

# Catholic Charities West Virginia, Inc.

Audited Financial Statements  
and Supplementary Information  
Years ended June 30, 2015 and 2014

DHHR - Finance

MAR 21 2016

Date Received

WILSON KOZICKI & GWYNN PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**Catholic Charities West Virginia, Inc.**  
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### **Independent Auditor's Report**

To the Most Reverend Michael J. Bransfield, Bishop of the Diocese of Wheeling – Charleston and the Board of Directors of Catholic Charities West Virginia, Inc.:

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

We have audited the accompanying financial statements of Catholic Charities West Virginia, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 above present fairly, in all material respects, the financial position of Catholic Charities West Virginia, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses by location for the regional/community based services and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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 also not a required part of the financial statements. The schedules of functional expenses by location for the regional/community based services, schedule of expenditures of state awards, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 November 16, 2015, on our consideration of Catholic Charities West Virginia, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities West Virginia, Inc.'s internal control over financial reporting and compliance.

Wilson Koyuchi + Gwynn PLLC

Wheeling, West Virginia,  
November 16, 2015.

DHHR - Finance

MAR 21 2016

Date Received



**Catholic Charities West Virginia, Inc.**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 4,280,929	\$ 4,546,462
Accounts receivable	700,854	738,325
Prepaid expenses	16,545	16,174
Unconditional promises to give	297,550	264,307
Investments	2,125,669	2,100,990
Deposits	2,950	3,625
Property and equipment	815,396	792,145
Total assets	\$ 8,239,893	\$ 8,462,028
 <b>Liabilities</b>		
Accounts payable	\$ 415,753	\$ 540,411
Accrued payroll	185,984	147,224
Accrued expenses	76,959	64,301
Deferred revenue	3,570	-
Refundable advances	104,584	116,095
Total liabilities	786,850	868,031
 <b>Net Assets</b>		
Unrestricted		
Operating	5,303,750	5,341,654
Board designated	620,817	679,931
Total unrestricted	5,924,567	6,021,585
Temporarily restricted	1,294,901	1,338,837
Permanently restricted	233,575	233,575
Total net assets	7,453,043	7,593,997
Total liabilities and net assets	\$ 8,239,893	\$ 8,462,028

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

**Catholic Charities West Virginia, Inc.**  
**Statements of Activities**  
**For the Years Ended June 30, 2015 and 2014**

<b>Unrestricted Net Assets</b>	2015	2014
Unrestricted revenues and gains (losses)		
Federal and state financial assistance	\$ 6,078,663	\$ 6,050,623
Contributions - Diocese of Wheeling-Charleston	1,018,774	1,020,084
Contributions - other	1,435,452	1,280,966
Contributed goods and services	1,433,500	1,490,883
Grants - other	199,797	251,367
Interest and dividends - investments	81,829	61,006
Unrealized and realized gains (losses) on investments	(5,604)	144,517
Interest - other	108,893	111,484
Other	276,679	159,873
Fund-raising income	39,569	45,783
Gain (loss) on sale of property and equipment	(400)	374
Total unrestricted revenues and gains (losses)	10,667,152	10,616,959
Net assets released from restrictions		
Restrictions satisfied by payments	69,813	46,003
Expiration of time restrictions	250,817	276,896
Total unrestricted revenues, gains (losses), and other support	10,987,782	10,939,858
Expenses		
Program Services		
Regional/community based services	3,797,424	3,765,424
Child nutrition	2,720,329	2,789,906
Refugee resettlement	242,714	225,291
Child day care resources	1,139,573	1,141,968
Elderly and disabled case management	386,436	404,605
Elderly and disabled home care	1,271,330	1,220,286
Developmentally delayed children case management	486,984	467,319
Parish social ministry	59,135	68,737
Total program services	10,103,925	10,083,536
Supporting Services		
Management and general	641,381	542,794
Fund-raising	349,426	281,927
Total supporting services	990,807	824,721
Total expenses	11,094,732	10,908,257
Increase (decrease) in unrestricted net assets	(106,950)	31,601

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

**Catholic Charities West Virginia, Inc.**  
**Statements of Activities (Continued)**  
**For the Years Ended June 30, 2015 and 2014**

	2015	2014
<b>Temporarily Restricted Net Assets</b>		
Contributions	284,001	280,256
Interest - other	3,084	1,202
Unrealized and realized gains (losses) on investments	(459)	133,934
Net assets released from restrictions		
Restrictions satisfied by payments	(69,813)	(46,003)
Expiration of time restrictions	(250,817)	(276,896)
	(34,004)	92,493
Increase (decrease) in temporarily restricted net assets		
	(140,954)	124,094
Net assets, beginning of year	7,593,997	7,469,903
Net assets, end of year	\$ 7,453,043	\$ 7,593,997

