

**CATHOLIC CHARITIES OF THE DIOCESE OF
GREEN BAY, INC.
Green Bay, Wisconsin**

**FINANCIAL STATEMENTS
June 30, 2014 and 2013**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Charities of the Diocese of Green Bay, Inc.
Green Bay, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Green Bay, Inc., which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities 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.

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 Green Bay, Inc. as of June 30, 2014 and 2013, 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 schedule of expenditures of federal and state awards, as required by the Wisconsin *Provider Agency Audit Guide*, and the Wisconsin *Department of Health Services Audit Guide*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other accompanying supplementary information listed in the table of contents is also 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 September 19, 2014, on our consideration of Catholic Charities of the Diocese of Green Bay, 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 result 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 Diocese of Green Bay, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Oshkosh, Wisconsin
September 19, 2014

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

ASSETS

	2014	2013
Cash and cash equivalents	\$ 305,407	\$ 50,946
Accounts receivable, net of allowance for doubtful accounts of \$48,209 and \$38,834, respectively	60,948	50,265
Pledges receivable	192,574	179,213
Investments	2,332,147	1,894,535
Prepaid expenses	1,374	826
Furniture and equipment, net	897	1,929
TOTAL ASSETS	\$ 2,893,347	\$ 2,177,714

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 90,824	\$ 126,417
Deferred revenue	49,893	34,738
	140,717	161,155
Total liabilities	140,717	161,155

NET ASSETS

Unrestricted	2,046,006	1,371,012
Temporarily restricted	706,624	645,547
Total net assets	2,752,630	2,016,559

TOTAL LIABILITIES AND NET ASSETS	\$ 2,893,347	\$ 2,177,714
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The accompanying notes are an integral part of the financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Bishop's Appeal grant	\$ 1,045,987	\$ -	\$ 1,045,987
Contracts and grants	484,121	-	484,121
United Way	177,241	192,852	370,093
Contributions	555,605	32,896	588,501
Fees for services	479,748	-	479,748
Fundraising, net	88,504	-	88,504
Other	5,084	-	5,084
Net assets released from restrictions	204,962	(204,962)	-
Total revenues and support	<u>3,041,252</u>	<u>20,786</u>	<u>3,062,038</u>
EXPENSES			
Salaries and wages	1,311,520	-	1,311,520
Compensation of clergy	70,734	-	70,734
Personnel benefits	465,047	-	465,047
Other personnel costs	54,698	-	54,698
Purchased services	386,031	-	386,031
Facilities, buildings, and grounds	185,594	-	185,594
Office	82,831	-	82,831
Grants and direct assistance	38,336	-	38,336
Other	16,782	-	16,782
Total expenses	<u>2,611,573</u>	<u>-</u>	<u>2,611,573</u>
Excess of revenues and support over expenses	<u>429,679</u>	<u>20,786</u>	<u>450,465</u>
OTHER CHANGE IN NET ASSETS			
Investment return	<u>245,315</u>	<u>40,291</u>	<u>285,606</u>
CHANGE IN NET ASSETS	674,994	61,077	736,071
NET ASSETS, BEGINNING OF YEAR	<u>1,371,012</u>	<u>645,547</u>	<u>2,016,559</u>
NET ASSETS, END OF YEAR	<u>\$ 2,046,006</u>	<u>\$ 706,624</u>	<u>\$ 2,752,630</u>

The accompanying notes are an integral part of the financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Bishop's Appeal grant	\$ 1,263,941	\$ -	\$ 1,263,941
Contracts and grants	449,354	-	449,354
United Way	295,406	180,524	475,930
Contributions	334,410	18,969	353,379
Fees for services	440,879	-	440,879
Fundraising, net	17,524	-	17,524
Other	3,144	-	3,144
Net assets released from restrictions	204,201	(204,201)	-
Total revenues and support	3,008,859	(4,708)	3,004,151
EXPENSES			
Salaries and wages	1,382,452	-	1,382,452
Compensation of clergy	65,900	-	65,900
Personnel benefits	495,341	-	495,341
Other personnel costs	63,751	-	63,751
Purchased services	405,059	-	405,059
Facilities, buildings, and grounds	179,013	-	179,013
Office	86,576	-	86,576
Grants and direct assistance	43,299	-	43,299
Other	15,523	-	15,523
Total expenses	2,736,914	-	2,736,914
Excess (deficit) of revenues and support over expenses	271,945	(4,708)	267,237
OTHER CHANGE IN NET ASSETS			
Investment return	200,528	33,240	233,768
CHANGE IN NET ASSETS	472,473	28,532	501,005
NET ASSETS, BEGINNING OF YEAR	898,539	617,015	1,515,554
NET ASSETS, END OF YEAR	\$ 1,371,012	\$ 645,547	\$ 2,016,559

