

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AND CERTAIN SUPPLEMENTAL INFORMATION  
PRESENTED FOR PURPOSES OF A SINGLE AUDIT**

**JUNE 30, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary  
Pueblo, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 Diocese of Pueblo, Inc. and Subsidiary as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of financial position, the consolidating statements of activities and schedule of expenditures of federal awards, 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*, 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 audits 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 March 27, 2020, on our consideration of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary'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 the effectiveness of Durango 4-C Council Inc.'s 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 Diocese of Pueblo, Inc. and Subsidiary's internal control over financial reporting and compliance.



March 27, 2020

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 380,867	\$ 371,881
Restricted cash	204,172	524,511
Investments	561,168	683,650
Accounts receivable, net of allowance for doubtful accounts	185,171	12,093
Grant and contract receivables	1,074,360	936,786
Property and equipment, net of accumulated depreciation	<u>79,715</u>	<u>84,038</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,485,453</u></b>	<b><u>\$ 2,612,959</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	252,962	\$ 162,032
Accrued expenses	318,002	12,680
Deferred revenue	702,458	840,714
Client deposits	204,172	524,620
Accrued compensated absences	<u>104,478</u>	<u>84,734</u>
<b>TOTAL LIABILITIES</b>	<u>1,582,072</u>	<u>1,624,780</u>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	185,119	288,294
Board designated	<u>650,000</u>	<u>650,000</u>
Total without donor restrictions	835,119	938,294
With Donor Restrictions		
Purpose restrictions	<u>68,262</u>	<u>49,885</u>
Total with donor restrictions	<u>68,262</u>	<u>49,885</u>
<b>TOTAL NET ASSETS</b>	<u>903,381</u>	<u>988,179</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,485,453</u></b>	<b><u>\$ 2,612,959</u></b>

The accompanying notes are an integral part of these statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018**

	2019		
	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>			
<b>Support</b>			
United Way allocations	\$ 73,477	\$ -	\$ 73,477
Diocesan Ministry Fund support	100,000	-	100,000
Pueblo Deanery support	-	11,955	11,955
Contributions	371,591	50,147	421,738
Assistance programs	-	113,560	113,560
<b>Total Support</b>	<u>545,068</u>	<u>175,662</u>	<u>720,730</u>
<b>Revenues</b>			
Grant revenue	4,589,132	59,234	4,648,366
Money management fees	90,284	-	90,284
Immigration service fees	89,502	-	89,502
Other fees	9,444	-	9,444
Special event, net of costs \$	110,895	-	110,895
Miscellaneous revenues	4,979	-	4,979
Reimbursed expenses	13,113	-	13,113
Investment income	42,653	-	42,653
Net realized and unrealized gain (loss) on investments	24,416	-	24,416
<b>Total Revenues</b>	<u>4,974,418</u>	<u>59,234</u>	<u>5,033,652</u>
<b>Net Assets Released from Restrictions</b>	<u>216,519</u>	<u>(216,519)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>5,736,005</u>	<u>18,377</u>	<u>5,754,382</u>
<b>EXPENSES</b>			
<b>Functional Expenses</b>			
Program services	4,210,655	-	4,210,655
Management and general	1,396,762	-	1,396,762
<b>Total Functional Expenses</b>	<u>5,607,417</u>	<u>-</u>	<u>5,607,417</u>
<b>Assistance to Individuals</b>	231,763	-	231,763
<b>TOTAL EXPENSES</b>	<u>5,839,180</u>	<u>-</u>	<u>5,839,180</u>
<b>CHANGE IN NET ASSETS</b>	<u>(103,175)</u>	<u>18,377</u>	<u>(84,798)</u>
<b>NET ASSETS, beginning</b>	<u>938,294</u>	<u>49,885</u>	<u>988,179</u>
<b>NET ASSETS, ending</b>	<u>\$ 835,119</u>	<u>\$ 68,262</u>	<u>\$ 903,381</u>

The accompanying notes are an integral part of these statements.

