

August 13, 2015



**SKJTG**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**Catholic Charities Legal Services,  
Archdiocese of Miami, Inc.**

**2015 Audit Results and Required Communications**

**Report to Those Charged With Governance**



**Sanson, Kline, Jacomino, Tandoc & Gamarra, LLP**  
5805 Blue Lagoon Drive | Suite 220 | Miami, FL 33126  
Tel: (305) 269-8633 | Fax: (305) 265-0652 | [www.skjtg-cpa.com](http://www.skjtg-cpa.com)

August 13, 2015

Management and Members of the Board  
Catholic Charities Legal Services Archdiocese of Miami, Inc.  
150 SW 2<sup>nd</sup> Avenue, 2nd Floor  
Miami, Florida 33131

Dear Management and Members of the Board:

We are pleased to present the results of our audit of the financial statements of Catholic Charities Legal Services, Archdiocese of Miami, Inc. (the "Organization") for the year ended June 30, 2015.

This report summarizes our audit, the scope of our engagement, and key observations and findings from our audit procedures for the year ended June 30, 2015. This report also contains the communications required by our professional standards.

The audit was designed to express an opinion on the Organization's 2015 financial statements. In accordance with professional standards, we obtained a sufficient understanding of internal control to plan the audit and to determine the nature, timing, and extent of tests to be performed. However, we were not engaged to and we did not perform an audit of internal control over financial reporting.

This report is intended solely for the information and use of management and the Board, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate this opportunity to meet with you to discuss the contents of this report, and to answer any questions that you may have about this report or any other audit-related matters. If you have any questions, please contact Richie C. Tandoc at (305) 269-8633, ext. 8016.

Very truly yours,

*Sanson Kline Jacomino Tandoc & Gamarra, LLP*

**Catholic Charities Legal Services,  
Archdiocese of Miami, Inc.**

**2015 Audit Results and Required Communications**

Generally Accepted Auditing Standards ("GAAS") and Government Auditing Standards ("GAS") require the auditor to communicate certain matters to those charged with governance that may assist in overseeing management's financial reporting and disclosure process. Below is a summary of these required communications, and our response to each, as they apply to Catholic Charities Legal Services, Archdiocese of Miami, Inc. (the "Organization") as of and for the fiscal year ended June 30, 2015.

| Required Communication   | Response  |
|--|---|
| <p><b>Auditors' Responsibilities Under Generally Accepted Auditing Standards</b></p> <p>Our responsibility is to express an opinion on the Organization's financial statements based on our audit conducted in accordance with auditing standards generally accepted in the United States and <i>Government Auditing Standards</i>. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>In addition, we are required to report on the Organization's internal control over financial reporting and on compliance and other matters. However, providing assurance on the internal control or compliance with certain provisions of laws, regulations, contracts, and agreements was not an objective of our audit, and accordingly, we do not express such an opinion.</p> | <p>We have issued an unmodified opinion on the Organization's financial statements for the year ended June 30, 2015.</p> <p>We have issued our report on the Organization's internal control over financial reporting and on compliance and other matters for the year ended June 30, 2015. We noted no material weaknesses in internal control.</p> <p>Both reports are dated August 13, 2015.</p> |
| <p><b>Significant Accounting Policies</b></p> <p>Initial selection of and changes in significant accounting policies or their application and new accounting and reporting standards during the year must be reported.</p> <p>In addition, we must discuss our judgments about the quality, not just the acceptability, of the accounting policies as applied in the Organization's financial reporting.</p>   | <p>The Organization's significant accounting policies are described in Note 2 to the financial statements.</p> <p>Accounting principles selected by management are consistent with those prescribed by accounting standards, and the Organization's financial statements and related disclosures are clearly presented in a complete manner.</p>  |
| <p><b>Accounting Estimates</b></p> <p>The preparation of the financial statements requires the use of accounting estimates. We are required to inform those charged with governance of such accounting estimates and about our conclusions regarding the reasonableness of those estimates.</p>  | <p>For fiscal year ended June 30, 2015, management's judgment was called upon to establish the useful lives of fixed assets and to allocate expenses on a functional basis. We have determined that such estimates are reasonable.</p>  |
| <p><b>Methods of Accounting for Significant Unusual Transactions and for Controversial or Emerging Areas</b></p> <p>We are required to inform those charged with governance about the methods used to account for significant unusual transactions and the effects of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>   | <p>We did not identify any significant unusual transactions by the Organization or any significant accounting policies used by the Organization related to controversial or emerging areas for which there is a lack of authoritative guidance.</p>   |