The accompanying notes are an integral part of the financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors and clients	\$ 3,067,559	\$ 2,950,702
Cash paid to suppliers	(724,671)	(705,287)
Cash paid to and on behalf of employees	(1,898,085)	(2,005,607)
Cash paid to donees	<u>(38,336)</u>	<u>(43,299)</u>
Net cash flows from operating activities	<u>406,467</u>	<u>196,509</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of investments	(254,005)	(1,326)
Proceeds from sale of investments	<u>101,999</u>	<u>79,932</u>
Net cash flows from investing activities	<u>(152,006)</u>	<u>78,606</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Net repayments on line of credit - Catholic Diocese of Green Bay, Inc.	<u>-</u>	<u>(226,226)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	254,461	48,889
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>50,946</u>	<u>2,057</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 305,407</u>	<u>\$ 50,946</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 736,071	\$ 501,005
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,032	12,833
Provision for bad debts	14,625	5,250
Investment return	(285,606)	(233,768)
Changes in certain assets and liabilities:		
Accounts receivable	(25,308)	14,575
Pledges receivable	(13,361)	581
Prepaid expenses	(548)	1
Accounts payable and accrued expenses	(35,593)	(22,627)
Deferred revenue	<u>15,155</u>	<u>(81,341)</u>
Net cash flows from operating activities	<u>\$ 406,467</u>	<u>\$ 196,509</u>

The accompanying notes are an integral part of the financial statements.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - NATURE OF OPERATIONS

Catholic Charities of the Diocese of Green Bay, Inc. (Catholic Charities) is a not-for-profit corporation organized under the laws of the state of Wisconsin for the purpose of providing a variety of personal, family, and community services throughout sixteen counties of northeastern Wisconsin.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets

Net assets, revenues, gains and losses are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Catholic Charities are classified and reported as follows:

Unrestricted - Unrestricted net assets include all net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted - Temporarily restricted net assets include net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Catholic Charities pursuant to those stipulations.

Permanently Restricted - Permanently restricted net assets include net assets subject to donor-imposed stipulations that they be maintained permanently by Catholic Charities. Catholic Charities does not have any permanently restricted net assets.

Cash and Cash Equivalents

Catholic Charities defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Catholic Charities maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Catholic Charities has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

The majority of Catholic Charities' accounts receivable are due from private parties within the Green Bay Diocese region and government agencies. Credit is extended based on evaluation of financial condition and financial need and collateral is generally not required. Accounts receivable are due within 30 days or according to separately stated terms and are stated as amounts due, net of allowance for doubtful accounts. Catholic Charities provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The estimate is based on historical collection experience and a review of the current status of the accounts receivable.

Pledges Receivable

Unconditional promises to give made to Catholic Charities are recorded in the year the pledge is made. An allowance for uncollectible promises to give is determined based on experience. Management believes that all promises to give are collectible.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are presented in the accompanying financial statements at fair value using methodologies described in Note 3 - Investments and Fair Value Measurements. All investment income and realized and unrealized gains and losses are accounted for on the accompanying statements of activities.

Investment income or losses are included in the accompanying statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Furniture and Equipment

Furniture and equipment are stated at cost, if purchased, or fair market value at date of the gift, if donated. All acquisitions of property in excess of \$5,000 and equipment in excess of \$1,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Furniture and equipment are depreciated using the straight-line method over their estimated useful lives.

	<u>Years</u>
Furniture and equipment	3 - 5

Impairment of Long-Lived Assets

Catholic Charities reviews long-lived assets, including furniture and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the assets are less than the carrying amount of that asset. To date, there have been no such losses.

Contribution Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions that are unrestricted by the donor are reported as increases in unrestricted net assets. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

Donated services are recognized as contributions if the services (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 Catholic Charities.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution Recognition (Continued)

In connection with its annual budget process, Catholic Charities is made aware of an estimated grant for its support from The Catholic Foundation for the Diocese of Green Bay, Inc. (the Foundation). Management does not consider this estimated grant as an unconditional promise to pay by the Foundation. The grant is recorded as revenue in the year in which it is actually received.