	2018		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
<b>Support</b>			
United Way allocations	\$ 32,576	\$ -	\$ 32,576
Diocesan Ministry Fund support	100,000	-	100,000
Pueblo Deanery support	-	13,942	13,942
Contributions	450,464	2,010	452,474
Assistance programs	-	304,533	304,533
<b>Total Support</b>	<u>583,040</u>	<u>320,485</u>	<u>903,525</u>
<b>Revenues</b>			
Grant revenue	4,232,634	9,550	4,242,184
Money management fees	86,646	-	86,646
Immigration service fees	33,090	-	33,090
Other fees	7,125	-	7,125
Special event, net of costs \$	27,168	-	27,168
Miscellaneous revenues	7,198	-	7,198
Reimbursed expenses	4,596	-	4,596
Investment income	55,826	-	55,826
Net realized and unrealized gain (loss) on	24,985	-	24,985
<b>Total Revenues</b>	<u>4,479,268</u>	<u>9,550</u>	<u>4,488,818</u>
<b>Net Assets Released from Restrictions</b>	<u>328,963</u>	<u>(328,963)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REV</b>	<u>5,391,271</u>	<u>1,072</u>	<u>5,392,343</u>
<b>EXPENSES</b>			
<b>Functional Expenses</b>			
Program services	4,182,283	-	4,182,283
Management and general	873,576	-	873,576
<b>Total Functional Expenses</b>	<u>5,055,859</u>	<u>-</u>	<u>5,055,859</u>
<b>Assistance to Individuals</b>	<u>305,667</u>	<u>-</u>	<u>305,667</u>
<b>TOTAL EXPENSES</b>	<u>5,361,526</u>	<u>-</u>	<u>5,361,526</u>
<b>CHANGE IN NET ASSETS</b>	29,745	1,072	30,817
<b>NET ASSETS, beginning</b>	<u>908,549</u>	<u>48,813</u>	<u>957,362</u>
<b>NET ASSETS, ending</b>	<u>\$ 938,294</u>	<u>\$ 49,885</u>	<u>\$ 988,179</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>		
	<u>Early Childhood Programs</u>	<u>Adult Programs</u>	<u>Home Stability</u>
<b>FUNCTIONAL EXPENSES</b>			
<b>Salaries and Related Expenses</b>			
Salaries	\$ 1,635,741	\$ 699,288	\$ 25,385
Employee benefits	333,963	103,122	6,675
Payroll taxes	<u>136,820</u>	<u>58,499</u>	<u>2,096</u>
<b>Total Salaries and Related Expenses</b>	<u>2,106,524</u>	<u>860,909</u>	<u>34,156</u>
<b>Other Expenses</b>			
Dues and fees	31,878	1,620	(7)
Fundraising expenses	-	-	-
Insurance	4,232	2,239	-
Meals	285	340	-
Miscellaneous	844	11,124	-
Occupancy	35,311	8,865	-
Office supplies	11,391	13,658	-
Postage and shipping	5,409	3,048	-
Printing and publications	21,173	8,536	-
Professional development	46,327	15,297	-
Professional services	569,872	53,148	2,282
Program expenses	128,298	15,676	-
Repairs and equipment maintenance	2,574	249	-
Rent - equipment	7,134	4,014	-
Telephone	35,851	5,435	-
Travel	<u>130,349</u>	<u>32,614</u>	<u>-</u>
<b>Total Other Expenses</b>	<u>1,030,928</u>	<u>175,863</u>	<u>2,275</u>
<b>Total Expenses Before Depreciation</b>	<u>3,137,452</u>	<u>1,036,772</u>	<u>36,431</u>
<b>Depreciation</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><u>3,137,452</u></u>	<u><u>1,036,772</u></u>	<u><u>36,431</u></u>

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

	<b>2019</b>		
	<b>Total Programs Services</b>	<b>Management and General</b>	<b>Totals</b>
<b>FUNCTIONAL EXPENSES</b>			
<b>Salaries and Related Expenses</b>			
Salaries	\$ 2,360,414	\$ 729,444	\$ 3,089,858
Employee benefits	443,760	149,406	593,166
Payroll taxes	197,415	59,138	256,553
<b>Total Salaries and Related Expenses</b>	<b>3,001,589</b>	<b>937,988</b>	<b>3,939,577</b>
<b>Other Expenses</b>			
Dues and fees	33,491	49,351	82,842
Fundraising expenses	-	30,817	30,817
Insurance	6,471	21,218	27,689
Meals	625	9,952	10,577
Miscellaneous	11,968	7,608	19,576
Occupancy	44,176	24,673	68,849
Office supplies	25,049	23,063	48,112
Postage and shipping	8,457	6,824	15,281
Printing and publications	29,709	26,992	56,701
Professional development	61,624	9,448	71,072
Professional services	625,302	70,271	695,573
Program expenses	143,974	97,658	241,632
Repairs and equipment maintenance	2,823	5,322	8,145
Rent - equipment	11,148	3,591	14,739
Telephone	41,286	17,581	58,867
Travel	162,963	35,369	198,332
<b>Total Other Expenses</b>	<b>1,209,066</b>	<b>439,738</b>	<b>1,648,804</b>
<b>Total Expenses Before Depreciation</b>	<b>4,210,655</b>	<b>1,377,726</b>	<b>5,588,381</b>
<b>Depreciation</b>	<b>-</b>	<b>19,036</b>	<b>19,036</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>4,210,655</b>	<b>1,396,762</b>	<b>5,607,417</b>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

	2018		
	Early Childhood Programs	Adult Programs	Home Stability
<b>FUNCTIONAL EXPENSES</b>			
<b>Salaries and Related Expenses</b>			
Salaries	\$ 1,503,085	\$ 675,581	\$ 205,606
Employee benefits	353,495	75,426	52,599
Payroll taxes	126,408	59,849	17,073
<b>Total Salaries and Related Expenses</b>	<b>1,982,988</b>	<b>810,856</b>	<b>275,278</b>
<b>Other Expenses</b>			
Dues and fees	19,896	21,444	4,002
Fundraising expenses	-	-	-
Insurance	3,516	1,264	3,672
Meals	1,311	1,076	249
Miscellaneous	186	586	216
Occupancy	40,954	20,530	2,124
Office supplies	21,499	6,725	887
Postage and shipping	5,190	2,368	758
Printing and publications	16,082	4,546	1,073
Professional development	28,446	6,921	958
Professional services	439,456	38,987	2,407
Program expenses	127,081	84,345	1,895
Repairs and equipment maintenance	2,650	792	366
Rent - equipment	6,868	2,071	913
Supplies	-	-	-
Telephone	38,613	10,943	1,627
Travel	118,898	16,920	1,850
<b>Total Other Expenses</b>	<b>870,646</b>	<b>219,518</b>	<b>22,997</b>
<b>Total Expenses Before Depreciation</b>	<b>2,853,634</b>	<b>1,030,374</b>	<b>298,275</b>
<b>Depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 2,853,634</b>	<b>\$ 1,030,374</b>	<b>\$ 298,275</b>