**Catholic Charities Legal Services,  
Archdiocese of Miami, Inc.**

**2015 Audit Results and Required Communications**

| Required Communication  | Response  |
|---|---|
| <p><b>Significant and/or Unadjusted Audit Adjustments</b></p> <p>We are required to inform those charged with governance about auditor adjustments arising from the audit that could, in our judgment, have a significant effect, individually or in the aggregate, on the Organization's financial statements.</p>   | <p>There were no auditor adjustments arising from the audit for the current year that could in our judgment, have a significant effect, individually or in the aggregate, on the Organization's financial statements.</p>   |
| <p><b>Fraud and Illegal Acts</b></p> <p>We are required to inform those charged with governance about any and all fraud and illegal acts involving senior management and any fraud and illegal acts (whether caused by management or other employees) that cause a material misstatement of financial resources.</p>  | <p>We are not aware of any fraud or illegal acts that occurred during the fiscal year involving senior management, or any fraud or illegal acts involving any employee that would cause a material misstatement of the financial statements.</p>  |
| <p><b>Disagreements or Difficulties with Management</b></p> <p>We are required to inform those charged with governance about any significant disagreements or difficulties encountered with management.</p>   | <p>We did not encounter any significant disagreements or difficulties with management during the course of the audit.</p>   |
| <p><b>Major Issues Discussed with Management Prior to Retention</b></p> <p>We are required to inform those charged with governance about any major issues discussed with management prior to retaining us as auditors.</p>  | <p>We did not discuss any major issues with management prior to retaining us as your auditors.</p>  |
| <p><b>Independence</b></p> <p>We are required to communicate with those charged with governance, at least annually, the following:</p> <ol style="list-style-type: none"> <li>1. Disclose, in writing, all relationships between us and the Organization that, in our professional judgment, may reasonably be thought to impede our independence;</li> <li>2. Confirm in writing that, in our professional judgment, we are independent of the Organization in accordance with generally accepted auditing standards; and</li> <li>3. Disclose any non-audit services performed for the Organization.</li> </ol> | <ol style="list-style-type: none"> <li>1. There are no relationships between us and the Organization that, in our professional judgment, may reasonably be thought to impede our independence.</li> <li>2. With regards to our audit of the Organization as of June 30, 2015, we are independent in accordance with Rule 101 of the American Institute of Certified Public Accountants' Code of Professional Conduct, its interpretations and rulings.</li> <li>3. Non-audit services include the preparation of the financial statements for the fiscal year ended June 30, 2015.</li> </ol> |
| <p><b>Deficiencies in Internal Controls</b></p> <p>We are required to inform those charged with governance about any significant deficiencies and/or any material weaknesses in internal control that we observed during our audit.</p>   | <p>We did not report any such deficiencies for the fiscal year ended June 30, 2015.</p>   |

**Catholic Charities Legal Services,  
Archdiocese of Miami, Inc.**

**2015 Audit Results and Required Communications**

| Required Communication   | Response  |
|--|---|
| <p><b>Single Audit Reports</b></p> <p>We are required to inform those charged with governance about the results of the Single Audit.</p>                           | <p>We audited one federal program as major, Refugee and Entrant Assistance - Discretionary Grant. With regards to this program we issued an unmodified opinion on compliance and on internal control over compliance in accordance with OMB Circular A-133.</p> <p>Our report is dated August 13, 2015.</p> |
| <p><b>Management Representations</b></p> <p>We are required to communicate with those charged with governance about representations requested from management.</p> | <p>We requested certain representations from management that are included in the management representation letter dated August 13, 2015.</p>  |