Revenue Recognition

Revenue is recognized in the month that the programs are held or services are provided.

Government Contracts

Contracts are received from various federal, state and county governmental agencies. These programs are considered exchange transactions, and are therefore recorded as unrestricted revenue. Expenditures of government contract funds are for the purposes specified by the funding source. Funds received in advance of qualifying expenditures are recorded as deferred revenue. Revenue from government contracts is recognized when allowable and reimbursable expenditures are incurred upon meeting the legal or contractual requirements of the funding source.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in Note 6 to the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax-Exempt Status

Catholic Charities has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) covered by the U.S. Internal Revenue Service group exemption letter of the United States Conference of Catholic Bishops and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are held by St. Francis Xavier Investment Corp. (St. Francis Xavier Corp.), an interdiocesan entity. St. Francis Xavier Corp. has grouped their investments and created a unitized fixed income fund, equity fund, and money market fund. Catholic Charities owns units in the fixed income, equity, and money market funds.

Investments are carried at market and consisted of the following at June 30:

	Fair Value		Redemption Frequency	Termination Notice Period
	<u>2014</u>	<u>2013</u>		
St. Francis Xavier Corp. fixed income fund	\$ 621,693	\$ 519,753	Daily	30 days
St. Francis Xavier Corp. equity fund	1,595,699	1,202,380	Daily	30 days
St. Francis Xavier Corp. money market fund	<u>114,755</u>	<u>172,402</u>	Daily	30 days
Total funds	<u>\$ 2,332,147</u>	<u>\$ 1,894,535</u>		

The fixed income fund is intended to be utilized by intermediate and long-term money. The target allocation of the fixed income fund is:

Intermediate Fixed Income	95%
Cash	<u>5%</u>
Total	<u>100%</u>

The equity fund is intended to be utilized by long-term money. The participant is not allowed to invest more than 70% of their funds in the equity fund. The target allocation of the equity fund is:

Small-Cap Domestic Stocks	20%
Mid-Cap Domestic Stocks	20%
Large-Cap Domestic Stocks	40%
International Stocks	17%
Cash and Cash Equivalents	<u>3%</u>
Total	<u>100%</u>

The money market fund is intended to be utilized by intermediate and short-term money.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

As defined by current authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, Catholic Charities uses various valuation methods including the market, income, and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible, Catholic Charities attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods, Catholic Charities is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine the fair values. Assets measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are not corroborated by market data.

The table presents the balances of assets measured at fair value on a recurring basis:

	June 30, 2014			
	Total	Level 1	Level 2	Level 3
St. Francis Xavier Corp. fixed income fund	\$ 621,693	\$ -	\$ 621,693	\$ -
St. Francis Xavier Corp. fixed equity fund	1,595,699	-	1,595,699	-
St. Francis Xavier Corp. money market fund	114,755	-	114,755	-
Total investments	\$ 2,332,147	\$ -	\$ 2,332,147	\$ -
	June 30, 2013			
	Total	Level 1	Level 2	Level 3
St. Francis Xavier Corp. fixed income fund	\$ 519,753	\$ -	\$ 519,753	\$ -
St. Francis Xavier Corp. fixed income equity fund	1,202,380	-	1,202,380	-
St. Francis Xavier Corp. money market fund	172,402	-	172,402	-
Total investments	\$ 1,894,535	\$ -	\$ 1,894,535	\$ -

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of the investment in the fixed income fund, the equity fund, and the money market fund has been estimated using the net asset value per share of the fund as determined by the fund administrator. The funds are valued on a daily basis.

Investment return in the statements of activities for the years ended June 30 consisted of the following:

	2014	2013
Interest and dividends	\$ 29,865	\$ 32,739
Realized and unrealized gains (losses) on investments	255,741	201,029
Total investment return	\$ 285,606	\$ 233,768

Fees charged on investments have been netted against the investment return. Total fees were \$14,516 and \$11,850 for the years ended June 30, 2014 and 2013, respectively.

