prior year net assets:

	<u>Temporarily Restricted</u>
Net assets, as previously reported at June 30, 2016	\$ 219,999
Unconditional promises to give, net of discount	<u>427,436</u>
Net assets, as restated at June 30, 2016	<u>\$ 647,435</u>

Unconditional promises to give at June 30, 2017 consisted of the following:

Promises to give expected to be collected in:	
Less than one year	\$ 216,961
One to five years	<u>216,961</u>
	433,922
Less: Discount on promise to give	<u>(4,317)</u>
	<u>\$ 429,605</u>

The rate used in discounting unconditional promises to give was 1.01% as of June 30, 2017.

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

NOTES TO FINANCIAL STATEMENTS

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 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 permanently restricted donation 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, 2017:

	<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, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2016	\$ -	\$ -	\$ 53,655	\$ 53,655
Investment Return:				
Investment income	-	-	32	32
Appropriation of endowment assets for expenditure	-	-	(32)	(32)
Contributions	-	-	-	-
Endowment net assets, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,655</u>	<u>\$ 53,655</u>

14. Subsequent Events

Management has evaluated events through the date that the financial statements were available to be issued, December 29, 2017, 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.

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, 2017

Executive Director: David C. Aguillard

Purpose	Amount
Salary	\$ 142,869
Benefits - insurance	7,180
Benefits - retirement	1,479
Benefits - Long Term Disability	-
Benefits - Basic Life Insurance	-
Cell phone	2,008
Reimbursements	575
Registration fees	650
Conference travel	2,525
Special meals	492
Total	\$ 157,778

**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, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2017.

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

Postlethwaite & Netterville
Baton Rouge, Louisiana
December 29, 2017

**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 Each 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, 2017. 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 CCDBR's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 for its major federal 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, 2017.

Report on Internal Control Over Compliance

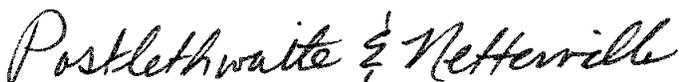
The management of CCDBR is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered CCDBR's internal control over compliance with the types of requirements that could 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 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 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

CCDBR's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. CCDBR's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Baton Rouge, Louisiana
December 29, 2017

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<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: Pass through from the Administration for Children and Families, Office of Refugee Resettlement:			
Refugee and Entrant Assistance – Wilson/Fish Program (Grant# 90RW0050-02-00)	93.583*	1,603,806	533,773
Refugee Resettlement Services (Grant# 1701LARSOC)	93.566*	287,336	1,916
Refugee Preventative Health Discretionary Grant Program (Grant# 90RX0273-02-00)	93.576*	<u>75,674</u>	<u>2,558</u>
Total U.S. Department of Health and Human Services		<u>1,966,816</u>	<u>538,247</u>
U.S. Department of Housing and Urban Development:			
Emergency Shelter Block Grant (Grant# 2016/2017)	14.231	47,868	-
Prior Year Loans With Continuing Compliance Requirements	14.239	<u>660,000</u>	-
Total U.S. Department of Health and Human Services		<u>707,868</u>	-
Department of State:			
Pass through from the United States Conference of Catholic Bishops: U.S. Refugee Admissions Program (Grant# Not Assigned)	19.510	112,232	-
Corporation for National and Community Service:			
Foster Grandparent Program, Title II, Part B (Grant# 08SFWLA003)	94.011	314,841	-
Federal Emergency Management Agency:			
Emergency Assistance Program (Grant# Not Assigned)	97.024	<u>132,595</u>	-
Total Federal Expenditures		<u>\$ 3,234,352</u>	<u>\$ 538,247</u>