**CATHOLIC CHARITIES LEGAL SERVICES,  
ARCHDIOCESE OF MIAMI, INC.**

Financial Statements

June 30, 2015

(With Independent Auditor's Report Thereon)

FINANCIAL STATEMENTS

June 30, 2015

Table of Contents

|   | <u>Pages</u> |
|---|--------------|
| Independent Auditor's Report.....   | 1-2          |
| Basic Financial Statements:   |              |
| Statement of Financial Position.....  | 3            |
| Statement of Activities.....  | 4            |
| Statement of Functional Expenses.....   | 5            |
| Statement of Cash Flows.....  | 6            |
| Notes to Financial Statements.....  | 7-11         |
| Single Audit Reporting:   |              |
| Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with <i>Government</i><br><i>Auditing Standards</i> ..... | 12-13        |
| Report on Compliance for Each Major Federal Program and on<br>Internal Control Over Compliance Required by OMB Circular A-133.....  | 14-15        |
| Schedule of Expenditures of Federal Awards and Notes to<br>Schedule of Expenditures of Federal Awards.....  | 16           |
| Schedule of Findings and Questioned Costs.....  | 17-18        |
| Summary Schedule of Prior Year Audit Findings.....  | 19           |

---

**INDEPENDENT AUDITOR'S REPORT**

---



Sanson, Kline, Jacomino, Tandoc & Gamarra, LLP  
5805 Blue Lagoon Drive | Suite 220 | Miami, FL 33126  
Tel: (305) 269-8633 | Fax: (305) 265-0652 | www.skjtg-cpa.com

## **Independent Auditor's Report**

The Board of Directors  
Catholic Charities Legal Services  
Archdiocese of Miami, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Catholic Charities Legal Services, Archdiocese of Miami, Inc. (the "Organization"), a non-profit organization, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 in the first paragraph present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***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 awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2015 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Danson Kline Jacomine Landee S Hamarra, LLP*

August 13, 2015

---

## **BASIC FINANCIAL STATEMENTS**

---

Catholic Charities Legal Services, Archdiocese of Miami, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2015

**Assets**

Current assets:

|   |                |
|---|----------------|
| Cash  | \$ 147,261     |
| Accounts receivable, net of allowance for doubtful accounts of \$33,569 | 33,569         |
| Grants receivable   | 393,613        |
| Prepaid expenses  | 3,530          |
| Security deposit  | 42,189         |
| Total current assets  | <u>620,162</u> |

|                             |                   |
|-----------------------------|-------------------|
| Property and equipment, net | 11,465            |
| Total assets                | <u>\$ 631,627</u> |

**Liabilities and net deficiency**

Current liabilities:

|                                       |                |
|---------------------------------------|----------------|
| Accounts payable and accrued expenses | \$ 190,123     |
| Notes payable                         | 192,430        |
| Compensated absences                  | 86,134         |
| Total current liabilities             | <u>468,687</u> |

|  |                |
|--|----------------|
| Notes payable, less current maturities | 273,624        |
| Total liabilities                      | <u>742,311</u> |

Net assets (deficiency):

|                                      |                   |
|--------------------------------------|-------------------|
| Temporarily restricted               | 83,749            |
| Unrestricted                         | <u>(194,433)</u>  |
| Total net deficiency                 | <u>(110,684)</u>  |
| Total liabilities and net deficiency | <u>\$ 631,627</u> |

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

Catholic Charities Legal Services, Archdiocese of Miami, Inc.

