



**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
INDEX TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Catholic Charities of the Archdiocese of Atlanta, Inc.
Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities of the Archdiocese of Atlanta, Inc. (the "Organization" or "CCA") which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 the 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 above present fairly, in all material respects, the financial position of Catholic Charities of the Archdiocese of Atlanta, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

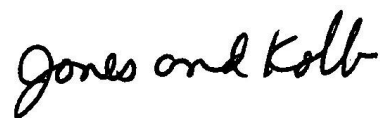
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019, on our consideration of Catholic Charities of the Archdiocese of Atlanta, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities of the Archdiocese of Atlanta, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jones and Kolb". The signature is written in a cursive, flowing style.

December 5, 2019

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
ASSETS		
Cash and cash equivalents	\$ 2,116,638	\$ 1,732,016
Investments	1,888,599	1,858,587
Accounts and government grants receivable	457,612	573,952
Contributions receivable	502,806	253,440
Prepaid expenses	192,069	142,267
Beneficial interest in assets held by others	17,420	17,457
Beneficial interest in remainder trust	271,567	281,828
Property and equipment, net	106,529	132,729
	\$ 5,553,240	\$ 4,992,276
Total assets		
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 64,282	\$ 63,133
Accrued liabilities	271,333	344,120
Deferred income	313,205	501,896
Due to Archdiocese of Atlanta	100,855	53,207
Note payable	86,226	-
Deferred rent	86,088	97,689
	921,989	1,060,045
Total liabilities		
NET ASSETS		
Without donor restrictions		
Undesignated	3,658,881	3,129,151
Board designated for contingencies	208,430	204,817
	3,867,311	3,333,968
With donor restrictions	763,940	598,263
	4,631,251	3,932,231
Total net assets		
Total liabilities and net assets	\$ 5,553,240	\$ 4,992,276

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Public support			
Contributions	\$ 2,507,289	\$ 313,034	\$ 2,820,323
Archdiocese of Atlanta			
Cash contributions	632,087	-	632,087
In-kind contributions	121,302	-	121,302
Private grants	1,084,596	-	1,084,596
Government grants	1,757,934	-	1,757,934
Special events, net of \$118,447 of direct cost	199,201	-	199,201
Other in-kind revenues	268,231	-	268,231
Total public support	6,570,640	313,034	6,883,674
Revenues			
Program revenues	311,898	-	311,898
Investment income	128,299	-	128,299
Other	57,281	-	57,281
Total revenues	497,478	-	497,478
Net assets released from donor restrictions	147,357	(147,357)	-
Total public support and revenues	7,215,475	165,677	7,381,152
EXPENSES			
Program services	5,006,886	-	5,006,886
Management and general	654,413	-	654,413
Fundraising	1,020,833	-	1,020,833
Total expenses	6,682,132	-	6,682,132
CHANGE IN NET ASSETS	533,343	165,677	699,020
NET ASSETS			
Beginning of year	3,333,968	598,263	3,932,231
NET ASSETS			
End of year	\$ 3,867,311	\$ 763,940	\$ 4,631,251

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Public support			
Contributions	\$ 2,140,978	\$ 295,666	\$ 2,436,644
Archdiocese of Atlanta			
Cash contributions	581,420	-	581,420
In-kind contributions	121,302	-	121,302
Private grants	1,007,675	-	1,007,675
Government grants	1,965,279	-	1,965,279
Special events, net of \$117,342 of direct cost	170,492	-	170,492
Other in-kind revenues	313,380	-	313,380
Total public support	6,300,526	295,666	6,596,192
Revenues			
Program revenues	312,097	-	312,097
Investment income	182,435	-	182,435
Other	56,031	-	56,031
Total revenues	550,563	-	550,563
Net assets released from donor restrictions	212,021	(212,021)	-
Total public support and revenues	7,063,110	83,645	7,146,755
EXPENSES			
Program services	5,113,573	-	5,113,573
Management and general	464,599	-	464,599
Fundraising	1,002,946	-	1,002,946
Total expenses	6,581,118	-	6,581,118
CHANGE IN NET ASSETS	481,992	83,645	565,637
NET ASSETS			
Beginning of year	2,851,976	514,618	3,366,594
NET ASSETS			
End of year	\$ 3,333,968	\$ 598,263	\$ 3,932,231