*Refugee and Resettlement Services Cluster \$1,966,816

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, 2017

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

	Expenses	Fee for Service Contracts or Non-Federal Award Expenditures	Non-cash Adjustments, Including Depreciation	Federal Expenditures
Senior Employment	\$ -	\$ -	\$ -	\$ -
Social Responsibility	271,150	258,343	12,807	-
FGP Title II, Part B	329,289	10,558	3,890	314,841
USCCB	130,715	9,686	8,797	112,232
Match Grant	-	-	-	-
Maternity & Adoption	430,432	408,840	21,592	-
Satellite Counseling Offices	187,536	180,199	7,337	-
Family Achievement Center	22,310	22,310	-	-
Employment Services	77,903	66,321	11,582	-
Case Management	136,684	88,023	11,247	37,414
Housing Program	52,492	52,492	-	-
LaPointe	53,956	53,956	-	-
SFL	189,532	189,532	-	-
Mission Enhancement	162,694	162,694	-	-
Refugee Cash Assistance WF	373,329	-	10,053	363,276
Emergency Assistance	303,428	170,833	-	132,595
LOR	1,475,583	15,848	7,565	1,452,170
Joseph Homes (ESBG)	171,746	161,293	-	10,453
Refugee Social Services	107,125	-	5,027	102,098
Migration and Refugee Services	49,480	-	207	49,273
Migration and Refugee Services - Legal	598,411	583,423	14,988	-
Other programs	109,400	102,053	7,347	-
Agency Administration	363,133	162,231	200,902	-
Prior year loans with continuing compliance requirements	-	-	-	660,000
Disaster Recovery fee for services contract	12,336,377	12,336,377	-	-
	<u>\$ 17,932,705</u>	<u>\$ 15,035,012</u>	<u>\$ 323,341</u>	<u>\$ 3,234,352</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, 2017

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, 2017

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? x yes _____ 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 §200.516(a) of the Uniform Guidance? _____ yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
--------------------	---

Refugee and Resettlement Services Cluster:

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

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.
- 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, 2017

B. Findings – Financial Statement Audit

None noted

C. Findings and Questioned Costs – Major Federal Award Programs

Refugee and Resettlement Services Cluster:

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

2017-001) Reporting – Documentation and Review of Federal Financial Reports Questioned Costs: N/A

Criteria: Internal controls over the preparation and submission of all federal financial reports required by the grant terms should exist and the Organization should maintain documentary evidence that supports the amounts used in preparation of these reports reconciled to the accounting records of the Organization.

Condition: During our audit, we noted controls over the preparation of the federal financial reports were not adequate. These reports are prepared and submitted by the same individual without a second detailed review of supporting documentation. In addition, the detail transactions supporting these reports are done on a cash basis and a reconciliation to the accounting records which are maintained on an accrual basis is not documented.

Cause: The above condition is a result of limited staffing and turnover in the Finance Department.

Effect: While federal financial reports were prepared timely and supported by cash basis transaction detail, without proper internal controls and reconciliation to accounting records not documented, errors in reporting may go undetected and over reimbursements of federal awards could occur.

Recommendation: The Organization should have a more precise method for preparing and reviewing the federal financial reports and a reconciliation to the quarterly accrual based accounting records documented.

View of Responsible Official:

We had recognized that although the reconciliation is accurate in aggregate and reports are reviewed prior to submission by a second person, the monthly reconciliation process could be simplified and strengthened thereby making more efficient our quarterly report submission process. We started a new process in June 2017, which is summarized in the letter addressing our Corrective Action.

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

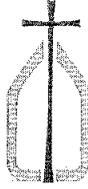
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

A. Findings – Financial Statement Audit

None noted

B. Findings and Questioned Costs – Major Federal Award Programs

None noted



CATHOLIC CHARITIES
DIOCESE OF BATON ROUGE

Bishop Robert W. Muench, D.D.
President

David C. Aguillard, MPA, MHA, MA
Executive Director

December 29, 2017

Postlethwaite & Netterville
Attn: Tiffani M. Dorsa, Audit Director
8550 United Plaza Boulevard, Suite 1001
Baton Rouge, LA 70809

Dear Ms. Dorsa:

We have reviewed Postlethwaite & Netterville's audit results and finding of the Single Program Audit of refugee resettlement. Following is our Corrective Action Plan.

Refugee and Resettlement Services Cluster Recommendation:

The Organization should have a more precise method for preparing and reviewing the federal financial reports and a reconciliation to the quarterly accrual based accounting records documented.

Corrective Action Plan:

We had recognized that although the reconciliation is accurate in aggregate and reports are reviewed prior to submission, the monthly reconciliation process could be both simplified and strengthened thereby making more efficient our quarterly report submission process. We started a new process in June, 2017.

Since that time, our new Director of Finance has begun reviewing and documenting the methodology used by the former Director, who retired in March after 18 years of service. The complexity of allocating payments from three sources for three different purposes to an individual refugee who may receive all three services simultaneously relies on the judgement and experience the former director developed during her tenure. She has detailed institutional knowledge of the intricate funding mechanisms and requirements for this program. While the methodology has worked well and been both reliable and accurate, it is not easily transferred. Since June, the former director has returned periodically to help the new director perform this complicated reconciliation.