**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2015

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|---|---------------------|-----------------------------------|---------------------|
| <b>Support and other revenue:</b>           |                     |                                   |                     |
| Support:                                    |                     |                                   |                     |
| Grants                                      | \$ 1,814,749        | \$ 86,800                         | \$ 1,901,549        |
| Client fees                                 | 447,493             | -                                 | 447,493             |
| Fundraising                                 | 125,613             | 6,855                             | 132,468             |
| Contributions                               | 138,644             | 10,000                            | 148,644             |
| Net assets released from restriction        | 44,894              | (44,894)                          | -                   |
| Interest income                             | 14                  | -                                 | 14                  |
| Total support and other revenue             | <u>2,571,407</u>    | <u>58,761</u>                     | <u>2,630,168</u>    |
| <b>Expenses:</b>                            |                     |                                   |                     |
| Program services:                           |                     |                                   |                     |
| Immigration services                        | <u>2,137,850</u>    | <u>-</u>                          | <u>2,137,850</u>    |
| Total program services                      | <u>2,137,850</u>    | <u>-</u>                          | <u>2,137,850</u>    |
| Supporting services:                        |                     |                                   |                     |
| Management and general                      | 437,230             | -                                 | 437,230             |
| Fundraising                                 | <u>19,711</u>       | <u>-</u>                          | <u>19,711</u>       |
| Total supporting services                   | <u>456,941</u>      | <u>-</u>                          | <u>456,941</u>      |
| Total expenses                              | <u>2,594,791</u>    | <u>-</u>                          | <u>2,594,791</u>    |
| Change in net assets                        | (23,384)            | 58,761                            | 35,377              |
| Net assets (deficiency) - beginning of year | <u>(171,049)</u>    | <u>24,988</u>                     | <u>(146,061)</u>    |
| Net assets (deficiency) - end of year       | <u>\$ (194,433)</u> | <u>\$ 83,749</u>                  | <u>\$ (110,684)</u> |

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

## STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2015

|                                    | Program<br>Services     | Supporting Services       |             |            | Grand<br>Total |
|------------------------------------|-------------------------|---------------------------|-------------|------------|----------------|
|                                    | Immigration<br>Services | Management<br>and General | Fundraising | Total      |                |
| Compensation and related expenses: |                         |                           |             |            |                |
| Salaries                           | \$ 1,233,030            | \$ 252,548                | \$ -        | \$ 252,548 | \$ 1,485,578   |
| Employee benefits                  | 208,451                 | 42,694                    | -           | 42,694     | 251,145        |
| Payroll taxes                      | 90,931                  | 18,624                    | -           | 18,624     | 109,555        |
|                                    | 1,532,412               | 313,866                   | -           | 313,866    | 1,846,278      |
| Accounting fees                    | 20,750                  | 4,250                     | -           | 4,250      | 25,000         |
| Bad debt                           | 21,563                  | 4,416                     | -           | 4,416      | 25,979         |
| Bank service charges               | 483                     | 99                        | -           | 99         | 582            |
| Client costs                       | 1,804                   | 370                       | -           | 370        | 2,174          |
| Depreciation                       | 4,429                   | 907                       | -           | 907        | 5,336          |
| Donations                          | 1,745                   | 357                       | -           | 357        | 2,102          |
| Employee meals                     | 3,024                   | 619                       | -           | 619        | 3,643          |
| Equipment rental                   | 5,142                   | 1,053                     | -           | 1,053      | 6,195          |
| Fundraising events                 | -                       | -                         | 19,711      | 19,711     | 19,711         |
| Interest expense and late fees     | 8,465                   | 1,734                     | -           | 1,734      | 10,199         |
| Liability insurance                | 32,706                  | 6,699                     | -           | 6,699      | 39,405         |
| Licenses and taxes                 | 746                     | 153                       | -           | 153        | 899            |
| Memberships and subscriptions      | 8,868                   | 1,816                     | -           | 1,816      | 10,684         |
| Merchant fees                      | 3,650                   | 748                       | -           | 748        | 4,398          |
| Miscellaneous                      | 2,463                   | 505                       | -           | 505        | 2,968          |
| Occupancy expenses                 | 124,987                 | 25,600                    | -           | 25,600     | 150,587        |
| Office supplies                    | 28,034                  | 5,742                     | -           | 5,742      | 33,776         |
| Other professional services        | 140,113                 | 28,698                    | -           | 28,698     | 168,811        |
| Postage and shipping               | 22,689                  | 4,647                     | -           | 4,647      | 27,336         |
| Printing                           | 4,777                   | 978                       | -           | 978        | 5,755          |
| Special events                     | 3,130                   | -                         | -           | -          | 3,130          |
| Tech and professional contractors  | 120,094                 | 24,597                    | -           | 24,597     | 144,691        |
| Telephone                          | 10,934                  | 2,239                     | -           | 2,239      | 13,173         |
| Travel and training                | 34,842                  | 7,137                     | -           | 7,137      | 41,979         |
| Total expenses                     | \$ 2,137,850            | \$ 437,230                | \$ 19,711   | \$ 456,941 | \$ 2,594,791   |

