



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

Financial Statements

June 30, 2018

(With Independent Auditor's Report Thereon)



Sanson, Kline, Jacomino, Tandoc & Gamarra, LLP

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Catholic Charities Legal Services, Archdiocese of Miami, Inc.

FINANCIAL STATEMENTS

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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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, 2018, 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, 2018, 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 is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards 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 15, 2018 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.

Sansen Kline Jacqueline Landas & Hamarra, LLP

Miami, Florida
August 15, 2018

BASIC FINANCIAL STATEMENTS

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Catholic Charities Legal Services, Archdiocese of Miami, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2018

Assets

Current assets:

Cash	\$ 501,897
Accounts receivable, net of allowance for doubtful accounts of \$43,120	43,120
Grants receivable	475,484
Prepays	5,853
Security deposit	30,354
Total current assets	<u>1,056,708</u>

Property and equipment, net 26,504

Total assets \$ 1,083,212

Liabilities and net assets

Current liabilities:

Accounts payable and accrued expenses	\$ 228,563
Notes payable, current portion	190,621
Compensated absences	110,788
Total current liabilities	<u>529,972</u>

Notes payable, less current portion 221,576

Net assets:

Temporarily restricted	168,341
Unrestricted	<u>163,323</u>

Total net assets 331,664

Total liabilities and net assets \$ 1,083,212

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, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and other revenue:			
Support:			
Grants	\$ 2,553,100	506,575	\$ 3,059,675
Client fees	531,157	-	531,157
Fundraising	169,056	5,720	174,776
Contributions	114,704	-	114,704
Net assets released from restriction	453,207	(453,207)	-
Interest income	7	-	7
Total support and other revenue	<u>3,821,231</u>	<u>59,088</u>	<u>3,880,319</u>
Expenses:			
Program services:			
Immigration services	<u>3,247,729</u>	<u>-</u>	<u>3,247,729</u>
Total program services	<u>3,247,729</u>	<u>-</u>	<u>3,247,729</u>
Supporting services:			
Management and general	572,680	-	572,680
Fundraising	74,374	-	74,374
Total supporting services	<u>647,054</u>	<u>-</u>	<u>647,054</u>
Total expenses	<u>3,894,783</u>	<u>-</u>	<u>3,894,783</u>
Change in net assets	(73,552)	59,088	(14,464)
Net assets - beginning of year	236,875	109,253	346,128
Net assets - end of year	<u>\$ 163,323</u>	<u>\$ 168,341</u>	<u>\$ 331,664</u>

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

Catholic Charities Legal Services, Archdiocese of Miami, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018

	Program Services	Supporting Services			Grand Total
	Immigration Services	Management and General	Fundraising	Total	
Compensation and related expenses:					
Salaries	\$ 2,019,545	\$ 356,390	\$ -	\$ 356,390	\$ 2,375,935
Employee benefits	338,769	59,783	-	59,783	398,552
Payroll taxes	150,618	26,580	-	26,580	177,198
	<u>2,508,932</u>	<u>442,753</u>	<u>-</u>	<u>442,753</u>	<u>2,951,685</u>
Accounting Fees	21,250	3,750	-	3,750	25,000
Bad Debt	2,580	455	-	455	3,035
Bank Service Charges	774	137	-	137	911
Client Costs	7,333	1,294	-	1,294	8,627
Depreciation Expense	7,082	1,250	-	1,250	8,332
Donations	3,129	552	-	552	3,681
Employee Meals	3,359	593	-	593	3,952
Equipment Rental	10,253	1,809	-	1,809	12,062
Fundraising Events	-	-	74,374	74,374	74,374
Interest Expense	12,409	2,190	-	2,190	14,599
Liability Insurance	36,595	6,458	-	6,458	43,053
Licenses and Taxes	1,963	346	-	346	2,309
Memberships and Subscriptions	14,404	2,542	-	2,542	16,946
Merchants Fees	6,719	1,186	-	1,186	7,905
Miscellaneous	6,493	1,146	-	1,146	7,639
Occupancy Expenses	224,346	39,591	-	39,591	263,937
Office Supplies	38,021	6,709	-	6,709	44,730
Other Professional Services	100,721	17,774	-	17,774	118,495
Postage and Shipping	33,793	5,964	-	5,964	39,757
Printing	5,837	1,030	-	1,030	6,867
Special Events	2,548	-	-	-	2,548
Tech and Professional Contractors	141,235	24,924	-	24,924	166,159
Telephone	14,491	2,557	-	2,557	17,048
Travel and Entertainment	43,462	7,670	-	7,670	51,132
	<u>\$ 3,247,729</u>	<u>\$ 572,680</u>	<u>\$ 74,374</u>	<u>\$ 647,054</u>	<u>\$ 3,894,783</u>
Total expenses					

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

Catholic Charities Legal Services, Archdiocese of Miami, Inc.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

Reconciliation of change in net assets to net cash provided by operating activities	\$ (14,464)
Change in net assets	
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,332
(Increase) decrease in assets:	
Account receivables	673
Grant receivables	(33,391)
Prepays	(5,853)
Security deposit	29,950
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	37,868
Compensated absences	7,590
Net cash provided by operating activities	<u>30,705</u>
Cash flows from investing activities	<u>(8,151)</u>
Purchases of property and equipment	(8,151)
Net cash used in investing activities	
Cash flows from financing activities	<u>(18,167)</u>
Payments on notes payable	(18,167)
Net cash used in financing activities	
	4,387
Net increase in cash	<u>497,510</u>
Cash - beginning of year	<u>\$ 501,897</u>
Cash - end of year	
Supplemental disclosures of cash flow information:	<u>\$ 14,494</u>
Cash paid during the year for interest	

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Public support (continued)

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. Grant revenues whose restrictions are met in the same reporting period are reported as unrestricted support.