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Refugee Settlement</u>	<u>Immigration</u>	<u>Family Stabilization</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 1,113,316	\$ 1,031,861	\$ 1,199,452	\$ 3,344,629	\$ 272,611	\$ 349,612	\$ 3,966,852
Fundraising and outreach	-	-	-	-	15,928	542,628	558,556
Direct assistance	253,709	540	110,698	364,947	-	-	364,947
Professional fees	36,977	212,546	34,925	284,448	31,382	2,882	318,712
Occupancy	61,578	47,275	89,201	198,054	86,950	31,922	316,926
Other in-kind cost	147,206	500	116,072	263,778	250	3,204	267,232
Local transportation	22,808	107,083	13,499	143,390	2,932	4,233	150,555
Bad debt expense	-	2,515	3,374	5,889	138,000	-	143,889
Insurance	51,663	29,042	32,768	113,473	16,151	5,839	135,463
Miscellaneous	10,822	23,008	25,430	59,260	21,931	20,923	102,114
Printing and postage	1,520	9,468	11,337	22,325	17,552	48,785	88,662
Supplies	2,652	9,370	36,855	48,877	5,575	3,356	57,808
Telephone	15,255	11,398	16,085	42,738	7,609	3,446	53,793
Conference and training	5,653	5,434	18,367	29,454	17,832	397	47,683
Maintenance and repairs	1,270	249	24,245	25,764	1,450	-	27,214
Archdiocese administrative fee	3,876	4,607	4,444	12,927	4,449	672	18,048
Subscriptions and dues	856	2,408	689	3,953	9,343	2,294	15,590
Total before depreciation and amortization	1,729,161	1,497,304	1,737,441	4,963,906	649,945	1,020,193	6,634,044
Depreciation and amortization	21,088	9,334	12,558	42,980	4,468	640	48,088
Total	<u>\$ 1,750,249</u>	<u>\$ 1,506,638</u>	<u>\$ 1,749,999</u>	<u>\$ 5,006,886</u>	<u>\$ 654,413</u>	<u>\$ 1,020,833</u>	<u>\$ 6,682,132</u>

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Refugee Settlement</u>	<u>Immigration</u>	<u>Family Stabilization</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 1,238,176	\$ 1,036,780	\$ 1,199,523	\$ 3,474,479	\$ 249,045	\$ 351,779	\$ 4,075,303
Fundraising and outreach	-	241	-	241	24,014	529,598	553,853
Direct assistance	231,913	340	155,433	387,686	-	-	387,686
Professional fees	40,304	45,437	55,530	141,271	15,859	-	157,130
Occupancy	62,346	49,751	80,663	192,760	83,107	31,922	307,789
Other in-kind cost	125,901	14,940	172,538	313,379	-	-	313,379
Miscellaneous	11,370	31,663	33,258	76,291	22,574	15,887	118,752
Local transportation	18,579	87,729	13,959	120,267	2,446	1,087	123,800
Bad debt expense	-	-	-	-	4,000	-	4,000
Insurance	55,778	27,746	33,455	116,979	12,939	4,215	134,133
Printing and postage	3,557	12,671	11,374	27,602	11,794	33,677	73,073
Supplies	12,161	9,556	45,161	66,878	4,470	1,072	72,420
Telephone	14,121	9,171	13,112	36,404	9,713	1,542	47,659
Conference and training	8,645	20,378	14,631	43,654	11,701	29,067	84,422
Maintenance and repairs	2,301	4,178	38,392	44,871	-	-	44,871
Archdiocese administrative fee	4,994	4,484	5,189	14,667	3,333	-	18,000
Subscriptions and dues	2,457	5,341	1,478	9,276	6,230	1,405	16,911
	<u>1,832,603</u>	<u>1,360,406</u>	<u>1,873,696</u>	<u>5,066,705</u>	<u>461,225</u>	<u>1,001,251</u>	<u>6,529,181</u>
Total before depreciation and amortization							
Depreciation and amortization	<u>22,713</u>	<u>10,457</u>	<u>13,698</u>	<u>46,868</u>	<u>3,374</u>	<u>1,695</u>	<u>51,937</u>
Total	<u><u>\$ 1,855,316</u></u>	<u><u>\$ 1,370,863</u></u>	<u><u>\$ 1,887,394</u></u>	<u><u>\$ 5,113,573</u></u>	<u><u>\$ 464,599</u></u>	<u><u>\$ 1,002,946</u></u>	<u><u>\$ 6,581,118</u></u>