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

**Catholic Charities West Virginia, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2015**

	Program Services							Supporting Services		Total	
	Regional / Community Based Services	Child Nutrition	Refugee Resettlement	Child Day Care Resources	Elderly and Disabled Case Management	Elderly and Disabled Home Care	Developmentally Delayed Children Case Management	Parish Social Ministry	Management and General		Fund-raising
Salary and benefits	\$ 1,287,145	\$ 348,687	\$ 178,740	\$ 891,810	\$ 335,167	\$ 1,167,761	\$ 395,227	\$ 47,986	\$ 457,631	\$ 170,428	\$ 5,280,581
Liability insurance	9,673	90	41	500	204	204	216	18	88	-	11,033
Maintenance	38,097	-	81	-	437	44	-	169	166	-	38,994
Rent	123,547	9,290	2,210	70,320	15,424	11,340	22,660	1,667	32,577	1,295	290,330
Utilities	64,712	-	221	10,911	2,598	1,959	1,167	411	221	238	82,438
Office supplies	25,772	5,856	961	11,768	5,770	961	4,947	91	3,279	4,205	63,610
Advertising	642	-	-	1,153	159	2,599	3,602	535	75	30,185	38,950
Printing	8,569	2,657	13	4,205	1,453	1,228	609	139	917	28,982	48,771
Postage	4,451	4,965	2,756	8,614	1,158	1,324	6,455	22	3,084	13,205	46,033
Office equipment	23,176	-	1,311	6,710	895	539	968	-	4,059	1,744	39,402
Contract services	99,827	6,605	375	17,999	3,336	8,318	15,060	503	36,469	47,641	236,133
Telephone	29,357	845	207	6,613	2,110	2,941	2,918	275	1,982	338	47,586
Travel	55,657	19,517	11,268	41,917	11,037	66,656	22,118	6,335	18,083	36,220	288,808
Vehicle expenses	6,534	20	12	1,789	1,933	-	1,212	-	886	-	12,386
Literature	2,560	-	146	35	360	-	-	-	3,052	545	6,698
Dues	3,134	2,725	762	2,502	1,601	-	625	-	278	1,075	12,702
Professional services	-	399	3,634	5,725	-	-	-	-	49,635	-	59,393
Staff workshops	4,374	63	623	1,737	669	1,776	450	730	2,119	336	12,877
Miscellaneous expenses	5,161	1,234	47	545	570	-	183	18	13,012	2,022	22,792
Internet	6,922	12,033	43	650	974	1,028	1,347	236	693	-	23,926
Emergency assistance	223,375	-	39,235	-	581	158	-	-	-	-	263,349
Program assistance	362,847	2,305,343	28	54,070	-	2,494	288	-	2,222	10,968	2,738,260
Donated goods	1,247,771	-	-	-	-	-	256	-	-	-	1,248,027
Donated services	74,381	-	-	-	-	-	-	-	-	-	74,381
Depreciation	89,740	-	-	-	-	-	6,676	-	10,853	-	107,269
<b>Total</b>	<b>\$ 3,797,424</b>	<b>\$ 2,720,329</b>	<b>\$ 242,714</b>	<b>\$ 1,139,573</b>	<b>\$ 386,436</b>	<b>\$ 1,271,330</b>	<b>\$ 486,984</b>	<b>\$ 59,135</b>	<b>\$ 641,381</b>	<b>\$ 349,426</b>	<b>\$ 11,094,732</b>