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. Contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

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 2018, the Organization recorded in-kind contributions for professional services totaling \$47,500.

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, 2018

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, 2018, 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 2014 through 2016.

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, 2018 totaled \$131,509 and \$267,043, 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, 2018 consist of the following:

	<u>Amount</u>
Computer equipment	\$ 58,004
Furniture and equipment	10,404
Leasehold improvements	11,495
Total	79,903
Less accumulated depreciation	(53,399)
Property and equipment, net	<u>\$ 26,504</u>

Depreciation expense for the year ended June 30, 2018 totaled \$8,332.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE 5 – NOTES PAYABLE

Notes payable at June 30, 2018 consist of the following:

	<u>Amount</u>
\$180,000 revolving note: Iberia Bank; interest only payments at variable interest plus 1.5% (3.573% at June 30, 2018), maturing annually, originated on September 2004, secured by the Organization and The Most Reverend Thomas G. Wenski. Interest paid during fiscal year 2018 was \$4,734.	\$ 172,776
\$356,900 non-revolving note: SunTrust Bank; fixed monthly principal payments of \$1,487, bearing interest at one-month Libor rate plus 1.5% (3.482% at June 30, 2018), maturing on August 30, 2019, secured by the Organization and The Most Reverend Thomas G. Wenski. Interest paid during fiscal year 2018 was \$7,689.	239,421
Total notes payable	412,197
Less current portion	190,621
Total notes payable, less current portion	<u>\$ 221,576</u>

The principal maturities on the notes payable are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 190,621
2020	221,576
	<u>\$ 412,197</u>

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, total temporarily restricted net assets in the amount of \$168,341 consist of grants contributions restricted for special purposes totaling \$162,621, and fund raising monies restricted for special events totaling \$5,720.

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 fiscal year 2022. The Organization also has office equipment under three operating lease agreements expiring on various dates through fiscal year 2022. During the fiscal year ended June 30, 2018, the Organization's facilities rent expense for all three facilities and equipment rent expense totaled \$259,007 and \$9,038, respectively.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 221,986
2019	215,949
2020	222,428
2021	121,811
2022	17,048

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018

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 15, 2018, 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.

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SINGLE AUDIT REPORTING

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**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, 2018, 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 15, 2018.

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. We did identify a deficiency in internal control, described below, that we consider to be a significant deficiency.

2018-1 – Filing the Data Collection Form

Criteria – The Data Collection Form (Form SF-SAC) is required to be filed with the Federal Audit Clearinghouse within 30 days after receipt of the auditor's report, or 9 months after the end of the fiscal year.

Condition – For the fiscal year ended June 30, 2017, the Organization filed the Data Collection Form with the Federal Audit Clearinghouse on August 6, 2018, which exceeded both the 30 days after receipt of the auditor's report and the 9 months after the end of the fiscal year.

Cause – The final audited financial statements was submitted to the Organization at the beginning of September 2017. During that time, Hurricane Irma had formed and was threatening South Florida. As a result, businesses began preparations for an impact and caused most businesses to close operations for a number of days. Once the hurricane passed, and damages were assessed and businesses opened up again, the requirement for filing the Data Collection Form had been forgotten.

Effect – The Organization is not in compliance with the Data Collection Form filing requirement.

Recommendation – We recommend that the Organization implement a process or procedure to remind management of the Data Collection Form filing requirement, especially during a time when priorities change resulting from unexpected circumstances (such as natural disasters).

View of Responsible Officials and Planned Corrective Actions – We agree with the finding and recommendation. We will immediately implement an adequate process or procedure to ensure that the Data Collection Form is filed on a timely basis.

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*.

Organization's Response to Finding

The Organization's response to the finding identified in our audit is described above. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Sanson Kline Jacqueline Landee & Hamarra, LLP

Miami, Florida
August 15, 2018



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**Report on Compliance For Each Major Federal Program
and on Internal Control Over Compliance Required by the
Uniform Guidance**

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 Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2018. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2018.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sanson Kline Jacomine Landee & Hamarra, LLP

Miami, Florida
August 15, 2018

Catholic Charities Legal Services, Archdiocese of Miami, Inc.

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

For the year ended June 30, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA No.	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services:			
Passed-through Florida Department of Children & Families:			
Refugee and Entrant Assistance – State/Replacement Designee Administered Programs	93.566	XK049	\$ 709,331
Refugee and Entrant Assistance – State/Replacement Designee Administered Programs	93.566	XK050	58,639
Total U.S. Department of Health and Human Services			<u>767,970</u>
Corporation for National Community Service:			
Passed-through Equal Justice Works:			
AmeriCorps State and National Grant	94.006	14NDHDC003	10,238
Total Corporation for National Community Service			<u>10,238</u>
Total Expenditures of Federal Awards			<u>\$ 778,208</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A – Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Catholic Charities Legal Services, Archdiocese of Miami, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, results of its operations, or cash flows of the Organization.

Note B – Summary of significant accounting policies

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

Catholic Charities Legal Services, Archdiocese of Miami, Inc.

SCHEDULE OF FINDINGS AND QUESTIONS COSTS

For the year ended June 30, 2018

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? X yes _____ none reported

Noncompliance material for financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

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

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

Identification of major federal programs:

<u>CFDA number</u>	<u>Name of federal program</u>
93.566	U.S. Department of Health and Human Services: Passed-through Florida Department of Children & Families: Refugee and Entrant Assistance – State/Replacement Designee Administered Programs

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

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 QUESTIONS COSTS (Continued)

For the year ended June 30, 2018

SECTION IV – OTHER MATTERS

- No management letter is required because there were no findings required to be reported in a management letter.
- No summary schedule of prior audit findings is required because there were no prior audit findings related to federal awards programs.

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