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

**STATEMENT OF CASH FLOWS**

For the year ended June 30, 2015

|  |                          |
|--|--------------------------|
| <b>Reconciliation of change in net assets to net cash provided by operating activities</b> |                          |
| Change in net assets   | \$ 35,377                |
| Adjustments to reconcile change in net assets to net cash used in operating activities:    |                          |
| Depreciation   | 5,336                    |
| (Increase) decrease in assets:   |                          |
| Account receivables  | (2,121)                  |
| Grant receivables  | (153,184)                |
| Prepaid expenses   | 291                      |
| Security deposit   | (6,000)                  |
| Increase (decrease) in liabilities:  |                          |
| Accounts payable and accrued expenses  | 52,073                   |
| Compensated absences   | 19,292                   |
| Net cash used in operating activities  | <u>(48,936)</u>          |
| <b>Cash flows from financing activities</b>  |                          |
| Payments on notes payable  | <u>(17,845)</u>          |
| Net cash used in financing activities  | <u>(17,845)</u>          |
| <b>Net decrease in cash</b>  | (66,781)                 |
| <b>Cash - beginning of year</b>  | <u>214,042</u>           |
| <b>Cash - end of year</b>  | <u><u>\$ 147,261</u></u> |
| <b>Supplemental disclosures of cash flow information:</b>                                  |                          |
| Cash paid during the year for interest   | <u><u>\$ 10,199</u></u>  |

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

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**NOTE 1 – NATURE OF ORGANIZATION**

Catholic Charities Legal Services, Archdiocese of Miami, Inc. (the "Organization") is a non-profit organization. Its initial and current member is The Most Reverend Thomas G. Wenski, Archbishop of the Archdiocese of Miami. The organization's mission is to promote the principle of equal access to the system of justice, provide legal services to persons and groups in special need, inform immigrants of their legal rights, as well as inform and advise community groups and health and social service providers about the legal problems and rights of immigrants and about legal services provided by this entity, and provide legal services to facilitate the reunification of families and access to employment and human services.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of the Organization's significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

**A. Basis of presentation**

The financial statements have been prepared on the accrual basis of accounting. Classification of the Organization's net assets, its revenue and expenses, and gains and losses are based on the existence or absence of donor-imposed restrictions. Net assets can be classified in the following categories:

- (i) Unrestricted – consists of net assets that are neither temporarily nor permanently restricted by donor-imposed stipulations.
- (ii) Temporarily restricted – represent net assets with a donor-imposed restriction that is satisfied either by the passage of time or by actions of the Organization.
- (iii) Permanently restricted – result primarily from contributions and other inflows of assets whose use by the Organization is limited by legally imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Expiration of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

**B. Property and equipment**

Property and equipment purchased by the Organization are capitalized and recorded at cost. Donated assets are capitalized and recorded at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenses for maintenance and repairs are charged to expense when incurred.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2015

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Public support**

A significant portion of the Organization's revenues are received through a single grant, and under a voluntary fee-for-service program. The primary funding source is the U.S. Department of Health and Human Services, passed -through the Florida Department of Children & Families. The Organization is the ultimate sub-recipient of such contract funding. Generally, the funding agreements expire on an annual basis and is mostly a fixed price contract, with a small portion on a cost reimbursement basis.