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 699,020	\$ 565,637
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Depreciation and amortization	48,088	51,937
Realized and unrealized (gain) loss on investments	8,551	(42,190)
Net appreciation in beneficial interest in assets held by others	(487)	(1,190)
Net depreciation (appreciation) in beneficial interest in remainder trust	10,261	(15)
Change in accounts and government grants receivable	116,340	(151,159)
Change in contributions receivable	(249,366)	(106,471)
Change in prepaid expenses	(49,802)	80,042
Change in accounts payable and accrued liabilities	(71,638)	95,120
Change in deferred income	(188,691)	357,317
Change in due to Archdiocese of Atlanta	47,648	(105,707)
Change in deferred rent	(11,601)	(11,502)
Total adjustments	(340,697)	166,182
Net cash and cash equivalents provided by operating activities	358,323	731,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(21,888)	-
Proceeds from sale/maturity of investments	613,343	768,193
Purchases of investments	(651,382)	(803,199)
Net cash and cash equivalents used in investing activities	(59,927)	(35,006)

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	86,226	-
Payments on note payable	<u>-</u>	<u>(151,766)</u>
Net cash and cash equivalents provided by (used in) financing activities	<u>86,226</u>	<u>(151,766)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	384,622	545,047
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,732,016</u>	<u>1,186,969</u>
CASH AND CASH EQUIVALENTS		
End of year	<u><u>\$ 2,116,638</u></u>	<u><u>\$ 1,732,016</u></u>

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Catholic Charities of the Archdiocese of Atlanta, Inc. (the "Organization" or "CCA") is a voluntary health and welfare organization established by the Catholic Archdiocese of Atlanta (the "Archdiocese") as an independent juridical entity pursuant to the Code of Canon Law of the Roman Catholic Church. The Archbishop of the Archdiocese is the sole member of the corporation. The Organization qualifies as a non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code.

Since 1953, CCA has been providing help and creating hope for those in need through professional services that help eliminate barriers to self-sufficiency, stabilize families and transform lives. CCA serves those in need regardless of their religion and tailors services to the unique circumstances of the people served. CCA's strategic intent is to build bridges of hope, mercy and understanding. The Organization is supported through grants, contributions and in-kind donations from public and private donors and the Archdiocese.

B. In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958). This ASU improves the prior net asset classification requirements, the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Management adopted this ASU in the year ended June 30, 2018.

C. The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

D. The Organization classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. The Organization records contributions of cash and other assets as income without donor restrictions unless specifically restricted by the donor. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operation of the Organization.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example stipulating that resources be maintained in perpetuity. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes. More specifically,

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Net Assets as "net assets released from restrictions."

E. Contributions are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is included in contributions in the accompanying Statements of Activities and Net Assets. Conditional pledges are not included as support until the conditions are substantially met.

F. The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

G. Investments, beneficial interest in assets held by others and beneficial interest in remainder trust are recorded at fair value. Unrealized gains and losses are included with investment income on the Statements of Activities and Net Assets. Interest, dividends and gains and losses on investments are recorded as changes in net assets without donor restrictions or net assets with donor restrictions depending on any donor stipulations on the use of the income.

H. Accounts and government grants receivable consists of government grants, program service fees and other receivables. Accounts receivable are recorded at the amount of cash estimated as realizable. The Organization provides an allowance for doubtful accounts based on the estimated collectability. When an account is determined uncollectible, it is written off to bad debt expense. Receivables are considered delinquent based on the contractual terms of the account.

I. Purchased property and equipment are recorded at cost, and donated assets are recorded at their estimated fair market value at the date of donation. Repairs and maintenance are expensed as incurred. Property and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method. Estimated useful lives of the assets range from three to ten years. Leasehold improvements are amortized over their estimated useful lives or their lease term, whichever is shorter.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

J. The Organization records non-cash contributions at their estimated fair market value at the date of the contribution. The Organization records contributed services as contribution revenue and as an expense if the services create or enhance a nonfinancial asset, or the services would (1) need to be purchased by the Organization if not provided by contribution, (2) require specialized skills, and (3) are provided by individuals with those skills.

K. The Organization recognizes program service fees and other revenues received prior to the year the service is performed as deferred income. Deferred income also includes advance payments on government and private grants which will be recognized when costs are incurred under the terms of the agreements.

L. The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Certain prior year amounts have been reclassified to conform to the current year presentation.

N. Subsequent events have been evaluated by management through December 5, 2019, the date these financial statements were available to be issued.

2. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2019:

Cash and cash equivalents	\$ 1,908,208
Investments	1,888,599
Accounts and government grants receivable	457,612
Contributions receivable	392,892
Distribution from beneficial interest in assets held by others	98,686
Distribution from endowment	<u>3,047</u>
	<u><u>\$ 4,749,044</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

3. INVESTMENTS

Investment income is summarized as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 162,340	\$ 154,959
Investment management fees	(15,716)	(15,919)
Net appreciation of beneficial interest in assets held by others	487	1,190
Net appreciation (depreciation) of beneficial interest in remainder trust	(10,261)	15
Net realized and unrealized gain (loss)	<u>(8,551)</u>	<u>42,190</u>
Total investment income	<u>\$ 128,299</u>	<u>\$ 182,435</u>

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of unconditional promises to give recognized as revenue and as assets in the period received. No discount for calculation of the net present value has been recorded. Contributions receivable consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
Contributions expected to be collected in:		
Less than one year	\$ 392,892	\$ 253,440
One year to five years	<u>109,914</u>	<u>-</u>
Contributions receivable	<u>\$ 502,806</u>	<u>\$ 253,440</u>

The Organization received an annual allocation grant from United Way of Metropolitan Atlanta. In accordance with provisions of the grant, one-half of the annual allocation was recorded as a pledge receivable and contribution revenue as of June 30, 2019 and 2018. The second half of the allocation is considered by United Way of Metropolitan Atlanta as an intention to give and is contingent upon its collections. Accordingly, the second half of the allocation will be recorded upon receipt.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

5. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During 2011, the Organization established an endowment agreement with the Catholic Foundation of North Georgia (the "Foundation"). The Organization is entitled to receive distributions of income, subject to the Foundation's spending policy. This fund has been recognized as a beneficial interest in assets held by others in the accompanying Statements of Financial Position. The Organization received \$3,047 and \$2,900 in distributions of income from this fund during the years ended June 30, 2019 and 2018, respectively.

The Organization also has endowment funds with the Foundation that were established by donors to which the Organization is the beneficiary. The Organization is entitled to receive distributions of income, subject to the Foundation's spending policy; however, the Foundation has ultimate authority and control over the endowment fund. Accordingly, these endowment funds have not been recognized by the Organization in the accompanying Statements of Financial Position. The Organization received \$98,686 and \$94,000 in distributions of income from these funds during the years ended June 30, 2019 and 2018, respectively.

6. BENEFICIAL INTEREST IN REMAINDER TRUST

Net assets with donor restrictions include the Organization's beneficial interest in a remainder trust. This trust was established upon the death of a donor and is held and managed by a bank. Under the terms of the trust, the Organization will receive a lump-sum distribution upon the death of the lead beneficiary that is a percentage of the fair value of the trust assets. At June 30, 2019 and 2018, the Organization's interest in the trust was \$271,567 and \$281,828, respectively.

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 196,912	\$ 196,912
Transportation equipment	188,366	166,478
Computer software	115,588	115,588
Furniture and fixtures	56,085	56,085
Leasehold improvements	<u>42,871</u>	<u>42,871</u>
Total	599,822	577,934
Less accumulated depreciation and amortization	<u>493,293</u>	<u>445,205</u>
Property and equipment, net	<u><u>\$ 106,529</u></u>	<u><u>\$ 132,729</u></u>

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

8. DEFERRED INCOME

The following is the composition and changes in deferred income for the year ended June 30, 2019:

Grantor	Balance June 30, 2018	Advances	Expenses	Balance June 30, 2019
Archdiocese of Atlanta	\$ 226,586	\$ -	\$ 68,089	\$ 158,497
Wheaton Franciscan Sisters Foundation	146,097	-	138,297	7,800
Kaiser Foundation	89,064	-	56,712	32,352
USCCB	20,000	-	5,000	15,000
Walmart	15,600	44,000	46,903	12,697
EFSP-Fulton County	4,549	-	4,549	-
Hispanics in Philanthropy	-	25,000	3,141	21,859
IDA Alice Ryan Foundation	-	15,000	-	15,000
SunTrust Bank	-	50,000	-	50,000
	<u>\$ 501,896</u>	<u>\$ 134,000</u>	<u>\$ 322,691</u>	<u>\$ 313,205</u>

9. FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets or liabilities in active markets. Level 2 within the hierarchy states that valuations are based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets or other observable inputs other than quoted market prices. Level 3 within the hierarchy states that valuations are derived from valuation techniques in which one or more significant inputs are unobservable. At June 30, 2019 and 2018, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Following is valuation methodology descriptions used for assets measured at fair value:

Cash and money market: Valued at the amount payable on demand at the measurement date.