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

	<b>2018</b>		
	<b>Total Programs Services</b>	<b>Management and General</b>	<b>Totals</b>
<b>FUNCTIONAL EXPENSES</b>			
<b>Salaries and Related Expenses</b>			
Salaries	\$ 2,384,272	\$ 392,856	\$ 2,777,128
Employee benefits	481,520	103,929	585,449
Payroll taxes	203,330	32,213	235,543
<b>Total Salaries and Related Expenses</b>	<b>3,069,122</b>	<b>528,998</b>	<b>3,598,120</b>
<b>Other Expenses</b>			
Dues and fees	45,342	41,004	86,346
Fundraising expenses	-	23,548	23,548
Insurance	8,452	9,848	18,300
Meals	2,636	13,620	16,256
Miscellaneous	988	3,668	4,656
Occupancy	63,608	13,799	77,407
Office supplies	29,111	18,890	48,001
Postage and shipping	8,316	11,697	20,013
Printing and publications	21,701	17,991	39,692
Professional development	36,325	23,595	59,920
Professional services	480,850	100,305	581,155
Program expenses	213,321	7,044	220,365
Repairs and equipment maintenance	3,808	1,704	5,512
Rent - equipment	9,852	3,983	13,835
Supplies	-	800	800
Telephone	51,183	11,305	62,488
Travel	137,668	23,502	161,170
<b>Total Other Expenses</b>	<b>1,113,161</b>	<b>326,303</b>	<b>1,439,464</b>
<b>Total Expenses Before Depreciation</b>	<b>4,182,283</b>	<b>855,301</b>	<b>5,037,584</b>
<b>Depreciation</b>	<b>-</b>	<b>18,275</b>	<b>18,275</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 4,182,283</b>	<b>\$ 873,576</b>	<b>\$ 5,055,859</b>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (84,798)	\$ 30,817
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,036	18,275
Realized and unrealized (gain) loss on investments	(24,416)	(24,985)
<b>(Increase) decrease in assets:</b>		
Accounts receivable	(173,078)	(8,786)
Grant and contract receivable	(137,574)	(438,446)
<b>Increase (decrease) in liabilities:</b>		
Accounts payable	90,930	41,829
Accrued payroll taxes and withholding	305,322	(61,035)
Deferred revenue	(138,256)	370,330
Client deposits	(320,448)	67,182
Accrued compensated absences	<u>19,744</u>	<u>(11,204)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(443,538)</u>	<u>(16,023)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(14,713)	-
Sale of securities	(42,593)	-
Purchase of investments	<u>189,491</u>	<u>(57,643)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>132,185</u>	<u>(57,643)</u>
<b>NET DECREASE IN CASH EQUIVALENTS AND RESTRICTED CASH</b>	(311,353)	(73,666)
<b>CASH AND CASH EQUIVALENTS &amp; RESTRICTED CASH, beginning</b>	<u>896,392</u>	<u>970,058</u>
<b>CASH AND CASH EQUIVALENTS &amp; RESTRICTED CASH, ending</b>	<u>\$ 585,039</u>	<u>\$ 896,392</u>
CASH AND CASH EQUIVALENTS	\$ 380,867	\$ 371,881
RESTRICTED CASH	<u>204,172</u>	<u>524,541</u>
<b>TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH SHOWN IN THE STATEMENT OF CASH FLOWS</b>	<u>585,039</u>	<u>896,422</u>

The accompanying notes are an integral part of these statements.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities - Catholic Charities of the Diocese of Pueblo, Inc. (CCDP) was incorporated April 6, 1994. The mission of CCDP is to enhance the dignity and self-worth of individuals and families through the provision of services that respond to the physical, spiritual, emotional and economical needs of those served and to collaborate with the communities of Southern Colorado to solve social problems and to work to bring about systemic change so that justice is attained. CCDP is organized exclusively for charitable and educational purposes. Catholic Charities of the Diocese of Pueblo Works Corp., a wholly owned subsidiary of CCDP, provides services through grant funding that compliments CCDP. The subsidiary began providing services in January 2014.

Principles of Consolidation - The consolidated financial statements include Catholic Charities of the Diocese of Pueblo Works Corp., a wholly owned subsidiary of CCDP, that was formed January 2014. All significant intercompany transactions are eliminated.

Basis of Accounting - The consolidated financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and other assets along with payables and other liabilities.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies - Accounts receivable consist primarily of noninterest-bearing amounts due for program services. We determine the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2019 and 2018 all amounts were deemed collectible.

Functional Allocation of Expenses - The costs of providing programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based on time records, utilization of facilities, and management's estimates.

Property and Equipment - We record property and equipment additions over \$1,000 or if donated at estimated fair market value on the date of donation. Units with a useful life over 1 year or more are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are received, respectively. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed Services and Other In-Kind Contributions – Contributed services are recorded if they (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. A number of volunteers have contributed significant amounts of their time in the Center's program services and its fundraising campaigns, but are not recognized as contributions in the financial statements because they do not meet the aforementioned criteria.

Investments - We record investment purchases at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consisted of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from assets without donor restrictions, net assets for subsequent year's expenses.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Employee Benefits - CCDP offers a tax shelter annuity plan to employees. Plan benefits are available to employees who work 20 hours or more per week and who have worked a full six months. CCDP matches contributions at 3% of the employee's gross salary up to \$100 per month. CCDP's contributions for the years ended June 30, 2019 and 2018 were \$46,583 and \$46,700, respectively.

Client Deposits - CCDP provides cash management and immigration services to clients. Cash management services include collection of client funds and payment of client expenses and debts. Immigration services include collection of client funds and payment of attorney fees on behalf of the client. At June 30, 2019 and 2018, CCDP was holding \$204,172 and \$524,620, respectively, of client funds.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

Conservatorship - CCDP sometimes agrees to serve as a court-appointed conservator. Any fees earned are recognized as income when received. CCDP has certain fiduciary responsibilities in this capacity but the conservatorship's assets are not in the possession of or controlled by CCDP.