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



**Catholic Charities West Virginia, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2014**

	Program Services							Supporting Services		Total	
	Regional / Community Based Services	Child Nutrition	Refugee Resettlement	Child Day Care Resources	Elderly and Disabled Case Management	Elderly and Disabled Home Care	Developmentally Delayed Children Case Management	Parish Social Ministry	Management and General		Fund-raising
Salary and benefits	\$ 1,139,586	\$ 394,845	\$ 168,009	\$ 842,030	\$ 349,346	\$ 1,122,698	\$ 373,422	\$ 52,312	\$ 382,655	\$ 155,001	\$ 4,979,904
Liability insurance	8,806	182	56	749	200	222	87	14	89	7	10,412
Maintenance	34,430	-	237	115	882	2,284	3,259	2,328	871	-	44,406
Rent	115,972	9,290	2,210	70,320	16,658	10,343	22,660	1,704	31,917	1,295	282,369
Utilities	57,813	-	677	10,481	1,699	788	1,224	-	139	237	73,058
Office supplies	28,083	6,419	359	27,021	7,336	2,448	4,950	361	3,570	2,317	82,864
Advertising	1,524	-	-	1,214	484	2,421	1,924	247	1,000	29,261	38,075
Printing	6,701	1,581	19	3,648	957	662	174	528	1,844	21,624	37,738
Postage	4,604	6,176	950	28,145	1,549	3,415	6,669	20	4,636	13,304	69,468
Office equipment	13,124	-	298	13,924	2,454	851	5,720	1,147	1,119	880	39,517
Contract services	110,610	5,800	513	22,446	2,918	3,579	14,524	2,493	22,901	29,509	215,293
Telephone	27,983	797	426	6,328	4,453	2,011	2,624	362	1,786	912	47,682
Travel	52,781	19,723	5,893	53,203	10,123	64,468	20,952	6,227	16,622	16,267	266,259
Vehicle expenses	6,638	18	8	1,940	1,428	-	907	-	770	-	11,709
Literature	2,332	-	239	-	45	-	-	138	3,223	740	6,717
Dues	4,222	3,271	777	2,466	1,762	-	696	-	344	1,084	14,622
Professional services	-	-	-	5,000	-	-	-	-	41,429	-	46,429
Staff workshops	1,510	60	748	4,865	536	500	840	495	2,229	870	12,653
Miscellaneous expenses	84,337	1,123	124	860	133	17	659	59	11,418	1,810	100,540
Internet	5,358	12,174	73	673	1,642	893	1,227	128	-	-	22,168
Emergency assistance	268,869	-	43,565	-	-	-	-	-	250	-	312,684
Program assistance	319,875	2,328,447	110	46,540	-	2,686	1,463	174	2,855	6,809	2,708,959
Donated goods	1,348,466	-	-	-	-	-	-	-	-	-	1,348,466
Donated services	39,450	-	-	-	-	-	-	-	-	-	39,450
Depreciation	82,350	-	-	-	-	-	3,338	-	11,127	-	96,815
<b>Total</b>	<b>\$ 3,765,424</b>	<b>\$ 2,789,906</b>	<b>\$ 225,291</b>	<b>\$ 1,141,968</b>	<b>\$ 404,605</b>	<b>\$ 1,220,286</b>	<b>\$ 467,319</b>	<b>\$ 68,737</b>	<b>\$ 542,794</b>	<b>\$ 281,927</b>	<b>\$ 10,908,257</b>

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

**Catholic Charities West Virginia, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2015 and 2014**

	2015	2014
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ (140,954)	\$ 124,094
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	107,269	96,815
Net unrealized and realized (gains) losses on investments	6,063	(278,450)
(Gain) loss on sale of property and equipment	400	(374)
(Increase) decrease in operating assets		
Accounts receivable	37,471	130,288
Prepaid expenses	(371)	14,219
Unconditional promises to give	(33,243)	27,488
Deposits	675	2,100
Increase (decrease) in operating liabilities		
Accounts payable	(124,658)	(15,246)
Accrued payroll	38,760	4,400
Deferred revenue	3,570	(1,000)
Refundable advances	(11,511)	(52,176)
Accrued expenses	12,658	(15,867)
Net cash provided (used) by operating activities	(103,871)	36,291
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	421,490	118,102
Proceeds from sale of property and equipment	200	895
Purchases of investments	(452,232)	(131,366)
Purchases of property and equipment	(131,120)	(70,561)
Net cash used by investing activities	(161,662)	(82,930)
Net decrease in cash and cash equivalents	(265,533)	(46,639)
Beginning cash and cash equivalents	4,546,462	4,593,101
Ending cash and cash equivalents	\$ 4,280,929	\$ 4,546,462

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



**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**1. Nature of the Organization**

Catholic Charities West Virginia, Inc. (CCWVa) is a non-profit, private agency, which provides non-sectarian services to all individuals regardless of their race, religion, age, sex, or national origin. It is the primary non-institutional, social service arm of the Department of Catholic Charities within the Diocese of Wheeling-Charleston. CCWVa was created January 8, 1975. The objectives of this corporation are:

- To further the ministry of the Church by initiating and assisting in the development of programs and services designed to enable people in the community to meet their own needs. The programs and services are aimed at aiding people to achieve a greater measure of self-understanding, self-determination, and human growth and development to take a more active part in community affairs and to assume more fruitful social relationships.
- To further the development of the members of the various community churches in their awareness of the needs of their brothers and sisters within and outside the community, and to stimulate in the members of the churches a genuine concern for their neighbors which will result in a meaningful response in terms of effective help and service to those who are in need.
- To develop and maintain an informed, articulate collective voice, which courageously speaks to the issues of justice and peace, and attacks all forms of oppression.

The following programs are administered by CCWVa throughout West Virginia.

Regional/Community Based Services – provides utility, medical, prescription, housing, clothing, transportation, flood and food assistance for the needy and poor.

Child Nutrition – provides meal and snack reimbursement to in home day care providers who meet nutritional requirements. It insures that children who stay with day care providers receive good nutritious meals.

Refugee Resettlement – provides resettlement services to any refugees entering West Virginia.

Child Day Care Resources – assists low-income families in locating needed day care for their children so that the adults can locate and maintain employment or return to school.

Elderly and Disabled Case Management – provides supervision of services to elderly and disabled adults to enable them to remain in their homes rather than being placed in a nursing home facility.

Elderly and Disabled Home Care – provides home care services to elderly and disabled adults to enable them to remain in their homes rather than being placed in a nursing home facility.

Developmentally Delayed Children Case Management – provides screening and referral services for children (ages birth to three) with developmental delays.