The process involves reviewing several bank accounts, voided checks, reports from the case management system detailing cash disbursements to refugees as well as payments to three refugee resettlement sites, and our internal accounting entries. We will strengthen this process by developing a standardized reconciliation worksheet that explains the methodology for the entries and allocations. The goal is that this reconciliation worksheet can be used so that the process can be learned and passed on to accounting staff.

providing help. creating hope.



I hope this response indicates our commitment to achieve and maintain compliance with all audit requirements. Please let me know if there are any other questions I can answer or information needed.

Respectfully,

A handwritten signature in black ink, appearing to read 'D. C. Aguillard', written in a cursive style.

David C. Aguillard, MPA, MHA, MA
Executive Director
Catholic Charities of the Diocese of Baton Rouge

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE AGREED-UPON
PROCEDURES REPORT
FOR THE YEAR ENDED JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule A: Agreed-Upon Procedures and Observations and Associated Findings	2 - 15
Management's Response and Corrective Action Plan	



Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 - Baton Rouge, LA 70809
225-922-4600 Phone - 225-922-4611 Fax - 225-922-4611

A Professional Accounting Corporation

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Catholic Charities of the Diocese
of Baton Rouge, Inc. Board and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by Catholic Charities of the Diocese of Baton Rouge, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Baton Rouge, LA

December 29, 2017

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*”. If not, then a description of the exception ensues.

Written Policies and Procedures

1. Obtain the entity’s written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

The Organization’s policy does not specifically address preparing, adopting, monitoring, or amending the budget.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Organization’s policy does not specifically address initiation of purchases, additions to vendor list, the preparation and approval of purchases, controls over compliance with public bid law and documentation required for all bid and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving

There is no formal written policy for initiating, reviewing, signing or approving checks or electronic payments for cash disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

The Organization’s policy does not include information on receiving or recording receipts.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Organization does not have a formal written policy over the payroll process or process for reviewing time and attendance cards.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Organization’s contracting policy does not include a legal review and approval process regarding contracts.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The Organization does not have a formal policy over credit cards.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The Organization's policy does not address allowable travel expenses, dollar thresholds by category of expense, required approvers, or mileage rates.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Ethics was not tested as the entity is a nonprofit.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Debt Service was not tested as the entity is a nonprofit.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Organization's Board met during the fiscal period as required under its bylaws. However, one meeting did not have quorum.

- b) Report whether the minutes referenced are including monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The Organization did not provide monthly budget-to-actual presentations at its board meetings.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions noted.

**CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017**

Schedule A

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

A listing of bank accounts was provided and included a total of 8 bank accounts. No exceptions were noted as a result of performing this procedure.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

From the listing provided, P&N selected 5 accounts and obtained the bank reconciliations for each of the twelve months ending June 30, 2017, resulting in 60 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations have been prepared;

Of the 60 bank reconciliations tested, 1 bank account should have had a December bank reconciliation before being closed the following month, but there was no bank reconciliation.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Of the 60 bank reconciliations tested, 1 had no evidence of management review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Of the 60 bank reconciliations tested, 25 showed reconciling items outstanding more than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

A listing of cash collection locations was provided and included a total of 8 cash collection locations. No exceptions were noted as a result of performing this procedure.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

**CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
 AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
 JUNE 30, 2017**

Schedule A

3 locations were selected for testing to perform the procedures below.

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

For the 3 collection locations selected, P&N noted the individuals responsible for collecting cash and compliance with the criteria listed in procedure 6a) are as follows:

Position of Person Responsible	Collection Location	Criteria Met (see legend below)				
		6a)1	6a)2.1	6a)2.2	6a)2.3	6a)3
Secretary	St. Albert Hammond	Yes	No	No	No	Yes
LCSW Contractor	Imm Concep DS	Yes	No	No	No	Yes
Administrative Assistant	1900 S. Acadian	Yes	No	No	No	Yes

Abbreviated criteria labels used for presentation purposes are as follows:

Label	Description
6a)1	Person responsible for collecting cash is bonded.
6a)2.1	Person responsible for collecting cash is not responsible for depositing cash in the bank.
6a)2.2	Person responsible for collecting cash is not responsible for recording the related transaction.
6a)2.3	Person responsible for collecting cash is not responsible for reconciling the related bank account.
6a)3	Person responsible for collecting cash is not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Organization has no formal process to reconcile cash collection to the general ledger or specifications as to who should perform these duties.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

The above procedures could not be performed as the Organization does not reconcile deposits from the collection log to the deposits and amounts recorded into the general ledger.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, etc.) by a person who is not responsible for collections.