The conservatorship's assets are held in separate accounts at various financial institutions. CCDP serves approximately 3 to 5 clients whose total assets at June 30, 2019 and 2018 totaled \$157,082 and \$92,674, respectively. Fees earned for conservator responsibilities for the years ended June 30, 2019 and 2018 approximated \$1,000 and \$720, respectively, which is recorded as money management revenue.

Reclassifications - Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. These reclassifications had no effect on the increase in net assets for 2018.

Income Taxes - The Council is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(a) and (3), respectively. The Council is annually required to file a Return of Organization Exempt from Income Taxes (Form 990) with the IRS. The Council believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Change in Accounting Principle - On August 15, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic958) - Presentation of Financial Statements for Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly. A key change required by ASU 2016-14 is the net asset class used in these financial statements. Amounts previously reported as unrestricted net assets are reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 585,039
Accounts receivable	1,259,531
Investments	<u>561,168</u>
Total financial assets	2,405,738
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted cash	(204,172)
Board designated	(650,000)
Net assets with donor restrictions	<u>(68,262)</u>
 Financial assets and liquidity resources available within one year	 <u>\$ 1,483,304</u>

CCDP is substantially supported by charitable contributions in addition to fees earned from the various programs. As those charged with management of those accounts request expenses to be made, assets with donor restrictions can be liquidated to cover those expenses.

**NOTE 3 – INVESTMENTS**

Investments are presented in the financial statement at their market value. The investments consisted of the following at June 30:

	2019		
	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Estimated Market Value</u>
Equity mutual funds	<u>\$ 283,385</u>	<u>\$ 277,783</u>	<u>\$ 561,168</u>
	2018		
Equity mutual funds	<u>\$ 446,926</u>	<u>\$ 236,724</u>	<u>\$ 683,650</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 3 – INVESTMENTS (cont'd)**

The following schedule summarizes investment return for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Dividends	\$ 13,369	\$ 12,547
Capital gain distributions	28,884	43,160
Interest income	<u>400</u>	<u>118</u>
Total Investment Income	42,653	55,825
Realized gain (loss)	10,191	(1,937)
Unrealized gain (loss)	<u>14,225</u>	<u>26,922</u>
Total Investment Return	<u>\$ 67,069</u>	<u>\$ 80,810</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 126,435	\$ 119,222
Office furniture and equipment	242,066	234,566
Vehicle	<u>14,198</u>	<u>14,198</u>
Total Property and Equipment	382,699	367,987
Less: accumulated depreciation	<u>302,984</u>	<u>283,948</u>
Net Property and Equipment	<u>\$ 79,715</u>	<u>\$ 84,038</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$19,036 and \$18,275, respectively.

**NOTE 5 – VACATION BENEFITS**

CCDP and its subsidiary provide vacation leave benefits to eligible employees. Vacation benefits are earned by employees based upon their years of service and range from ten to twenty days. Part-time employees earned hours will vary based on hours worked. The maximum number of hours that can be accumulated is 160. Upon separation from service, employees are paid for unused vacation leave. CCDP and its subsidiary provide sick leave benefits to all eligible employees. Full-time employees earn 8 hours and part-time employees vary depending on hours worked for each month of employment completed. The maximum number of hours that can be accumulated is 200. Accumulated sick leave benefits are not paid upon separation.

Accrued compensated absences at June 30, 2019 and 2018 were \$104,478 and \$84,734, respectively.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of unexpended funds from the following sources at June 30:

	<u>2019</u>	<u>2018</u>
Aid to the Needy	\$ 5,509	\$ 2,980
Cares	531	8,444
City/County community service	6,196	-
Colorado Community Response Program	883	443
Colorado Opportunity Scholarship Initiative	345	345
Community Problem Solving	500	722
Disaster Relief Donations	4,008	7,561
DSS / HB 1451	4,320	1,502
DSS-Assistance	23,226	7,238
ECE funds	-	2,776
Emergency Food and Shelter Program	-	7,938
Pueblo Deanery Assistance	10,232	5,620
Special assistance	5,941	-
Various foundations – supplies and operating expenses	<u>6,571</u>	<u>4,316</u>
Total Temporarily Restricted Net Assets	<u>\$ 68,262</u>	<u>\$ 49,885</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows for the year ended June 30:

	<u>2019</u>	<u>2018</u>
Aid to the Needy	\$ 1,495	\$ 4,025
Cares	123,975	116,153
City/County community service	2,824	-
Colorado Community Response Program	14,031	15,270
Colorado Opportunity Scholarship Initiative	-	-
Community Problem Solving	4,222	1,778
Disaster Relief Donations	3,552	15,151
DSS / HB 1451	37,469	40,630
DSS / Assistance	5,012	19,268
ECE funds	2,775	1,694
Emergency Food and Shelter Program	7,938	20,444
Emergency Outreach Colorado	-	59,390
Pueblo County Rent Assistance	-	14,910
Pueblo Deanery Assistance	2,777	7,094
Special assistance	7,703	-
Various foundations – supplies and operating expenses	<u>2,746</u>	<u>13,156</u>
Total Restrictions Released	<u>\$ 216,519</u>	<u>\$ 328,963</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 7 – BOARD DESIGNATED NET ASSETS**

Net assets with donor restrictions included funds which have been designated by the governing board for specific purposes. The following board designations existed as of June 30:

	<u>2019</u>	<u>2018</u>
Operating reserve	\$ <u>650,000</u>	\$ <u>650,000</u>

**NOTE 8 – GRANT REVENUE**

CCDP received grants from the following sources as of June 30:

	<u>2019</u>	<u>2018</u>
Federal Agencies	\$ 1,433,636	\$ 1,480,780
State Agencies	2,228,379	1,385,751
Nonprofit Organizations – Foundations	708,068	1,149,135
Local Agencies	<u>278,283</u>	<u>226,518</u>
Total Grant Revenue	<u>\$ 4,648,366</u>	<u>\$ 4,242,184</u>

**NOTE 9 – OPERATING LEASE COMMITMENTS**

On July 10, 2017, CCDP entered into a lease with Great America Financial Services for Canon copiers. The lease term is sixty months starting July 10, 2017 and requires monthly lease payments of \$705.00. The amount of the lease expense reported was \$14,738 and \$13,005 for the years ended June 30, 2019 and 2018.