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable consist primarily of donor pledges for funds supporting a variety of activities. Net pledges receivable as of June 30 consisted of the following:

	2014	2013
Total pledges receivable	\$ 192,574	\$ 179,213

Catholic Charities considers all pledges receivable to be collectible. All payments on pledges receivable at June 30, 2014 are expected to be received during the year ended June 30, 2015.

NOTE 5 - FURNITURE AND EQUIPMENT

The major categories of furniture and equipment at June 30 were summarized as follows:

	2014	2013
Machinery, equipment, furniture and fixtures	\$ 62,894	\$ 62,894
Less accumulated depreciation	(61,997)	(60,965)
Net furniture and equipment	\$ 897	\$ 1,929

Total depreciation expense was \$1,032 and \$12,833 for the years ended June 30, 2014 and 2013, respectively.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 - FUNCTIONAL CLASSIFICATION OF EXPENSES

The costs of providing program and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses by function for the years ended June 30 were as follows:

	2014	2013
Program services	\$ 2,458,661	\$ 2,577,517
Supporting service:		
Management and general	146,263	153,575
Fundraising	6,649	5,822
 Total	 \$ 2,611,573	 \$ 2,736,914

Direct costs of fundraising events of \$14,410 and \$7,486 are netted against fundraising revenues in the statements of activities for the years ended June 30, 2014 and 2013, respectively.

NOTE 7 - INTERDIOCESAN TRANSACTIONS

Catholic Charities was a party to various transactions with other diocesan corporations during the years ended June 30, 2014 and 2013. Total revenues and support in the form of donations and grants from other diocesan corporations were \$1,187,663 and \$1,435,649 for the years ended June 30, 2014 and 2013, respectively. The revenue from interdiocesan transactions constitutes a substantial portion of the Catholic Charities' total revenues for the years ended June 30, 2014 and 2013. Total expenses paid to other diocesan corporations were \$656,840 and \$697,097 for the years ended June 30, 2014 and 2013, respectively, and relates to occupancy and administrative and support services.

Catholic Charities has signed an unsecured line of credit with the Catholic Diocese of Green Bay, Inc. for an amount up to \$500,000. Funds drawn on the line of credit accrue interest at a rate of 3.0% based on an average monthly balance. The principal and interest are due on demand. The outstanding balance on the line of credit was \$-0- and \$-0- at June 30, 2014 and 2013, respectively. Interest expense was \$-0- and \$7,736 for the years ended June 30, 2014 and 2013, respectively. Accrued interest was \$-0- and \$44,868 at June 30, 2014 and 2013, respectively.

NOTE 8 - RETIREMENT PLAN

Catholic Charities participates in the Catholic Diocese of Green Bay Employees' Retirement Plan. The defined contribution retirement plan covers most lay employees. The vesting period of the plan is six months. Contributions are 9% of an employee's wages and are made each pay period. Retirement plan expense was \$115,776 and \$120,245 for the years ended June 30, 2014 and 2013, respectively.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 9 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets were available for the following purposes as of June 30:

	<u>2014</u>	<u>2013</u>
Hispanic outreach	\$ 62,732	\$ 53,743
Family strengthening	10,941	10,941
Resettlement and immigration	21,059	20,559
Apple Foundation	34,845	34,845
Budget counseling	26,869	31,298
Adoption and birth parent services	28,538	24,554
Future periods	184,734	178,785
Farm grants	64,634	56,892
New Life Fund	74,597	65,375
Prentice Memorial Fund	153,871	133,532
Other donor-restricted purposes	<u>43,804</u>	<u>35,023</u>
Total temporarily restricted net assets	<u>\$ 706,624</u>	<u>\$ 645,547</u>

NOTE 10 - OPERATING LEASES

Catholic Charities leases its office space at various locations. All leases are accounted for as operating leases.

Future minimum lease payments were as follows as of June 30, 2014:

	<u>Interdiocesan Entity</u>	<u>Third Party</u>	<u>Total</u>
Years ending June 30:			
2015	\$ 100,188	\$ 56,748	\$ 156,936
2016	-	2,200	2,200
2017	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 100,188</u>	<u>\$ 58,948</u>	<u>\$ 159,136</u>

Expense on the operating leases was \$183,929 and \$177,827 for the years ended June 30, 2014 and 2013, respectively.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Financial awards from federal, state, and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Catholic Charities for disallowed costs or noncompliance with grantor restrictions. At June 30, 2014 and 2013 a provision of \$5,528 and \$0-, respectively, has been made for any liabilities that may arise from such audits.