The Organization's policy only denotes that "counts of cash should be regularly compared with the deposit receipts received from the bank" and does not specify who should perform this procedure and therefore audit cannot verify proper segregation of duties.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

The listing of beginning and ending check ranges for all bank accounts was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

P&N randomly selected 25 disbursements and performed the procedures below.

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

There is no formal requisition/purchase order process used by the Organization. Purchases are approved by individual department heads.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions noted.

- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

No exception noted.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exception noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The 25 disbursements selected in procedure 9 were from five bank accounts. For all accounts, check signers manually sign the checks. For 1 out of 5 bank account's the check signer maintained control

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

of the checks until mailed. All other check signers immediately turned over the checks back to the accounting department after signing.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided and included a total of 177 credit cards and fuel cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and perform the procedures below.

A random selection of 10 cards was made (8 credit cards and 2 fuel cards) to perform the procedures noted below.

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

For the 10 cards tested for the largest month of activity, 2 had no evidence of management approval.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

For the 10 cards tested for the largest month of activity, there were 80 transactions that took place during those months. One of transactions did not have an original itemized expense receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

For the 10 cards tested for the largest month of activity, out of the sample of 80 transactions tested, 6 did not have documentation of a business purpose. There was only one meal charge out of the sample of transactions tested, and this meal charge did not have documentation of business purpose or documentation of the individuals participating.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exception noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

For the 10 cards tested for the largest month of activity, there were 80 transactions which took place during those months and were tested. 6 of those 80 transactions did not have documentation related to the expense to allow knowledge on the nature of the purchase and determine if written purchasing/disbursement policies and Louisiana Public Bid Law was adequately followed.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

For the 10 cards tested for the largest month of activity, there were 80 transactions which took place during those months and were tested. 6 of those 80 transactions did not have documentation related to the expense to allow knowledge on the nature of the purchase and its business/public purposes for comparison to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

A listing of general ledger activity for all travel and related expense reimbursements, by person, during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Organization's unofficial policy (which was sent in an e-mail but is not part of their official policy manual) for mileage reimbursement of \$0.40 per mile and \$23-33 per day for per diem does not exceed the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Out of three employees tested, only one incurred lodging expenses. That employee was reimbursed for \$98 of lodging expenses, which exceeded the 2017 GSA rate of \$97.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased.
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Out of the three employees tested, one was not supported by an original itemized receipt. Additionally, one did not have documentation of business purpose.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Out of the three employees tested, one was not supported by a business purpose and therefore there was no way to corroborate whether the business purpose adhered to the requirements of Article 7, Section 14.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Out of the three employees tested, one did not show proper authorization approved in writing for the expenses.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

A listing of contracts and amounts for all in effect during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code (bid law) and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

None of the contracts were subject to Louisiana Public Bid Law. No exceptions noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No exceptions noted.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No amendments were made to the selected contracts that were tested.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

A listing of employees was provided and a random sample of five employees was selected and subjected the procedures below. No exceptions were noted as a result of performing this procedure.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

P&N notes that out of five employees tested, one employee was paid more than the contracted amount.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Out of five employees tested, one had a pay rate change during the year. However, the rate they were paid was inconsistent with the salary adjustment form for the year. Additionally, the pay falls below the salary range matrix classification for that position.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

Accumulated leave sheets are maintained by each department and not aggregated into one database of leave balances. A selection was made by picking the week which included the Thanksgiving holiday and only requested accumulated leave sheets for those employees whose timecards showed that they took vacation.

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Out of the twenty-five employees tested, two showed no evidence of management approval for leave taken. Additionally, out of the twenty-five employees tested, four took leave during the period selected for testing and this leave was not posted to the system.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Out of the two employees tested, one had a separation notice which was not signed and therefore there was no written approval by management on the official termination notice.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

The Organization contracts with a third party payroll provider to process paychecks, file federal and state related tax forms. All tax payments are made electronically through ACH deduction.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Not applicable.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No exceptions noted.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

There was neither a fraud notice online nor one on the premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

December 29, 2017

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

In planning and performing our audit of the financial statements of the Catholic Charities of the Diocese of Baton Rouge, Inc. (the Organization) for the year ended June 30, 2017, we considered the Organization's internal controls over financial reporting and 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. Our consideration does not provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that represent opportunities for improving financial reporting, refining policies and procedures, including those that help ensure compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 29, 2017 on the financial statements of the Organization.