Equities and exchange-traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

U.S. treasuries and corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Beneficial interest in remainder trust: Valued using the fair value of the assets held in the trust as reported by the trustee. Management considers the measurement of its beneficial interest in the trust to be level 3 within the fair value hierarchy because even though the measurement is based on the unadjusted fair value of the trust assets as reported by the trustee, the Organization does not have the ability to direct the trustee to redeem them.

Beneficial interest in assets held by others: Valued based upon the Organization's share of the Foundation's pooled investment portfolio.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market	\$ 71,190	\$ -	\$ -	\$ 71,190
Equities and exchange traded funds	781,740	-	-	781,740
Mutual funds	326,012	-	-	326,012
U.S. Treasuries	-	57,297	-	57,297
Corporate bonds	-	652,360	-	652,360
Beneficial interest in assets held by others	-	-	17,420	17,420
Beneficial interest in remainder trust	-	-	271,567	271,567
Total	<u>\$ 1,178,942</u>	<u>\$ 709,657</u>	<u>\$ 288,987</u>	<u>\$ 2,177,586</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market	\$ 203,508	\$ -	\$ -	\$ 203,508
Equities and exchange traded funds	768,350	-	-	768,350
Mutual funds	313,070	-	-	313,070
U.S. Treasuries	-	55,307	-	55,307
Corporate bonds	-	518,352	-	518,352
Beneficial interest in assets held by others	-	-	17,457	17,457
Beneficial interest in remainder trust	-	-	281,828	281,828
Total	<u>\$ 1,284,928</u>	<u>\$ 573,659</u>	<u>\$ 299,285</u>	<u>\$ 2,157,872</u>

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The table below sets forth a summary of changes in the fair value of the Organization's level 3 investments for the years ended June 30:

Description	2019	2018
Balance, beginning of year	\$ 299,285	\$ 298,645
Interest	347	290
Administrative expenses	(208)	(224)
Distributions	(663)	(631)
Net appreciation	(9,774)	1,205
Balance, end of year	<u>\$ 288,987</u>	<u>\$ 299,285</u>

10. COMMITMENTS

The Organization has entered into operating leases for office space and equipment expiring at various dates through the year ended June 30, 2024. Management anticipates that expired leases will be renewed or replaced in the normal course of business.

Future minimum lease payments under non-cancelable operating leases with remaining terms in excess of one year are as follows:

Year Ending June 30,	Amount
2020	\$ 235,211
2021	241,808
2022	239,918
2023	121,244
2024	38,892
Total	<u>\$ 877,073</u>

For the years ended June 30, 2019 and 2018, rent expense, excluding in-kind use of facilities and equipment, totaled \$204,348 and \$178,232, respectively.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

11. NET ASSETS

Net assets with donor restrictions were available for the following purposes at June 30:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Beneficial interest in remainder trust	\$ 271,567	\$ 281,828
Disaster relief	79,652	81,788
United Way	59,016	24,353
Refugee resettlement program	18,192	19,258
Counseling home owner project	-	21,815
Restoring dignity	140,000	90,000
Transforming lives	120,000	35,000
Showing mercy	5,000	5,000
Other	<u>58,263</u>	<u>26,971</u>
	751,690	586,013
Endowments subject to the Organization's spending policy and appropriation:		
Catholic Foundation of North Georgia	<u>12,250</u>	<u>12,250</u>
	<u>\$ 763,940</u>	<u>\$ 598,263</u>

Net assets with donor restrictions were released for the following specified program services for the years ending June 30:

	<u>2019</u>	<u>2018</u>
United Way	\$ 79,884	\$ 149,560
Special project fund	-	16,391
Refugee resettlement program	1,127	16,218
Disaster relief	2,136	5,686
Other	<u>64,210</u>	<u>24,166</u>
Total	<u>\$ 147,357</u>	<u>\$ 212,021</u>

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Board designated net assets consist of funds designated to meet its annual insurance deductible should claims arise.

12. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included compensation for personnel services, travel costs, professional services, conferences, facilities, equipment, insurance, depreciation and other office expenses. Compensation for personnel services is documented with timesheets and allocated based on time spent on each program or grant. Travel costs are allocated based on purpose of travel and are charged directly to the program for which travel was incurred. Professional services are allocated to the program benefitting from the service. Conference and training related expenses are allocated based on the program benefitting from the conference or training. Telephone expenses are charged directly to the program benefitting from the phones. Facilities are allocated based on square footage. Equipment purchases are charged directly to the program benefitting from the cost. Programs requiring specific insurance are charged directly for the cost. Depreciation is allocated to programs directly benefitting from use of property and equipment. Other office expenses and supplies are allocated based on usage.

13. ENDOWMENT INVESTMENT FUNDS

The Organization's endowment consists of the beneficial interest in assets held by others valued at \$17,420 and \$17,457 as of years ended June 30, 2019 and 2018, respectively. Endowment assets include those assets with donor-imposed restrictions that the Organization must hold in perpetuity for a donor-specified period. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported as net assets with donor restrictions based on the existence of donor-imposed restrictions. The Organization's beneficial interest in the remainder trust is not included in the endowment.

The Organization has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization; and,
- (7) The investment policies of the Organization.

The following is the composition of and changes in endowment net assets for the year ended June 30, 2019:

	<u>Investment Earnings</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 5,207	\$ 12,250	\$ 17,457
Management fees	(208)	-	(208)
Investment return:			
Investment income	347	-	347
Distributions	(663)	-	(663)
Net realized and unrealized gain	487	-	487
Ending balance	<u>\$ 5,170</u>	<u>\$ 12,250</u>	<u>\$ 17,420</u>

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The following is the composition of and changes in endowment net assets for the year ended June 30, 2018:

	Investment Earnings	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ 4,582	\$ 12,250	\$ 16,832
Management fees	(224)	-	(224)
Investment return:			
Investment income	290	-	290
Distributions	(631)	-	(631)
Net realized and unrealized gain	1,190	-	1,190
Ending balance	\$ 5,207	\$ 12,250	\$ 17,457

Based on the nature of the endowment, the investment of the Fund is determined by the Foundation rather than the Organization. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent rate of return that has sufficient liquidity to provide the Organization income while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed by the Foundation.

Once an aggregate of \$100,000 in cash or other assets has been contributed to the Fund, the Foundation may begin making distributions from the Fund. The amount distributable from the Fund shall be determined under the Foundation's governing endowment distribution policy. The decision to take the distribution or accumulate the income within the Endowment is determined by the Organization's management consistent with the previously discussed standards of prudence prescribed by UPMIFA. Amounts distributed by the Fund can be used by the Organization for operating purposes; however, consistent with UPMIFA and accounting principles, the Organization reflects all investment income changes in value of the donor-restricted portion of the Fund as net assets with donor restrictions until appropriated for expenditure by the Board of Directors.

14. CONCENTRATIONS

The Organization maintains cash balances with a bank and a brokerage firm. Occasionally, these balances may exceed the insurance limits provided for by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. Based on the financial strength of the institutions, management believes the risk of loss is minimal.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

15. SIGNIFICANT SOURCE OF REVENUE

The Organization receives a majority of its revenue from Federal, state government and other pass-through government agencies in the form of grants. These grants are either renewable on an annual basis or are one-time grants that may be dependent on current and future economic and social conditions. Federally funded grants received either directly or indirectly accounted for approximately 24% and 27% of total revenue for the years ended June 30, 2019 and 2018, respectively. In 2019 and 2018, approximately 46% and 47% of the federal grants came either directly or indirectly from the U.S. Department of Health and Human Services, respectively.

16. RELATED PARTY TRANSACTIONS

The Organization participates in a defined contribution retirement plan (the "Plan") which is administered by the RCAA Administrative Services, Inc. ("RCAA") and covers substantially all lay employees who are over 21 years old and have completed one year of service. Upon entering the Plan, the Organization funds 6% of an eligible participant's salary if the participant was employed for at least 1,000 hours during each Plan year. The Plan is totally employer funded and employees are not permitted to make contributions to the Plan. The Organization contributed \$118,681 and \$130,265 to the Plan during the years ended June 30, 2019 and 2018, respectively. The Organization has amounts payable to RCAA related to these retirement contributions totaling \$15,333 and \$22,496 for the years ended June 30, 2019 and 2018, respectively.