NOTE 12 - SUBSEQUENT EVENTS

Management evaluated subsequent events through September 19, 2014, the date the accompanying financial statements were available to be issued. Events or transactions occurring after June 30, 2014, but prior to September 19, 2014, that provided additional evidence about conditions that existed at June 30, 2014, have been recognized in the accompanying financial statements for the year ended June 30, 2014. Events or transactions that provided evidence about conditions that did not exist at June 30, 2014 but arose before the accompanying financial statements were available to be issued have not been recognized in the accompanying financial statements for the year ended June 30, 2014.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
DETAIL OF OPERATIONS
Year Ended June 30, 2014

	<u>CC - Green Bay</u>	<u>CC - Fox Cities</u>	<u>CC - Manitowoc</u>	<u>CC - Marinette</u>	<u>Government Contracts and Grants</u>	<u>Total</u>
REVENUES AND SUPPORT						
Bishop's Appeal grant	\$ 576,580	\$ 199,948	\$ 124,010	\$ 145,449	\$ -	\$ 1,045,987
Contracts and grants	67,777	-	-	-	416,344	484,121
United Way:						
Unrestricted	87,307	82,791	7,143	-	-	177,241
Restricted	68,277	80,546	41,779	2,250	-	192,852
Contributions:						
Unrestricted	484,672	34,853	12,104	23,976	-	555,605
Restricted	31,646	250	1,000	-	-	32,896
Fees for services	347,682	93,835	7,180	31,051	-	479,748
Fundraising, net	88,504	-	-	-	-	88,504
Other	2,588	139	318	1,539	500	5,084
	<u>1,755,033</u>	<u>492,362</u>	<u>193,534</u>	<u>204,265</u>	<u>416,844</u>	<u>3,062,038</u>
Total revenues and support						
Total expenses	<u>(1,272,148)</u>	<u>(520,251)</u>	<u>(205,438)</u>	<u>(200,511)</u>	<u>(413,225)</u>	<u>(2,611,573)</u>
EXCESS (DEFICIT) OF REVENUES AND SUPPORT OVER EXPENSES	482,885	(27,889)	(11,904)	3,754	3,619	450,465
OTHER CHANGE IN NET ASSETS						
Investment return	<u>240,192</u>	<u>21,349</u>	<u>24,065</u>	<u>-</u>	<u>-</u>	<u>285,606</u>
CHANGE IN NET ASSETS	<u>\$ 723,077</u>	<u>\$ (6,540)</u>	<u>\$ 12,161</u>	<u>\$ 3,754</u>	<u>\$ 3,619</u>	<u>\$ 736,071</u>

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
DETAIL OF EXPENSES
Year Ended June 30, 2014

	CC - Green Bay	CC - Fox Cities	CC - Manitowoc	CC - Marinette	Government Contracts and Grants	Total
Salaries and compensation of clergy	\$ 639,186	\$ 282,066	\$ 110,696	\$ 106,208	\$ 244,098	\$ 1,382,254
Payroll taxes	39,993	20,500	7,735	7,493	17,053	92,774
Fringe benefits	182,838	68,803	34,028	24,094	62,510	372,273
Other insurance	5,715	1,538	699	871	467	9,290
Conferences and conventions	7,971	1,572	550	845	1,520	12,458
Recruitment	1,239	-	-	-	-	1,239
Auto and travel	14,572	8,092	2,488	2,320	15,288	42,760
Professional fees	45,867	2,672	1,074	4,179	1,400	55,192
Temporary help	-	-	3,366	975	-	4,341
Advertising and promotion	3,363	1,325	300	396	53	5,437
Instructional materials and supplies	1,560	-	-	-	475	2,035
Computer service fees	6,962	1,808	1,434	786	570	11,560
Rent	84,791	47,093	13,080	18,120	20,845	183,929
Utilities and maintenance	-	480	885	-	300	1,665
Dues and subscriptions	5,482	2,251	724	1,035	-	9,492
Telephone	9,458	9,633	2,453	2,912	2,612	27,068
Office supplies	7,094	2,068	559	547	116	10,384
Postage	5,342	570	323	107	-	6,342
Printing	25,807	221	45	-	955	27,028
Equipment rental	-	1,028	457	-	-	1,485
Depreciation	-	-	1,032	-	-	1,032
Purchased services	155,867	67,521	22,499	29,623	20,907	296,417
Donations	2,000	-	-	-	-	2,000
Direct client assistance	11,422	1,010	1,011	-	22,893	36,336
Meeting expense	994	-	-	-	1,163	2,157
Interest and debt expense	-	-	-	-	-	-
Miscellaneous	14,625	-	-	-	-	14,625
	<u>\$ 1,272,148</u>	<u>\$ 520,251</u>	<u>\$ 205,438</u>	<u>\$ 200,511</u>	<u>\$ 413,225</u>	<u>\$ 2,611,573</u>