A new office lease was entered into June 15, 2018. This lease replaced the prior lease that ended June 30, 2018 under the same terms as the new lease. The lease is for twenty-four months for \$1 for the full term of the lease. As part of the agreement, CCDP agreed to provide janitorial, trash removal and general building maintenance. The expenses reported for those items were reported in various categories and was \$10,855 and \$17,497 for the years ended June 30, 2019 and 2018, respectively.

CCDP entered into two leases with LDC Properties for office space at 516 and 614-618 N. Main Street. The lease terms were originally 12 months beginning September 2015 and April 2016 and required monthly lease payments of \$1,250 and \$670, respectively. Both leases have been renewed for three years with the same provisions as the original leases. The leases end May and September 2020. The amount of the lease expense reported was \$23,040 and \$23,040 for the years ended June 30, 2019 and 2018 and reported in occupancy expense.

Future minimum lease payments are as follows as of June 30, 2019:

2020	\$ 23,060
2021	8,460
2022	<u>4,230</u>
	<u>\$ 35,750</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 10 – FAIR VALUE MEASUREMENTS**

**Fair Value Measurements**

FASB ASC 820-10, *Fair Value Measurement*, defines fair value, established a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirement for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fair value of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1** – Represented by quoted prices that are available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.
- Level 2** – Represented by assets and liabilities similar to level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows.
- Level 3** – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity’s own assumptions about the market risks.

The market approach was used to determine the fair values. The inputs and methodology used for valuing the Company’s financial assets and liabilities are not indicators of the risks associated with those instruments.

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

	<b>Quoted Prices in Active Markets For Identical Assets <u>Level 1</u></b>	<b>Significant Other Observable Inputs <u>Level 2</u></b>	<b>Significant Unobservable Inputs <u>Level 3</u></b>
Equity Mutual Funds	\$ <u>561,168</u>	\$ _____	\$ _____

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**NOTE 11 – COMMITMENTS, CONTIGENCIES & RISKS AND UNCERTAINTIES**

Concentration of Credit Risk - CCDP’s bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000 per institution. Investment balances are covered by the Securities Investor Protection Corporation (SIPC) up to a limit of \$500,000. In addition, Stifel Nicolaus has obtained increased coverage in amounts totaling \$150 million per account, which includes \$1 million coverage for cash. Cash in excess of the FDIC limit equaled \$182,166 at June 30, 2019. CCDP’s investment balances did not exceed SIPC insurance limits as of June 30, 2018.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 12 - SUBSEQUENT EVENTS**

**Evaluation of Subsequent Events** - We have evaluated subsequent events through the date of the independent auditors' report, the date that the financial statements are available to be issued, and have considered any relevant matters in the preparation of the financial statements and footnotes.

**Coronavirus Disease (COVID-19) Outbreak** – Subsequent to year-end, COVID-19 has made its way to the United States of America. This disease has sickened many and is causing deaths. Various actions by the federal, state and local governments have been implemented to try to slow down or stop the spread of the virus. The disease, along with the actions of the governments, have caused major effects on the stock market. The total value of the stock market has decreased between 30 to 35%. On June 30, 2019, 23% of CCDP's assets were investments in marketable securities. The earnings from those marketable securities, interest, dividends, realized and realized gains are used by CCDP operations. At this time, the loss is unrealized and CCDP has no intentions of liquidating any of its holdings. In accordance with GAAP, marketable securities are marked-to-market at year-end. Following GAAP, would mean that the CCDP will recognize any decrease caused by the effects at June 30, 2020. These events could increase demands for assistance normally provided by CCDP while potentially negatively impacting CCDP's financial resources.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019**

	<b>Catholic Charities <u>Inc.</u></b>	<b>Catholic Charities <u>Works Corp</u></b>	<b>Inter Company <u>Eliminations</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 333,536	\$ 47,331	\$ -	\$ 380,867
Restricted cash	204,172	-	-	204,172
Investments	561,168	-	-	561,168
Accounts receivable, net of allowance for doubtful accounts	101,051	183,250	(99,130)	185,171
Grant and contract receivables	1,074,360	-	-	1,074,360
Property and equipment, net of accumulated depreciation	79,715	-	-	79,715
Investment in subsidiary	79,306	-	(79,306)	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,433,308</u></b>	<b><u>\$ 230,581</u></b>	<b><u>\$ (178,436)</u></b>	<b><u>\$ 2,485,453</u></b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 246,395	\$ 105,697	(99,130)	252,962
Accrued expenses	277,042	40,960	-	318,002
Deferred revenue	702,458	-	-	702,458
Client deposits	204,172	-	-	204,172
Accrued compensated absences	99,860	4,618	-	104,478
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<b><u>1,529,927</u></b>	<b><u>151,275</u></b>	<b><u>(99,130)</u></b>	<b><u>1,582,072</u></b>
<b>NET ASSETS</b>				
Without Donor Restrictions				
Undesignated	185,119	79,306	(79,306)	185,119
Board designated	650,000	-	-	650,000
Total without donor restrictions	835,119	79,306	(79,306)	835,119
With Donor Restrictions				
Purpose restrictions	68,262	-	-	68,262
Total with donor restrictions	68,262	-	-	68,262
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL NET ASSETS</b>	<b><u>903,381</u></b>	<b><u>79,306</u></b>	<b><u>(79,306)</u></b>	<b><u>903,381</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,433,308</u></b>	<b><u>\$ 230,581</u></b>	<b><u>\$ (178,436)</u></b>	<b><u>\$ 2,485,453</u></b>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018**