2017-1

Reconciliation of cash receipts to bank deposits

Condition: In performing the Statewide Agreed-Upon Procedures in connection with our audit, as required and enumerated by the Louisiana Legislative Auditor, we were required to consider the Organization's processes and procedures over cash collections and the recording and reconciling of these amounts to the general ledger. In doing so, we noted that there are currently no written policies over cash collections in order to formalize certain processes that that may currently be only informally in place, to assign or re-assign responsibilities thereby enhancing segregation of duties, and to otherwise strengthen internal controls. In addition, collections are not deposited regularly and amounts are not able to be reconciled to the general ledger posting.

Recommendation: The Organization should consider establishing written policies and procedures over the cash collections, timing of deposits and timely reconciliations of collection deposit amounts to the general ledger.

Management Response:

Given that the AUPs were published halfway through FY'17 (in February '17), we had not yet fully incorporated them into our accounting policy manual even though we do have process in place that meet the requirements. Therefore, we will update our policies to mirror the processes as well as change the processes if required by the AUPs.

Regarding this item, while we do have a routine, documented process of reconciliation, that process is not a formal written policy. We will establish our current practice into a written policy and refine if necessary.

2017-2

Enhancement of policies and procedures

Condition:

In performing the Statewide Agreed-Upon Procedures in connection with our audit, as required and enumerated by the Louisiana Legislative Auditor, we compared management's policies and procedures to certain pre-established criteria. In doing so, we noted that written policies should be established to formalize certain processes that that may currently be only informally in place, to assign or re-assign responsibilities thereby enhancing segregation of duties, and to otherwise strengthen internal controls over various financial functions.

Recommendation:

We recommend that formalized accounting policies and procedures be established or amended for the following operational areas:

- Budgeting – preparing, adopting, monitoring or amending the budget
- Purchasing – initiation of purchases, additions to vendor list, preparation and approval of purchases, controls over compliance with public bid law, and documentation required for all bid and price quotes
- Disbursements – initiating, reviewing, signing or approving checks for electronic payments
- Receipts – receiving and recording
- Payroll and personnel – processing, process and review of time and attendance
- Contracting – when legal review is required and a more formal monitoring process
- Credit Cards - to include documentation and review requirements)
- Travel and expense reimbursements – allowable costs, dollar thresholds by category of expense, required approvers, or mileage rates

Management Response:

Given that the AUPs were published halfway through FY'17 (in February '17), we had not yet fully incorporated them into our accounting policy manual even though we do have process in place that meet the requirements. Therefore, we will update our policies to mirror the processes as well as change the processes if required by the AUPs to assure compliance with the items listed in the above recommendation.

Employee Leave Balances

Condition: The computation of the liability associated with annual leave is performed by individual department personnel and given to accounting personnel at year-end. The calculation is manual and maintained in an Excel worksheet. During our audit, we test the accuracy of the calculation and adherence to the Organization's policy. We noted two out of six employees whose leave balance was not adjusted in accordance with the Organization's policy.

Recommendation: Given the complexity of the Organization's leave policy and the manual process used to track employee leave balances we recommend a more detailed review of employee leave balances by an individual who was not responsible for the maintenance or input of the annual leave Excel spreadsheet.

Management Response:

We will be changing this system in January. We recognize our manual process of compiling leave balances for our two-tiered policy (under which an employee's leave accrual can change mid-year depending on LOS) is cumbersome and out-of-date. We will be switching to an automated, online system to assure the accuracy of the balances and associated accrual, although it is important to note that the two overlooked do not represent a financial impact because actual leave is reviewed upon separation and corrected then.

This letter is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than that specified parties.

Postlethwaite & Netterville
Baton Rouge, Louisiana



CATHOLIC CHARITIES
DIOCESE OF BATON ROUGE

Bishop Robert W. Muench, D.D.
President

David C. Aguillard, MPA, MHA, MA
Executive Director

December 29, 2017

Postlethwaite & Netterville
Attn: Tiffani M. Dorsa, Audit Director
8550 United Plaza Boulevard, Suite 1001
Baton Rouge, LA 70809

Dear Ms. Dorsa:

We have reviewed Postlethwaite & Netterville's audit results regarding our adherence with the new Agreed-Upon Procedures, and following you will find steps we have already taken as well as our plan on bringing our policy manuals into compliance.