**D. Legal service fees and accounts receivable**

The Organization provides immigration legal services to clients at significantly reduced fixed fee amounts. Due to the nature of the clients served and lengthy legal proceedings, the Organization does not enforce payment of services preceding inception of work. Instead, fees must be paid prior to closing of the client's case and may be paid over the length of the legal proceeding, which in some cases may extend over the period of several fiscal years. As such, the Organization periodically evaluates the accounts receivables for each type of legal service provided, as well as the status of any significant past due accounts, to determine an allowance for doubtful accounts. When management determines that a receivable is uncollectible, the balance is removed from accounts receivable and charged against the allowance. Any subsequent recoveries of amounts previously written-off are charged to income.

**E. Fundraising events and grant revenues**

Fundraising events revenue is recognized when received. Grant revenues are recognized when the requirements under the grant have been fulfilled.

**F. Contributions**

Contributions received are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**G. Donated goods and services**

Donated goods and services are reflected as in-kind contributions and expensed in the statement of activities. These donations are recorded at fair market value when received and when there is an objective basis for determining such values. During 2015, the Organization recorded in-kind contributions for professional services totaling \$45,000.

**H. Functional allocation of expenses**

The cost of providing various programs and other activities are summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs are allocated among the programs and supporting services benefited.

**I. Income taxes**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is properly listed under a group exemption with the Archdiocese of Miami. As a result, no income tax provision or liability has been provided in the accompanying financial statements.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2015

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****I. Income taxes (continued)**

In accordance with FASB issued FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, in the unlikely event an uncertain tax position exists in which the Organization could incur income taxes, the Organization would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by a taxing authority. Reserves for uncertain tax positions would then be recorded if the Organization determined that it is probable that either a position would not be sustained upon examination or if a payment would have to be made to a taxing authority and the amount was reasonably estimable. As of June 30, 2015, the Organization does not believe it has any uncertain tax positions that would result in the Organization having a liability to a taxing authority. The Organization is subject to federal and state tax examinations for tax years 2011 through 2013.

**J. 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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**K. Retirement and health plan**

The Organization sponsors retirement and health plans administered through the Archdiocese of Miami. The retirement plan was a non-contributory defined benefit plan through December 31, 2012. Effective January 1, 2014, the Archdiocese of Miami changed the retirement plan to a contributory defined benefit plan, whereby the Organization will match 50% of employee contributions up to 6% of eligible pay. The health plan requires a portion of the monthly obligation to be contributed by each employee.

Total pension costs and health and welfare costs incurred by the Organization during the fiscal year ended June 30, 2015 totaled \$88,542 and \$162,603, respectively.

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances in one bank, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management continually reviews the bank institutions for deposit risk and believes the risk associated with the current banking institutions is minimal.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2015 consist of the following:

|                               | <u>Amount</u>    |
|-------------------------------|------------------|
| Computer equipment            | \$ 43,786        |
| Furniture and equipment       | 12,473           |
| Total                         | 56,259           |
| Less accumulated depreciation | (44,794)         |
| Property and equipment, net   | <u>\$ 11,465</u> |

Depreciation expense for the year ended June 30, 2015 totaled \$5,336.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2015

**NOTE 5 – NOTES PAYABLE**

Notes payable at June 30, 2015 consist of the following:

|   | <u>Amount</u>     |
|---|-------------------|
| \$180,000 revolving note: Sabadell United, NA; interest only payments at variable interest plus 1.5%, maturing annually, originated on September 2004, secured by the Organization and The Most Reverend Thomas G. Wenski. Interest paid during the year ended June 30, 2015 was \$2,949. | \$ 174,585        |
| \$356,900 non-revolving note: SunTrust Bank; interest only loan at one-month Libor rate plus 1.5%, maturing on June 30, 2015, secured by the Organization and The Most Reverend Thomas G. Wenski. Interest paid during the year ended June 30, 2015 was \$5,549.                          | <u>291,469</u>    |
| Total notes payable   | 466,054           |
| Less current maturities   | <u>192,430</u>    |
| Total notes payable, less current maturities  | <u>\$ 273,624</u> |

The maturities of notes payable at June 30, 2015, are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>     |
|-----------------------------|-------------------|
| 2016                        | \$ 192,430        |
| 2017                        | <u>273,624</u>    |
|                             | <u>\$ 466,054</u> |

**NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2015, total temporarily restricted net assets in the amount of \$83,749 consist of grants contributions restricted for special purposes totaling \$76,894, and fund raising monies restricted for special events totaling \$6,855.