	<u>Catholic Charities Inc.</u>	<u>Catholic Charities Works Corp</u>	<u>Inter Company Eliminations</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 355,428	\$ 16,453	\$ -	\$ 371,881
Restricted cash	524,511	-	-	524,511
Investments	683,650	-	-	683,650
Accounts receivable, net of allowance for doubtful accounts	116,001	-	(103,908)	12,093
Grant and contract receivables	847,773	89,013	-	936,786
Property and equipment, net of accumulated depreciation	84,038	-	-	84,038
Investment in subsidiary	(13,300)	-	13,300	-
	<u>\$ 2,598,101</u>	<u>\$ 105,466</u>	<u>\$ (90,608)</u>	<u>\$ 2,612,959</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 160,038	\$ 105,902	(103,908)	162,032
Accrued expenses	2,886	9,794	-	12,680
Deferred revenue	840,714	-	-	840,714
Client deposits	524,620	-	-	524,620
Accrued compensated absences	81,664	3,070	-	84,734
	<u>1,609,922</u>	<u>118,766</u>	<u>(103,908)</u>	<u>1,624,780</u>
<b>NET ASSETS</b>				
Without Donor Restrictions				
Undesignated	279,679	(13,300)	13,300	279,679
Board designated	650,000	-	-	650,000
Total without donor restrictions	<u>929,679</u>	<u>(13,300)</u>	<u>13,300</u>	<u>929,679</u>
With Donor Restrictions				-
Purpose restrictions	58,500	-	-	58,500
Total with donor restrictions	<u>58,500</u>	<u>-</u>	<u>-</u>	<u>58,500</u>
	<u>988,179</u>	<u>(13,300)</u>	<u>13,300</u>	<u>988,179</u>
	<u>\$ 2,598,101</u>	<u>\$ 105,466</u>	<u>\$ (90,608)</u>	<u>\$ 2,612,959</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Catholic Charities Inc.</u>	<u>Catholic Charities Works Corp</u>	<u>Inter Company Eliminations</u>	<u>Totals</u>
<b>SUPPORT AND REVENUES</b>				
<b>Support</b>				
United Way allocations	\$ 73,477	\$ -	\$ -	\$ 73,477
Diocesan Ministry Fund support	100,000	-	-	100,000
Pueblo Deanery support	11,955	-	-	11,955
Contributions	421,738	-	-	421,738
Assistance programs	113,560	-	-	113,560
<b>Total Support</b>	<u>720,730</u>	<u>-</u>	<u>-</u>	<u>720,730</u>
<b>Revenues</b>				
Grant revenue	4,095,757	552,609	-	4,648,366
Money management fees	90,284	-	-	90,284
Immigration service fees	89,502	-	-	89,502
Other fees	9,444	-	-	9,444
Special event, net of costs \$	110,895	-	-	110,895
Miscellaneous revenues	4,979	-	-	4,979
Reimbursed expenses	13,113	-	-	13,113
Investment income	42,653	-	-	42,653
Subsidiary income(loss)	92,605	-	(92,605)	-
Net realized and unrealized gain (loss) on investments	24,416	-	-	24,416
<b>Total Revenues</b>	<u>4,573,648</u>	<u>552,609</u>	<u>(92,605)</u>	<u>5,033,652</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>5,294,378</u>	<u>552,609</u>	<u>(92,605)</u>	<u>5,754,382</u>
<b>EXPENSES</b>				
<b>Functional Expenses</b>				
Program services	3,809,663	400,992	-	4,210,655
Management and general	1,337,750	59,012	-	1,396,762
<b>Total Functional Expenses</b>	<u>5,147,413</u>	<u>460,004</u>	<u>-</u>	<u>5,607,417</u>
<b>Assistance to Individuals</b>	<u>231,763</u>	<u>-</u>	<u>-</u>	<u>231,763</u>
<b>TOTAL EXPENSES</b>	<u>5,379,176</u>	<u>460,004</u>	<u>-</u>	<u>5,839,180</u>
<b>CHANGE IN NET ASSETS</b>	(84,798)	92,605	(92,605)	(84,798)
<b>NET ASSETS, beginning</b>	<u>988,179</u>	<u>(13,300)</u>	<u>13,300</u>	<u>988,179</u>
<b>NET ASSETS, ending</b>	<u>903,381</u>	<u>79,305</u>	<u>(79,305)</u>	<u>903,381</u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Catholic Charities Inc.</u>	<u>Catholic Charities Works Corp</u>	<u>Inter Company Eliminations</u>	<u>Totals</u>
<b>SUPPORT AND REVENUES</b>				
<b>Support</b>				
United Way allocations	\$ 32,576	\$ -	\$ -	\$ 32,576
Diocesan Ministry Fund support	100,000	-	-	100,000
Pueblo Deanery support	13,942	-	-	13,942
Contributions	451,766	708	-	452,474
Assistance programs	304,533	-	-	304,533
<b>Total Support</b>	<u>902,817</u>	<u>708</u>	<u>-</u>	<u>903,525</u>
<b>Revenues</b>				
Grant revenue	3,775,723	466,461	-	4,242,184
Money management fees	86,646	-	-	86,646
Immigration service fees	33,090	-	-	33,090
Other fees	7,125	-	-	7,125
Special event, net of costs \$	27,168	-	-	27,168
Miscellaneous revenues	7,114	84	-	7,198
Reimbursed expenses	88,134	-	(83,538)	4,596
Investment income	55,826	-	-	55,826
Subsidiary income(loss)	3,636	-	(3,636)	-
Net realized and unrealized gain (loss) on investments	24,985	-	-	24,985
<b>Total Revenues</b>	<u>4,109,447</u>	<u>466,545</u>	<u>(87,174)</u>	<u>4,488,818</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>5,012,264</u>	<u>467,253</u>	<u>(87,174)</u>	<u>5,392,343</u>
<b>EXPENSES</b>				
<b>Functional Expenses</b>				
Program services	3,805,788	410,116	(33,622)	4,182,282
Management and general	869,992	53,501	(49,916)	873,577
<b>Total Functional Expenses</b>	<u>4,675,780</u>	<u>463,617</u>	<u>(83,538)</u>	<u>5,055,859</u>
<b>Assistance to Individuals</b>	<u>305,667</u>	<u>-</u>	<u>-</u>	<u>305,667</u>
<b>TOTAL EXPENSES</b>	<u>4,981,447</u>	<u>463,617</u>	<u>(83,538)</u>	<u>5,361,526</u>
<b>CHANGE IN NET ASSETS</b>	30,817	3,636	(3,636)	30,817
<b>NET ASSETS, beginning</b>	<u>957,362</u>	<u>(16,936)</u>	<u>16,936</u>	<u>957,362</u>
<b>NET ASSETS, ending</b>	<u>\$ 988,179</u>	<u>\$ (13,300)</u>	<u>\$ 13,300</u>	<u>\$ 988,179</u>