The Organization's health, life and workers' compensation insurance are provided under the RCAA's insurance plan and are billed to the Organization. Expenses billed in the years ended June 30, 2019 and 2018 related to these insurance premiums were \$810,010 and \$746,144, respectively. The Organization has amounts payable to the RCAA related to these insurance premiums totaling \$80,595 and \$26,280 for the years ended June 30, 2019 and 2018, respectively.

The Organization invests excess funds with the AoA Deposit and Loan Fund Trust (the "Trust"), which earns interest at a rate determined by the Trust (currently 1.75%). The Trust receives funds from various schools, parishes and other related agencies and in turn loans funds to other schools, parishes and related agencies. The Organization's funds invested in the Trust at June 30, 2019 and 2018 totaled \$395,277 and \$388,424, respectively.

During the years ended June 30, 2019 and 2018, the Organization received contributions totaling \$632,087 and \$581,420, respectively, from the RCAA to support operations.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

The Archdiocese provides both the facility and utilities for the Organization's corporate office location. The value of the office space has been determined to be 6,739 square feet at \$14 per square foot. The total value of both the facility and utilities was determined by the Archdiocese to be \$121,302 during the years ended June 30, 2019 and 2018, and has been recognized as in-kind contributions on the accompanying Statements of Activities and Net Assets.

During fiscal years 2019 and 2018, the Organization entered into a line of credit agreement with a member of the board of directors that allows for borrowings up to \$500,000 to fund a major donor event to be held by the Organization in fiscal year 2019 and 2018. The borrowings accrue interest at a rate of 2%. The outstanding loan and interest is to be repaid with the cash receipts from the event in its entirety by December 31, 2019; otherwise, the lender will be paid with any future cash receipts received by the Organization for the major donor event within 10 days of receipt by the Organization. If receipts from the event do not exceed borrowings, the remaining loan balance will be forgiven by the lender. At June 30, 2019, the outstanding balance related to this line of credit was \$86,226. The line of credit was not drawn upon at June 30, 2018.

17. CONTINGENCIES

The Organization is from time to time, subject to legal proceedings and claims that arise in the ordinary course of business. The Organization carries insurance coverage, subject to a deductible, for risks of loss. Management is not aware of any material claims that could have a material impact on its financial statements.



Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

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

To the Board of Directors
Catholic Charities of the Archdiocese of Atlanta, Inc.
Atlanta, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Charities of the Archdiocese of Atlanta, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities of the Archdiocese of Atlanta, 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 Catholic Charities of the Archdiocese of Atlanta, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Archdiocese of Atlanta, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

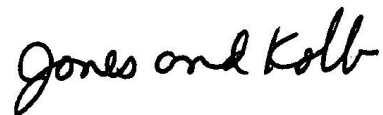
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Jones and Kolb". The signature is written in a cursive, flowing style.

December 5, 2019



Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Catholic Charities of the Archdiocese of Atlanta, Inc.
Atlanta, Georgia

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities of the Archdiocese of Atlanta, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Catholic Charities of the Archdiocese of Atlanta, Inc.'s major federal programs for the year ended June 30, 2019. Catholic Charities of the Archdiocese of Atlanta, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Catholic Charities of the Archdiocese of Atlanta Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catholic Charities of the Archdiocese of Atlanta, Inc.'s

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Catholic Charities of the Archdiocese of Atlanta, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Catholic Charities of the Archdiocese of Atlanta, Inc. 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, 2019.

Report on Internal Control over Compliance

Management of Catholic Charities of the Archdiocese of Atlanta, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catholic Charities of the Archdiocese of Atlanta, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Archdiocese of Atlanta, Inc.'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Jones and Kolb

December 5, 2019

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

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

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
19.510	Refugee Admissions Program
93.567	Refugee and Entrant Assistance - Voluntary Agency Programs