2017-1 **Reconciliation of cash receipts to bank deposits**

Recommendation:

The Organization should consider establishing written policies and procedures over the cash collections, timing of deposits and timely reconciliations of collection deposit amounts to the general ledger.

Corrective Action Plan:

We have already put in place a routine, documented process of reconciliation, but that process is not a formal written policy. We will establish our current practice into a written policy using the standards of the AUPs as our guide.

2017-2 **Enhancement of policies and procedures**

Recommendation: We recommend that formalized accounting policies and procedures be established or amended for the following operational areas:

- Budgeting – preparing, adopting, monitoring or amending the budget
- Purchasing – initiation of purchases, additions to vendor list, preparation and approval of purchases, controls over compliance with public bid law, and documentation required for all bid and price quotes
- Disbursements – initiating, reviewing, signing or approving checks for electronic payments
- Receipts – receiving and recording

providing help. creating hope.



United Way

- Payroll and personnel – processing, process and review of time and attendance
- Contracting – when legal review is required and a more formal monitoring process
- Credit Cards - to include documentation and review requirements)
- Travel and expense reimbursements – allowable costs, dollar thresholds by category of expense, required approvers, or mileage rates

Corrective Action Plan:

- *Our budgeting timeline and monitoring process occurs in accordance with standard practice (the board gets monthly reports) and the development process follows the policy required by the Roman Catholic Diocese of Baton Rouge. We will write this process into our CCDBR policy manual assuring compliance with AUPs.*
- *We currently have a process under which only directors can initiate purchases and all payments must be approved by more than one director, assuring review takes place. Additionally, items over \$500 must be approved by Executive Management. All system and electronic equipment must be approved by the Finance Director and our IT consultant. Furthermore, certain capital expenditures for buildings and property must be reviewed by Diocesan committees and bids obtained for construction. We will write these processes into a CCDBR policy and review the AUPs for any required refinements.*
- *The same process above applies for disbursements, but it should be noted by policy choice we do not make electronic payments.*
- *All deposits are reviewed by one of three designated staff who record incoming monies and forward the payments to accounting thus assuring separation of duties and accountability. The actual deposits are reviewed by accounting staff to check for accuracy and discrepancies. We will write these processes into a formal CCDBR policy and review the AUPs for any required refinements.*
- *Payroll and personnel improvements have already been initiated. In December we began implementing a new online, automated timekeeping system. We will write policies describing the use and reviews this new system will allow and compare to the AUPs for any required refinements.*
- *Beginning in June of 2017, we started a process of having all contracts reviewed by our newly contracted General Counsel. Recognizing the need for a more systemic method of following contract compliance issues and their relation to our electronic reporting systems, we have also created and hired a Systems Analyst to help establish not only the processes for monitoring compliance but a systematic method. We will write these processes as they are developed into a CCDBR policy and review the AUPs for any required refinements.*
- *In September we began migrating all credit cards users to a single account with a local bank with each department having its own card. This will allow more efficient documentation and review of credit cards. This new process was implemented in December, with each card holder required to document their receipt of the card and acknowledgment of our new credit card policy. We will write the review and use processes into a formal CCDBR policy and review the AUPs for any required refinements.*

Employee Leave Balances

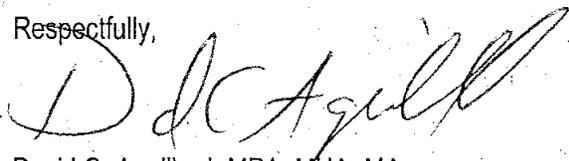
Recommendation: Given the complexity of the Organization's leave policy and the manual process used to track employee leave balances we recommend a more detailed review of employee leave balances by an individual who was not responsible for the maintenance or input of the annual leave Excel spreadsheet.

Corrective Action Plan:

We have already initiated our change to an automated, online system to assure the accuracy of the balances and associated accrual of leave time. This system should be fully implemented by June 30, 2018. We will write the process of how we will utilize the new system for monitoring and reporting leave time into a CCDBR policy and review the AUPs for any required refinements.

I hope these actions already begun indicate our commitment to achieve the highest level possible of compliance with the AUPs. Please let me know if there are any other questions I can answer or information needed.

Respectfully,



David C. Aguillard, MPA, MHA, MA
Executive Director
Catholic Charities of the Diocese of Baton Rouge