Parish Social Ministry – assists the Catholic faithful to better understand the principles of Catholic social teaching and seeks ways to put these principles into concrete action in their daily lives. It seeks to build effective partnerships with parishes of the Diocese of Wheeling-Charleston in order to help organize and fulfill works of charity and justice in local communities.



**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**1. Nature of the Organization (Continued)**

CCWVa's programs are delivered throughout West Virginia through the following regional offices.

Eastern Region – Martinsburg, West Virginia  
Western Region – Charleston, West Virginia  
Central Region – Morgantown, West Virginia  
Northern Region – Wheeling, West Virginia  
Southern Region – Princeton, West Virginia  
Parkersburg Region – Parkersburg, West Virginia  
Weston Region – Elkins, West Virginia

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation*

CCWVa is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Cash and Cash Equivalents*

For the purpose of the Statements of Cash Flows, CCWVa considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. It does not include cash on deposit with fund managers within the investment funds.

*Accounts Receivable*

Accounts receivable are stated at net realizable values. Uncollectible amounts are expected to be insignificant, consequently, an allowance for doubtful accounts as of June 30, 2015 and 2014 has not been recorded. When management determines that an account is uncollectible the balance is charged off to bad debt expense.

*Investments*

Investments are reflected in the Statements of Financial Position at fair value.

*Investment Income and Gains*

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

*Contributed Goods and Services*

Donated goods are recorded as contributions at their estimated fair value at the date of donation. Donated services are recorded as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CCWVa.

**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**2. Summary of Significant Accounting Policies (Continued)**

*Property and Equipment*

All acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. However, state-funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. Depreciation is computed using the straight-line method.

*Donated Facilities*

CCWVa receives below-market rate use of various facilities. Rent expense and the related contribution revenue have been recorded at fair value in the Statements of Activities.

*Donated Assets*

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

*Functional Allocation of Expense*

The costs of providing the various programs and other activities have been summarized functionally in the Statements of Activities. The Statements of Functional Expenses present functional expenses further categorized by natural classifications. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Income Taxes*

CCWVa is exempt from income tax under §501(c)(3) of the Internal Revenue Code and accordingly no income tax accounts are reflected in these financial statements. CCWVa's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2012, 2013, 2014, and 2015 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

*Estimates*

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

*Contributions*

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

*Promises to Give*

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.



**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**2. Summary of Significant Accounting Policies (Continued)**

*Restricted and Unrestricted Revenue*

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

**3. Advertising**

Advertising costs are expensed as incurred. During the fiscal years ended June 30, 2015 and 2014, advertising costs totaled \$38,950 and \$38,075, respectively.

**4. Contributed Goods and Services**

The value of donated services included in contributed goods and services in the financial statements primarily represent medical services provided by medical professionals to individuals at various CCWVa facilities. The value of donated goods included in contributed goods and services in the financial statements primarily represent food and clothing donated by various organizations and provided to individuals at various CCWVa facilities.

**5. Investments**

CCWVa's investments, recorded at fair value, include stocks, mutual funds and money market accounts. The following schedule summarizes the investments held by CCWVa at June 30, 2015 and 2014.

	2015		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equities	\$ 115	\$ 681	\$ 566
Mutual funds-equities	970,994	1,422,516	451,522
Mutual funds-fixed income	688,503	693,252	4,749
Money market funds	9,220	9,220	-
	\$ 1,668,832	\$ 2,125,669	\$ 456,837
	2014		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equities	\$ 115	\$ 615	\$ 500
Mutual funds-equities	947,421	1,467,600	520,179
Mutual funds-fixed income	597,343	615,920	18,577
Money market funds	16,855	16,855	-
	\$ 1,561,734	\$ 2,100,990	\$ 539,256



**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**5. Investments (Continued)**

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2015 and 2014.

	2015		
	Unrestricted	Temporarily Restricted	Total
Investment income	\$ 81,829	\$ -	\$ 81,829
Net realized and unrealized gains (losses)	(5,604)	(459)	(6,063)
Total investment return	\$ 76,225	\$ (459)	\$ 75,766

	2014		
	Unrestricted	Temporarily Restricted	Total
Investment income	\$ 61,006	\$ -	\$ 61,006
Net realized and unrealized gains (losses)	144,517	133,934	278,451
Total investment return	\$ 205,523	\$ 133,934	\$ 339,457

**6. Investment Expenses**

Expenses relating to investment revenues, including custodial fees and investment advisory fees, amount to \$10,041 and \$8,754, for the years ended June 30, 2015 and 2014, respectively.

**7. Retirement Benefits**

CCWVa participates in a 403(b) Plan administered by the Diocese of Wheeling-Charleston. The Diocese administers the plan for the benefit of its employees, as well as, employees and clergy of the churches, schools and other religious organizations under the general supervision and control of the Diocese. Substantially all employees 21 years of age, and whose employers participate in the plan, are covered. The Plan is funded through contributions of both employees and employers, with CCWVa being one of the employers. The contributions to the plan for the employees of CCWVa for the years ended June 30, 2015 and 2014, respectively, were \$194,568 and \$179,491.