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Program Title	CFDA Number	Agency Number	Expenditures
U.S. Department of State			
Pass-through from U.S. Conference of Catholic Bishops			
Refugee Admissions Program			
Direct Assistance Program	19.510		\$ 83,230
Direct Assistance Program	19.510		36,601
Reception and Placement Program	19.510		70,974
Reception and Placement Program	19.510		<u>37,664</u>
Total U.S. Department of State			<u>228,469</u>
U.S. Department of Health and Human Services			
Pass-through from Georgia Dept. of Human Services			
Promoting Safe and Stable Families Program			
	93.556	42700-040C-PSSF-18-086	17,273
Promoting Safe and Stable Families Program			<u>54,302</u>
Total for program			<u>71,575</u>
Pass-through from Georgia Dept. of Human Services			
Refugee and Entrant Assistance - State Administered Programs			
Social Adjustment	93.556	42700-040-0000060730	22,329
Social Adjustment	93.556	42700-040-0000071490	<u>78,100</u>
Total for program			<u>100,429</u>
Pass-through from Georgia Dept. of Human Services			
Refugee and Entrant Assistance - Discretionary Grants			
Refugee School Impact Program	93.566	42700-040-0000060849	27,175
Refugee School Impact Program	93.566	42700-040-0000071453	<u>75,183</u>
Total for program			<u>102,358</u>
Pass-through from Georgia Dept. of Human Services			
Refugee and Entrant Assistance - Targeted Assistance Grants			
	93.584	42700-040-0000060730	<u>158</u>
Total for program			<u>158</u>

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CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Program Title	CFDA Number	Agency Number	Expenditures
Pass-through from U.S. Conference of Catholic Bishops			
Refugee and Entrant Assistance - Voluntary Agency Programs			
Match Grant program	93.567		202,918
Match Grant program	93.567		70,403
Total for program			<u>273,321</u>
Pass-through from U.S. Conference of Catholic Bishops			
Unaccompanied Alien Children Program - Safe Passages II	93.676		138,051
Unaccompanied Alien Children Program - Safe Passages II	93.676		106,289
Total for program			<u>244,340</u>
Pass-through from U.S. Conference of Catholic Bishops			
Services to Victims of a Severe Form of Trafficking	93.598		12,586
Total U.S. Department of Health and Human Services			<u>804,767</u>
U.S. Department of Education			
Pass-through from Georgia Dept. of Education			
Citizenship Education and Training	97.010		311,198
Total U.S. Department of Education			<u>311,198</u>
U.S. Department of Justice			
Pass-through from State of Georgia Office of the Governor			
Criminal Justice Coordinating Council			
Violence Against Women Formula Grant Program	16.588	W17-8-019	33,158
Violence Against Women Formula Grant Program	16.588	W18-8-037	33,626
Total for program			<u>66,784</u>
Victims of Crime Act Grant Program	16.575	C16-8-170	41,810
Victims of Crime Act Grant Program	16.575		84,835
Total for program			<u>126,645</u>
Pass-through from Catholic Charities USA			
National Mentoring Program	16.726		51,518
Pass-through from U.S. Conference of Catholic Bishops			
Specialized Services for Victims of Human Trafficking	16.320		2,700
Total U.S. Department of Justice			<u>247,647</u>

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CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Program Title	CFDA Number	Agency Number	Expenditures
U.S. Department of Housing and Urban Development			
Pass-through from Catholic Charities USA			
Housing Counseling Assistance Program	14.169		40,000
Pass-through from Gwinnett County			
Community Development Block Grant	14.218	CC-18-TBD	24,761
Community Development Block Grant	14.218	CC-19-TBD	4,133
Community Development Block Grant	14.218		12,972
			<hr/>
Total for program			41,866
			<hr/>
			81,866
			<hr/>
U.S. Department of Homeland Security			
Pass-through from United Way of Metro Atlanta			
Emergency Food and Shelter National Board Program	97.024		8,000
Emergency Food and Shelter National Board Program	97.024		12,250
			<hr/>
Total U.S. Department of Homeland Security			20,250
			<hr/>
U.S. Department of Agriculture, Food and Nutrition			
Pass-through from Structured Employment Economic Development Corporation State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Atlanta Food Stamp Outreach Initiative (SNAP)	10.561	42700-040-0000064119	6,488
Atlanta Food Stamp Outreach Initiative (SNAP)	10.561	42700-040-0000078016	37,680
			<hr/>
Total U.S. Department of Agriculture, Food and Nutrition			44,168
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CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ATLANTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Program Title	CFDA Number	Agency Number	Expenditures
Corporation for National and Community Service			
Pass-through from Catholic Charities USA			
Americorps National Direct Program - Veterans	94.006		7,821
Americorps National Direct Program - Veterans	94.006		1,557
Americorps National Direct Program - Refugee Resettlement	94.006		13,883
			<u>23,261</u>
Total Corporation for National and Community Service			<u>23,261</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,761,626</u>

NOTES TO SCHEDULE

This schedule includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the 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"). Because this schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

See Independent Auditor's Report.