**NOTE 7 – OPERATING LEASES**

The Organization has operations located at three facilities (Miami, Broward and Doral) under separate operating lease agreements, expiring on various dates through June 30, 2017. The Miami location serves as the Organization's headquarters, which also provides administrative duties. During the fiscal year ended June 30, 2015, the Organization's facilities rent expense totaled \$148,370 for all three facilities.

The Organization also has office equipment under an operating lease expiring on December 15, 2019. Equipment rent expense totaled \$6,196 for fiscal year ended June 30, 2015.

Future minimum lease payments under these operating leases are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------|
| 2016                        | \$ 159,170    |
| 2017                        | 71,975        |
| 2018                        | 5,280         |
| 2019                        | 5,280         |
| 2020                        | 2,640         |

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2015

**NOTE 8 – RELATED PARTY TRANSACTIONS**

The Organization operates under the direction and guidance of the incumbent Archbishop of Miami, The Most Reverend Thomas G. Wenski. Acting as corporate sole for the organization, he appoints the Organization's Board of Directors and its Officers. The Archdiocese of Miami provides the Organization health and welfare participation, acts as guarantee on debt, and is listed with the Organization under a group exemption with the IRS.

**NOTE 9 – CONTINGENCIES**

A substantial amount of the Organization's support is from federal grant funding. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

**NOTE 10 – SUBSEQUENT EVENTS**

The Organization evaluated subsequent events through August 13, 2015, the date the financial statements were available to be issued, and does not believe that there are any such events or transactions that require disclosure.

---

## **SINGLE AUDIT REPORTING**

---



Sanson, Kline, Jacomino, Tandoc & Gamarra, LLP  
5805 Blue Lagoon Drive | Suite 220 | Miami, FL 33126  
Tel: (305) 269-8633 | Fax: (305) 265-0652 | www.skjtg-cpa.com

**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***

**Independent Auditor's Report**

The Board of Directors  
Catholic Charities Legal Services  
Archdiocese of Miami, Inc.:

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 Legal Services, Archdiocese of Miami, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 13, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*Sanson Kline Jacomina Landes & Hamarra, LLP*

August 13, 2015



Sanson, Kline, Jacomino, Tandoc & Gamarra, LLP  
5805 Blue Lagoon Drive | Suite 220 | Miami, FL 33126  
Tel: (305) 269-8633 | Fax: (305) 265-0652 | www.skjtg-cpa.com

**Report on Compliance For Each Major Federal Program  
and on Internal Control Over Compliance Required by  
OMB Circular A-133**

**Independent Auditor's Report**

The Board of Directors  
Catholic Charities Legal Services  
Archdiocese of Miami, Inc.:

**Report on Compliance for Each Major Federal Program**

We have audited Catholic Charities Legal Services, Archdiocese of Miami, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the Organization complies, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Sanson Kline Jacomina Landas & Gamarra, LLP*