**8. Concentration of Federal and State Financial Assistance**

Approximately 55% of CCWVa's funding is provided from assistance from the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, the U.S. Department of Education, the U.S. Department of Homeland Security, the U.S. Department of Justice, and the West Virginia Department of Health and Human Resources.

**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**9. Concentration of Credit Risk**

*Certificates of deposit*

CCWVa transfers excess cash to the Diocese of Wheeling - Charleston for safekeeping and temporary investment purposes. The Diocese issues certificates of deposit to CCWVa to document these transactions. These certificates bear interest at the rate of 3.5%. The deposits are not collateralized and are not insured by the FDIC. On June 30, 2015 and 2014, respectively, CCWVa had \$3,185,972 and \$3,176,494 in such certificates of deposit.

*Repurchase agreements*

At specific dollar levels, checking account balances are swept into repurchase agreements, the balances of which are collateralized by bank owned securities, which are not insured by the FDIC. The interest of CCWVa in the securities underlying the repurchase agreements is not perfected and in the event of a bank's insolvency CCWVa may only be able to look to the general assets of the bank and not to the underlying security. On June 30, 2015 and 2014, respectively, CCWVa had \$397,966 and \$618,424 in such repurchase agreements.

*Federal Deposit Insurance Corporation (FDIC)*

CCWVa had a balance of \$37,169 exceeding FDIC insurance coverage of \$250,000 at June 30, 2015.

**10. Related Party Transactions**

CCWVa is closely associated with the Diocese of Wheeling-Charleston. CCWVa received operating subsidies of \$1,018,774 and \$1,020,084 from the Diocese of Wheeling-Charleston during the years ended June 30, 2015 and 2014, respectively. In addition, CCWVa also recognized \$208,938 and \$207,336 in contributions from the Diocese of Wheeling-Charleston during the years ended June 30, 2015 and 2014, respectively, related to the Diocese's Catholic Sharing Appeal campaign. The contributions received from the Diocese's Catholic Sharing Appeal campaign are temporarily restricted and are recognized in the Statements of Activities as part of contributions. Additionally, some administrative offices of CCWVa are leased through facilities owned by the Diocese of Wheeling-Charleston and excess funds are temporarily invested in certificates of deposit with the Diocese of Wheeling-Charleston.

**11. Refundable Advances**

CCWVa records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue.

**12. Operating Leases**

CCWVa leases office facilities, copiers and vehicles under various short term and long term arrangements for use in its programs. Total rental expense amounted to \$290,330 and \$282,369 for the years ended June 30, 2015 and 2014, respectively. Included in rent expense for the years ended June 30, 2015 and 2014 is \$66,057 related to below-market rate use of various facilities.



**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**12. Operating Leases (Continued)**

The total future minimum lease payments are as follows:

2016	\$ 100,250
2017	40,582
2018	40,042
2019	39,948
2020	13,347
Total	<u>\$ 234,169</u>

**13. Restrictions on Net Assets**

Temporarily restricted net assets consist of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Restricted for disaster assistance	\$ 28,904	\$ 97,995
Restricted to assist the needy and poor in the eight counties in northern West Virginia	640,390	652,719
Restricted to assist the needy and poor in Preston County	166,255	164,779
Restricted to assist the needy and poor in Wetzel County	49,974	48,284
Restricted for counseling and educational assistance	31,593	30,515
Restricted for medically necessitated travel expenses	1,625	1,870
Restricted for medical expenses	8,981	10,174
Restricted for seniors in the Western Region	35,445	34,246
Restricted to assist the needy and poor in Greenbrier County	30,828	37,365
Restricted for subsequent periods	300,906	260,890
	<u>\$ 1,294,901</u>	<u>\$ 1,338,837</u>

Permanently restricted net assets consist of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Restricted in perpetual trust	\$ 233,575	\$ 233,575

In addition, there are board designated assets for self-funded unemployment insurance purposes in the amount of \$620,817 and \$679,931 at June 30, 2015 and 2014, respectively.



**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**14. Risks and Uncertainties**

CCWVa invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

**15. Property and Equipment**

Property and equipment consist of the following at June 30, 2015 and 2014:

	2015	2014
Land	\$ 28,504	\$ 28,504
Buildings and improvements	1,487,436	1,392,106
Leasehold improvements	79,641	69,641
Equipment	191,957	171,192
Vehicles	152,838	154,638
	1,940,376	1,816,081
Accumulated depreciation	(1,124,980)	(1,023,936)
	\$ 815,396	\$ 792,145

Depreciation expense for the years ended June 30, 2015 and 2014 was \$107,269 and \$96,815, respectively.