COMPLIANCE REPORTS AND SCHEDULES

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*, the *Provider Agency Audit Guide*, and the *Department of Health Services Audit Guide*

Board of Directors
Catholic Charities of the Diocese of Green Bay, Inc.
Green Bay, Wisconsin

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 Wisconsin *Provider Agency Audit Guide*, and the Wisconsin *Department of Health Services Audit Guide*, the financial statements of Catholic Charities of the Diocese of Green Bay, Inc., which comprise the statement of financial position as of June 30, 2014, 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 September 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities of the Diocese of Green Bay, 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 Diocese of Green Bay, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Diocese of Green Bay, 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 Diocese of Green Bay, 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*, the *Provider Agency Audit Guide*, or the *Department of Health Services Audit Guide*.

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 result 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*, the *Provider Agency Audit Guide*, and the *Department of Health Services Audit Guide* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Oshkosh, Wisconsin
September 19, 2014

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor Programs Expenditures	Federal CFDA Number	Amount
U.S. Department of Health and Human Services		
Passed through Brown County Human Services Department:		
Teen Parenting Program	93.667	\$ 11,446
Teen Parenting Program	93.558	7,936
Medical Assistance Program	93.778	<u>3,328</u>
Total U.S. Department of Health and Human Services		22,710
U.S. State Department		
Passed through United States Conference of Catholic Bishops:		
Refugee Assistance	Not provided	17,275
U.S. Department of Housing and Urban Development		
Passed through Catholic Charities USA:		
Housing Counseling	14.169	27,500
U.S. Department of Homeland Security		
Passed through Northeast Wisconsin Technical College:		
Citizenship and Integration Direct Services	97.010	<u>3,813</u>
Total Federal Assistance		<u>\$ 71,298</u>
State Grantor/Program Expenditures	State Program Number	Amount
Wisconsin Department of Children and Families		
Direct Award:		
Refugee Family Strengthening	437.602500	\$ 200,763
Support Services	437.601500	5,288
Passed through Brown County Human Services Department:		
Teen Parenting Program	435.561000	70,986
Medical Assistance Program	435.348000	191
Medical Assistance Program	435.367000	468
Medical Assistance Program	435.564000	<u>2,097</u>
Total State Assistance		<u>\$ 279,793</u>
Total Federal and State Assistance		<u><u>\$ 351,091</u></u>

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2014

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the Federal and State grant activity of Catholic Charities of the Diocese of Green Bay, Inc. under programs of the federal and state governments for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the *Provider Agency Audit Guide*, issued by the Wisconsin Departments of Children and Families and the Wisconsin *Department of Health Services Audit Guide*. Because the schedule presents only a selected portion of the operations of Catholic Charities of the Diocese of Green Bay, Inc. 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 Green Bay, Inc.

NOTE 2 - 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 OMB Circular A-133, *Cost Principles for Not-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where applicable.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
SCHEDULE OF REVENUE AND ALLOWABLE COSTS BY CONTRACT (PAAG GRANTS)
Year Ended June 30, 2014