August 13, 2015

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2015

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

| Federal Grantor /<br>Pass-through Entity / Program Title    | Federal<br>CFDA No. | Grant /<br>Contract<br>Number | Expenditures        |
|---|---------------------|-------------------------------|---------------------|
| <b>U.S. Department of Health and Human Services:</b>        |                     |                               |                     |
| Passed-through Florida Department of Children & Families:   |                     |                               |                     |
| Refugee and Entrant Assistance – Discretionary Grants       | 93.576              | XK022                         | \$ 57,309           |
| Refugee and Entrant Assistance – Discretionary Grants       | 93.576              | XK049                         | 934,729             |
| Refugee and Entrant Assistance – Discretionary Grants       | 93.576              | XK050                         | 100,756             |
|   |                     |                               | <u>1,092,794</u>    |
| Passed-through United States Conference of Catholic Bishops |                     |                               |                     |
| Unaccompanied Alien Children Program                        | 93.676              | -                             | 262,499             |
| Total U.S. Department of Health and Human Services          |                     |                               | <u>1,355,293</u>    |
| <b>Corporation for National Community Service:</b>          |                     |                               |                     |
| Passed-through Volunteer Florida:                           |                     |                               |                     |
| AmeriCorps State and National Grant                         | 94.006              | -                             | 42,310              |
| Total Corporation for National Community Service            |                     |                               | <u>42,310</u>       |
| Total Expenditures of Federal Awards                        |                     |                               | \$ <u>1,397,603</u> |

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note A - General**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal programs of Catholic Charities Legal Services, Archdiocese of Miami, Inc. (the "Organization") over which the Organization exercised direct operating control for the year ended June 30, 2015. All federal grant awards expended during the year ended June 30, 2015 from federal agencies are included on the Schedule.

**Note B - Basis of presentation**

The accompanying Schedule is presented using the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2015

**SECTION 1 – SUMMARY OF AUDITOR'S RESULTS****Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes   X   noSignificant deficiency(ies) identified that are not  
considered to be material weaknesses?\_\_\_\_\_ yes   X   none reported

Noncompliance material for financial statements noted?

\_\_\_\_\_ yes   X   no**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes   X   noSignificant deficiency(ies) identified that are not  
considered to be material weaknesses?\_\_\_\_\_ yes   X   none reportedType of auditor's report issued on compliance  
for major programs:

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with Section 510(a) of  
OMB Circular A-133?\_\_\_\_\_ yes   X   no

Identification of major programs:

| <b>CFDA number</b> | <b>Name of federal program</b>  |
|--------------------|---|
| 93.576             | U.S. Department of Health and Human Services:<br>Passed-through Florida Department of Children & Families:<br>Refugee and Entrant Assistance – Discretionary Grants |

Dollar threshold used to distinguish between type A and  
Type B programs:\$ 300,000

Auditee qualified as a low-risk auditee?

  X   yes \_\_\_\_\_ no**SECTION II – FINANCIAL STATEMENT FINDINGS**

Internal Control Over Financial Reporting – None reported.

Compliance – None reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Internal Control Over Compliance – None reported.

Compliance – None reported.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

For the year ended June 30, 2015

**SECTION IV – OTHER MATTERS**

- No management letter is required because there were no findings required to be reported in a management letter.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

For the year ended June 30, 2015

**Prior Audit Finding No. 2014-1 – Reporting**

***Federal Agency*** – U.S. Department of Health and Human Services

***Federal Program*** – Refugee and Entrant Assistance – Discretionary Grants (CFDA No. 93.576)

***Pass-through Entity*** – Florida Department of Children & Families

***Condition Found*** – We noted that the Organization was not utilizing the official reports produced by the DCF database to identify the number of units serviced for its monthly reimbursement reporting. As a result, the Organization was informed by DCF that the reimbursement reports for the months of October 2013 (start of the new grant year) through May 2014 did not report the correct number of units serviced therein, and was required by DCF to resubmit corrected reimbursement reports for those months. We also noted that the number of units serviced reported in the reimbursement reports for the months of July 2013 through September 2013 were not correct. In all, 11 of the 12 months of reimbursement reports in the fiscal year did not report the correct number of units serviced.

***Auditor's Recommendation*** – We recommend that the Organization immediately implement procedures to ensure that all reports are accurate and complete in order to comply with applicable reporting requirements defined by OMB Circular A-133 and the grant agreement.

***Current Status*** – Based on our single audit testing for the fiscal year ended June 30, 2015, this finding has been properly resolved and is no longer valid for 2015.