**16. Promises to Give**

Unconditional promises to give consists of the following:

	2015	2014
Catholic Sharing Appeal	\$ 186,150	\$ 176,753
United Way Services	110,472	80,682
Other	928	6,872
Total	\$ 297,550	\$ 264,307
Amounts due in:		
Less than one year	\$ 286,440	
One to five years	11,110	
	\$ 297,550	

Uncollectible amounts for unconditional promises to give are expected to be insignificant. Accordingly, no provision has been made for uncollectible amounts.

**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**17. Fair Value**

FASB Accounting Standards Codification (ASC) 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market.

Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. CCWVa's investments are valued using the market approach.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that CCWVa has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included with level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

CCWVa's investments are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions. There have been no changes in valuation techniques and related inputs.

The following table presents CCWVa's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2015 and 2014.

	2015			
	Level 1	Level 2	Level 3	Total
Equities	\$ 681	\$ -	\$ -	\$ 681
Mutual funds-equities	1,422,516	-	-	1,422,516
Money market funds	9,220	-	-	9,220
Mutual funds-fixed income	693,252	-	-	693,252
Total investments	<u>\$ 2,125,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,125,669</u>
	2014			
	Level 1	Level 2	Level 3	Total
Equities	\$ 615	\$ -	\$ -	\$ 615
Mutual funds-equities	1,467,600	-	-	1,467,600
Money market funds	16,855	-	-	16,855
Mutual funds-fixed income	615,920	-	-	615,920
Total investments	<u>\$ 2,100,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,100,990</u>



**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**18. Endowments**

CCWVa's endowments consist of two individual funds established to assist the needy and poor in the eight counties in northern West Virginia and the needy and poor in Preston County, West Virginia. Its endowments include donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – CCWVa has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of the permanent donor-restricted endowment funds absent explicit donor stipulations to the contrary.

CCWVa classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by CCWVa in a manner consistent with the standard. In accordance with UPMIFA, CCWVa considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) the duration and preservation of the fund
- (2) the purposes of the organization and the donor-restricted endowment fund
- (3) general economic conditions
- (4) the possible effect of inflation and deflation
- (5) the expected total return from income and the appreciation of investments
- (6) other resources of CCWVa
- (7) the investment policies of CCWVa

Return Objectives and Risk Parameters – CCWVa has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include the assets of donor-restricted funds that CCWVa must hold in perpetuity or for a donor specified period. Under this policy, as approved by the Board of Directors, the endowment equity assets are invested in a manner that is intended to produce results competitive with the returns indicated by the S&P 500 Index and fixed income investments are invested in a manner that is competitive with Barclays Capital Government/Credit Bond Index.

Strategies Employed for Achieving Objectives – In order to achieve the stated objectives, CCWVa's investment policy provides that the investment manager utilize a diversified portfolio of investment vehicles each of which involve levels of risk and return that are commensurate with levels of risk and return from similar types of investments and, in the aggregate, would be regarded as prudent by a person acting in a like capacity and familiar with such matter. The endowment assets of CCWVa are to be invested in a prudent and socially responsible manner so that the assets of the agency will be able to grow in order to provide long-term support for the purposes as defined by the Directors. The investment manager is evaluated regularly for adherence to investment discipline.

**Catholic Charities West Virginia, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**18. Endowments (Continued)**

Spending Policy – The Board of Directors direct that one fund distribute 5% of the fair market value based on a rolling average over twelve previous quarters and the second fund distribute the lesser of the income earned on the investment or 5% of the investment on an annual basis. This rate of distribution is believed to be consistent with the long-term investment objectives established by the policy.

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2013	\$ 697,608	\$ 233,575	\$ 931,183
Investment income	28,525	-	28,525
Net appreciation	133,934	-	133,934
Program expenditures	(42,569)	-	(42,569)
Endowment net assets, June 30, 2014	817,498	233,575	1,051,073
Investment income	39,723	-	39,723
Net depreciation	(4,892)	-	(4,892)
Program expenditures	(45,684)	-	(45,684)
Endowment net assets, June 30, 2015	\$ 806,645	\$ 233,575	\$ 1,040,220

**19. Allocation of Costs of Activities that Include Fund-raising**

In order to further the mission of CCWVa, fund-raising events are held throughout the State in various regions. Regional outreach employees are responsible for carrying out these activities. As a result, their salaries and benefits associated with the time spent on these fund-raising events are allocated out of their respective regions to fund-raising costs. At June 30, 2015 and 2014, \$22,072 and \$17,030 was allocated to fund-raising salaries and benefits, respectively.

**20. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were issued, November 16, 2015, and determined that no events occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in the financial statements.