**GOVERNMENT AUDITING STANDARDS**

**AND**

**UNIFORM GUIDANCE REPORTS**

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

**SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

FINANCIAL STATEMENTS

An unmodified opinion was rendered on the financial statements of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary as of and for the year ended June 30, 2019 in accordance with generally accepted accounting principles.

Internal control over financial reporting:

- Material weakness (es) identified?   X   Yes        No
- Significant deficiencies 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 federal programs:

- Material weakness (es) identified?   X   Yes        No
- Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

An unmodified opinion on compliance for major programs was issued.

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)?        Yes   X   No

Identification of major federal programs:

CFDA Number  
93.870

Name of Federal Program  
Affordable Care Act (ACA) Maternal, Infant,  
and Early Childhood Home Visiting Program

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

Auditee qualified as a low risk auditee?   X   Yes        No

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS(CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2019-001: Recording and allocating expenses to the proper grant.**

**Criteria or specific requirement:** Catholic Charities allocates expenses to various grants by time spent, portion of expenses related to the grant that are specific to the program.

**Condition/Context/Effect:** Grant expenses and indirect costs were not allocated or recorded correctly to the grant following the proper grant expense report. The expenses in the general ledger system (Abila) did not match the expenses on the reimbursement requests. The resulting financial statements did not show proper expenses related to the grants.

**Cause:** Significant turnover of personnel along with a lack of understanding of proper allocation of grant expenses and an understanding of recording those allocations into the general ledger system (Abila).

**Recommendations:**

Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary has a small accounting staff and they may not have the necessary knowledge of all potential issues that arise in not-for-profit accounting. Our recommendation is to hire additional qualified staff and provide staff training in proper accounting procedures for not-for-profit accounting, obtain a copy of the AICPA Not-For-Profit Audit Accounting Guide along with access to the FASB Codification to help with research and ask professionals when encountering unusual or significant transactions.

**Views of responsible officials and planned corrective action:**

We agree with the above finding and have implemented an appropriate corrective action plan.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS(CONTINUED)  
YEAR ENDED JUNE 30, 2019**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2019-002:**

Prior Year Finding Number: N/A  
Type of Finding: Internal Control over Compliance  
Severity of Deficiency: Material Weakness  
Federal Agency: U.S. Department of Health and Human Services  
CFDA#: 93.870-Affordable Care Act (ACA) Maternal, Infant, and  
Early Childhood Home Visiting Program  
Pass-through Entity: Colorado Department of Human Services

Type of Compliance Requirement - Criteria: Reporting – 2CFR §200.502, §200.510

**Criteria:** Internal control over the general reporting compliance related to the reporting of federal expenditures on the schedule of expenditures of federal awards as indicated within Uniform Guidance as indicated from the following excerpts:

*§200.502 Basis for determining Federal awards expended.*

*(a) Determining Federal awards expended. The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards including grants, cost-reimbursement contracts under the FAR...*

**Condition:** As noted above in in finding 2019-001, the adjusting journal entries were partially related to the MIECHV program. The total adjustment to the MIECHV expense accounts was \$67,528.

**Cause:** Significant turnover in personnel as well as transition of internal control structure appears to have resulted in the above misstatements.

**Effect:** This adjustment as noted above, effected the amount of federal expenditures. The expenditures did not agree to the amount of revenue that was recorded. This resulted in the inappropriate expenditures being reported on the Schedule of expenditures of federal awards (SEFA).

**Questioned Cost:** None.

**Context:** The amounts not being recorded on a timely basis has resulted in additional audit procedures near the end of the nine-month period in which the single audit must be completed.