	Refugee Family Strengthening	Support Services	Teen Parenting Program	Refugee Social Services	USCC Grant	CCUSA Housing Counseling Sub-Contract CCHC	NWTC Citizenship & Integration Services Sub-Contract FSTC	Total Program Services
PUBLIC SUPPORT								
Contracts and grants	\$ 200,763	\$ 5,288	\$ 152,767	\$ 8,937	\$ 17,275	\$ 28,000	\$ 3,813	\$ 416,843
EXPENSES								
Salaries and wages	120,227	3,192	73,926	7,287	10,055	26,648	2,763	244,098
Personnel benefits	45,030	1,242	27,607	1,518	2,094	1,352	720	79,563
Total salaries and related expenses	165,257	4,434	101,533	8,805	12,149	28,000	3,483	323,661
Purchased services	9,048	496	13,680	-	648	-	-	23,872
Travel expenses	9,147	69	5,392	92	302	-	286	15,288
Occupancy	12,973	-	7,896	-	276	-	-	21,145
Office	1,730	49	1,706	40	114	-	44	3,683
Donations	-	-	-	-	-	-	-	-
Direct assistance	1,728	-	21,165	-	-	-	-	22,893
Meetings and workshops	880	240	1,395	-	168	-	-	2,683
Total expenses	200,763	5,288	152,767	8,937	13,657	28,000	3,813	413,225
NET REVENUE/EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,618</u>

TEEN PARENTING PROGRAM

**Schedule of Payments and Allowable costs by Contract
Contract Periods January 1, 2013 to December 31, 2013
and January 1, 2014 to June 30, 2014**

	Contract Period 1/1/13 - 12/31/13	Contract Period 1/1/14 - 6/30/14	Total
Revenue			
Contracts Payments	<u>167,406</u>	<u>97,654</u>	<u>265,060</u>
Allowable Costs			
Salaries and Wages	75,398	37,637	113,035
Fringe Benefits	27,551	13,830	41,381
Travel:			
Staff	4,514	2,953	7,467
Client	178	400	578
Training/Recruitment	1,956	496	2,452
Supplies:			
Office	894	239	1,133
Program	383	97	480
Direct Assistance	18,750	9,294	28,044
Telephone	1,200	596	1,796
Insurance	467	0	467
Rentals	7,752	3,948	11,700
Indirect Costs:			
Accounting	5,500	2,750	8,250
Audit	1,000	96	1,096
Community Outreach	191	0	191
Other	7,774	3,214	10,988
Addition to Reserve	8,370	0	8,370
Total Allowable Costs	<u>161,878</u>	<u>75,550</u>	<u>237,428</u>
Excess (Deficiency) Payments Over Allowable Costs	<u>5,528</u>	<u>22,104</u> *	<u>27,632</u>

* Represents unspent funds in deferred revenue at June 30 for the 2014 contract year.

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
RESERVE SUPPLEMENTARY SCHEDULE FOR TEEN PARENTING PROGRAM
June 30, 2014

1. Total units of service	NA
2. Allowable expenses	\$ 153,508
3. Total payments and revenue	167,406
4. Excess payments and revenue over expenses (line 3 less line 2)	13,898
5. Total reserve from all prior periods (not including this period)	-
6. Calculation of reserve and amounts due to purchaser:	5,528

Purchaser (6a)	Revenue from purchaser (6b)	Purchaser's share of total revenue (6c)	First Test				Second Test					Total amount due to purchaser (6m)
			Purchaser's share of excess revenue (defic.) (6d)	Cap on reserve for first test 5% (6e)	Amount to add to reserve for this period (6f)	Amount due to purchaser from first test (6g)	Purchaser's share of reserve from prior periods (6h)	Purchaser's share of reserve from all periods (6i)	Cap on reserve for second test (6j)	Amount of reserve (6k)	Amount due to purchaser from second test (6l)	
Brown County	\$ 167,406	100.00%	\$ -	\$ 8,370	\$ 8,370	\$ 5,528	\$ -	\$ -	\$ 8,370	\$ -	\$ -	\$ 5,528

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Non-compliance material to the financial statements noted?	No

Vendor Contracts

Internal control over major Department of Health Services programs:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major Department of Health Services programs?	Unmodified
Any findings disclosed that are required to be reported in accordance with <i>Department of Health Services Audit Guide</i> or <i>Provider Agency Audit Guide</i> ?	No
Identification of major Department of Children and Families and Department of Human Services programs:	
Teen Parenting	
Dollar threshold used to select Department of Health Services programs:	\$25,000

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - OTHER ISSUES

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness(es), significant deficiency(ies), management letter comments, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Provider Agency Audit Guide*:

 Department of Children and Families No
 Department of Health Services No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of Partner-in-Charge:



5. Date of report:

September 19, 2014

CATHOLIC CHARITIES OF THE DIOCESE OF GREEN BAY, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2014

The prior year audit disclosed no findings, and therefore, no uncorrected or unresolved findings exist from prior audits.