## Supplementary Information

**Catholic Charities West Virginia, Inc.**  
**Schedule of Functional Expenses by Location for the Regional/Community Based Services**  
**For the Year Ended June 30, 2015**

	Eastern Region	Western Region	Central Region	Northern Region	Southern Region	Parkersburg Region	Neighborhood Center	Weston Region	Total
Salary and benefits	\$ 202,492	\$ 202,999	\$ 147,082	\$ 66,804	\$ 187,409	\$ 114,415	\$ 237,079	\$ 128,865	\$ 1,287,145
Liability insurance	113	203	167	14	2,069	192	4,187	2,728	9,673
Maintenance	1,188	-	4	-	9,639	160	25,771	1,335	38,097
Rent	42,300	6,008	28,292	3,322	10,800	8,370	14,280	10,175	123,547
Utilities	3,245	1,101	3,336	598	12,653	2,269	30,037	11,473	64,712
Office supplies	3,880	3,199	1,350	350	9,955	1,376	2,011	3,651	25,772
Advertising	55	395	-	-	-	-	-	192	642
Printing	1,042	2,429	1,772	176	2,263	496	335	56	8,569
Postage	303	724	353	76	1,222	263	1,066	444	4,451
Office equipment	1,211	1,483	1,754	-	1,081	1,388	9,874	6,385	23,176
Contract services	3,821	19,355	12,305	1,437	28,229	6,529	15,643	12,508	99,827
Telephone	4,501	2,294	3,783	793	8,949	3,067	3,089	2,881	29,357
Travel	6,750	14,860	7,000	2,341	12,697	5,112	2,598	4,299	55,657
Vehicle expenses	21	17	19	17	1,242	1,365	3,837	16	6,534
Literature	430	416	380	-	77	692	197	368	2,560
Dues	437	572	404	27	624	83	771	216	3,134
Staff workshops	625	744	862	605	440	680	205	213	4,374
Miscellaneous expenses	669	999	1,906	-	440	2	949	196	5,161
Internet	807	574	1,061	738	-	747	1,180	1,815	6,922
Emergency assistance	44,804	31,164	4,601	16,049	74,915	5,791	22,811	23,240	223,375
Program assistance	5,923	82,809	36,040	3,882	46,414	28,776	123,985	35,018	362,847
Donated goods	12,012	14,231	97,801	-	216,506	26,488	407,345	473,388	1,247,771
Donated services	-	56,131	-	-	-	-	18,250	-	74,381
Depreciation	383	905	-	-	5,532	17,364	56,727	8,829	89,740
Total expenses	<u>\$ 337,012</u>	<u>\$ 443,612</u>	<u>\$ 350,272</u>	<u>\$ 97,229</u>	<u>\$ 633,156</u>	<u>\$ 225,625</u>	<u>\$ 982,227</u>	<u>\$ 728,291</u>	<u>\$ 3,797,424</u>



Catholic Charities West Virginia, Inc.  
Schedule of Functional Expenses by Location for the Regional/Community Based Services  
For the Year Ended June 30, 2014

	Eastern Region	Western Region	Central Region	Northern Region	Southern Region	Parkersburg Region	Neighborhood Center	Weston Region	Total
Salary and benefits	\$ 159,249	\$ 138,829	\$ 131,800	\$ 67,134	\$ 159,047	\$ 113,810	\$ 247,682	\$ 122,035	\$ 1,139,586
Liability insurance	103	217	158	109	2,032	123	3,357	2,707	8,806
Maintenance	4,308	156	246	-	2,240	-	27,120	360	34,430
Rent	42,000	5,640	27,955	5,658	10,800	3,339	14,280	6,300	115,972
Utilities	3,653	883	2,680	556	10,919	526	28,934	9,662	57,813
Office supplies	5,684	2,916	1,487	565	8,460	1,697	2,592	4,682	28,083
Advertising	97	156	208	-	456	377	230	-	1,524
Printing	765	502	1,377	120	3,587	282	28	40	6,701
Postage	575	702	404	82	864	444	1,115	418	4,604
Office equipment	4,067	1,451	2,774	316	398	1,945	2,056	117	13,124
Contract services	22,758	19,446	11,416	908	27,071	5,747	12,512	10,752	110,610
Telephone	3,772	2,265	4,354	1,345	8,354	1,685	3,418	2,790	27,983
Travel	7,560	12,463	7,536	1,723	9,738	6,152	2,604	5,005	52,781
Vehicle expenses	20	16	18	17	217	1,112	5,221	17	6,638
Literature	410	1,024	366	-	52	112	-	368	2,332
Dues	265	546	327	1,318	582	169	809	206	4,222
Staff workshops	170	571	709	-	-	-	60	-	1,510
Miscellaneous expenses	441	15	1,941	97	141	149	81,281	272	84,337
Internet	733	569	900	530	-	323	1,064	1,239	5,358
Emergency assistance	39,135	59,435	12,540	9,115	67,940	8,982	36,461	35,261	268,869
Program assistance	4,262	22,905	39,446	2,088	43,635	32,334	131,549	43,656	319,875
Donated goods	3,097	89,044	91,145	22,507	238,503	29,690	444,117	430,363	1,348,466
Donated services	-	-	-	-	-	-	39,450	-	39,450
Depreciation	383	905	-	-	5,532	17,364	50,395	7,771	82,350
Total expenses	\$ 303,507	\$ 360,656	\$ 339,787	\$ 114,188	\$ 600,568	\$ 226,362	\$ 1,136,335	\$ 684,021	\$ 3,765,424