**Recommendations:** We recommend that Catholic Charities hire additional staff with knowledge of federal and grant recording experience along with additional and continuing staff training in proper grant reporting procedures.

**Views of responsible officials and planned corrective action:**

We agree with the above finding and have implemented an appropriate corrective action plan.

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
SUMMARY SCHEDULE PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2019**

**Finding 2018-001**

*Current Status:* Corrective action taken

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Pass-through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development (HUD)				
Passed through Catholic Charities USA				
Housing Counseling Assistance Program	14.169	HC140011017	-	\$ 49,600
Passed through City of Pueblo				
Community Development Block Grant/Entitlement Grant	14.218	CD156	-	<u>11,272</u>
Total U.S. Department of Housing and Urban Development (HUD)				<u>\$ 60,872</u>
Corporation for National and Community Service				
Passed through Colorado Child and Parent Foundation				
AmerCorps	94.006	Not available	-	<u>\$ 88,698</u>
U.S. Department of Health and Human Services				
Passed through State Department of Human Services				
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visting Program	93.870	IHA MIEC1461295 IHA MIEC1461296	-	<u>\$ 1,284,066</u>
Total Department of Health and Human Service				<u>\$ 1,284,066</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><b>\$ 1,433,636</b></u>

**CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC. AND SUBSIDIARY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary 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 the schedule presents only a selected portion of the operations of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary, it is not intended to and does not present the financial position, changes in net assets or cash flows of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance.

**NOTE C - INDIRECT COST RATE**

Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary has elected to use the 10 percent de-minimus indirect cost rate allowed under Uniform Guidance.



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McPherson, Goodrich, Paolucci & Mihelich, PC

Tax/Consulting/Audit

Certified Public Accountants

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**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  
Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary  
Pueblo, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2020.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiaries 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 Diocese of Pueblo, Inc. and Subsidiaries internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiaries 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiaries 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*.

## CATHOLIC CHARITIES' RESPONSE TO FINDINGS

Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiaries response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiaries response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## PURPOSE OF THIS REPORT

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



March 27, 2020



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**McPherson, Goodrich, Paolucci & Mihelich, PC**  
*Tax/Consulting/Audit      Certified Public Accountants*

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

Board of Directors  
 Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary  
 Pueblo, Colorado

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiaries compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiaries major federal program for the year ended June 30, 2019. Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiaries 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 the requirements of laws, regulations, contracts, and grants applicable to its major federal program.

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiaries 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 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 Diocese of Pueblo, Inc. and Subsidiaries compliance with those requirements and performing such other procedures 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 of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiaries compliance.

## OPINION ON THE MAJOR FEDERAL PROGRAM

In our opinion, Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Catholic Charities of the Diocese of Pueblo, Inc. and Subsidiary, 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 Diocese of Pueblo, Inc. and Subsidiaries internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 Diocese of Pueblo, Inc. and Subsidiaries internal control over compliance.

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 identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a material weakness.

*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.

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

*McPherson, Godwin, Paulucci & Mitchell, PC*

March 27, 2020



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*Industrial Constructors/Managers*

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of Human Services*

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*Colorado Housing and  
Finance Authority*

Ashley Valdez

*Xcel Energy*

*Providing help. Creating hope. Serving all.*

March 27, 2020

Michael Banks,  
Fiscal Monitoring Lead  
CDHS  
1575 Sherman St.  
Denver, CO 80203

RE: Catholic Charities of the Diocese of Pueblo July 2018-June 2019 Audit

Dear Mr. Banks,

In our audit for July 2018-June 2019, we had a Financial Statement Finding. Finding 2019-001: Recording and allocating expenses to the proper grant stated that grant expenses and indirect costs were not allocated or recorded correctly to the grants which was caused by significant personnel turnover and under qualified staff.

In order to resolve this issue Catholic Charities has taken or intends to take the following steps:

- Staffing
  - Fill finance positions with better qualified staff
  - Increase staff retention
  - Expand external resources of accounting professionals as needed
- Internal controls
  - Revise policies and procedures with improved controls
  - Increased training on accounting software for all accounting staff
  - Utilize external accounting resources routinely for financial statement review

Many of these actions have already been put into place, and we intend to complete the implementation of these corrective actions by June 30, 2020.

Our finance department contact person is Cari Webster, Director of Finance.

Sincerely,

Ida Rhodes,  
Interim Executive Director





### **Board of Directors**

#### **Chair**

Burnie Zercher  
*Industrial Constructors/Managers*

#### **Vice Chair**

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## *Providing help. Creating hope. Serving all.*

March 27, 2020

Michael Banks,  
Fiscal Monitoring Lead  
CDHS  
1575 Sherman St.  
Denver, CO 80203

RE: Catholic Charities of the Diocese of Pueblo July 2018-June 2019 Audit

Dear Mr. Banks,

In our audit for July 2018-June 2019, we had a Financial Statement Finding. Finding 2019-002: Internal controls over the general reporting compliance related to the reporting of the federal expenditures on the schedule of expenditures of the federal awards related to significant turnover of finance personnel.

In order to resolve this issue Catholic Charities has taken or intends to take the following steps:

- Staffing
  - Fill finance positions with better qualified staff
  - Increase staff retention
  - Expand external resources of accounting professionals as needed
- Internal controls
  - Revise policies and procedures with improved controls
  - Increased training on accounting software for all accounting staff
  - Utilize external accounting resources routinely for financial statement review

Many of these actions have already been put into place, and we intend to complete the implementation of these corrective actions by June 30, 2020.

Our finance department contact person is Cari Webster, Director of Finance.

Sincerely,

Ida Rhodes,  
Interim Executive Director