**Catholic Charities West Virginia, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Pass through programs from:			
West Virginia Department of Education			
Child and Adult Care Food Program	10.558	51211	\$ 2,659,422
Summer Food Service Program for Children	10.559	51269	<u>3,676</u>
Total U.S. Department of Agriculture			<u>\$ 2,663,098</u>
<b>U.S. Department of Education</b>			
Pass through program from:			
West Virginia Department of Education			
Adult Basic Education	84.002	GRTAWD-0402-1500001086	<u>\$ 50,028</u>
Total U.S. Department of Education			<u>\$ 50,028</u>
<b>U.S. Department of Health and Human Services</b>			
Pass through programs from:			
West Virginia Department of Health and Human Resources			
Supplemental Nutrition Assistance Program	10.561	G150427	\$ 41,109
Refugee and Entrant Assistance	93.566	G150493	55,357
Refugee and Entrant Assistance	93.566	G140512	<u>14,891</u>
			<u>70,248</u>
Child Care and Development Block Grant	93.575	G150007	784,842
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G150007	<u>302,991</u>
Total U.S. Department of Health and Human Services (CCDF Cluster)			<u>1,087,833</u>
Total U.S. Department of Health and Human Services			<u>\$ 1,199,190</u>
<b>U.S. Department of Homeland Security</b>			
Pass through programs from:			
Various United Way Organizations (Local Boards)			
Emergency Food and Shelter Program	97.024	N/A	<u>\$ 11,305</u>
Total U.S. Department of Homeland Security			<u>\$ 11,305</u>

See accompanying notes to schedule of expenditures of federal awards.



Catholic Charities West Virginia, Inc.  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2015

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Justice</b>			
Pass through programs from:			
Catholic Charities USA			
Juvenile Mentoring Program	16.726	2012-JU-FX-0005	\$ 12,972
Total U.S. Department of Justice			\$ 12,972
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,936,593</b>

See accompanying notes to schedule of expenditures of federal awards.

**Catholic Charities West Virginia, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Catholic Charities West Virginia, Inc. and is presented on the accrual basis of accounting. The information in this 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.

**2. Sub-Recipients**

Catholic Charities West Virginia, Inc., acting as a pass-through entity of federal funding from the West Virginia Department of Health and Human Resources, provides various sub-recipients with funding. Total expenditures passed through to sub-recipients during the year ending June 30, 2015 are summarized as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Sub-recipients</u>
10.561	Appalachian AAA/ADRC Region IV	\$2,765
10.561	Goodwill Industries of Kanawha Valley, Inc.	\$1,257
10.561	United Way of Central WV	\$242
10.561	Upper Potomac AAA/ADRC Region III	\$3,358

**3. Non-Cash Awards**

Catholic Charities West Virginia, Inc. received no non-cash federal awards during the fiscal year and had no federal loan or loan guarantees outstanding at year end.



Catholic Charities West Virginia, Inc.  
Schedule of Expenditures of State Awards  
For the Year Ended June 30, 2015

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<u>State Grantor/Program Title</u>	<u>Identification Number</u>	<u>State Expenditures</u>
<b>West Virginia Department of Health and Human Resources</b>		
Child Care Development Fund	0403/144	\$ 43,256
Child Care Development Fund	0403/708	117,451
West Virginia Birth to Three Fund	5214/130	<u>144,000</u>
Total West Virginia Department of Health and Human Resources		<u>304,707</u>
<b>Total Expenditures of State Awards</b>		<u>\$ 304,707</u>

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

To the Most Reverend Michael J. Bransfield, Bishop of the Diocese of Wheeling – Charleston and the  
Board of Directors of Catholic Charities West Virginia, 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 West Virginia, Inc. (a nonprofit 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 November 16, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Catholic Charities West Virginia, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities West Virginia, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities West Virginia, Inc.'s internal control.

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

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



## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson Kozich + Gwynn PLLC

Wheeling, West Virginia,  
November 16, 2015.

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**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control  
over Compliance Required by OMB Circular A-133**

To the Most Reverend Michael J. Bransfield, Bishop of the Diocese of Wheeling – Charleston and the  
Board of Directors of Catholic Charities West Virginia, Inc.:

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

We have audited Catholic Charities West Virginia, Inc.'s 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 Catholic Charities West Virginia, Inc.'s major federal programs for the year ended June 30, 2015. Catholic Charities West Virginia, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with 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 Catholic Charities West Virginia, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Catholic Charities West Virginia, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

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



## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

Catholic Charities West Virginia, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Catholic Charities West Virginia, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of Catholic Charities West Virginia, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catholic Charities West Virginia, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Catholic Charities West Virginia, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be a significant deficiency.

Catholic Charities West Virginia, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Catholic Charities West Virginia, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Wilson Koyichi + Gwynn PLLC*

Wheeling, West Virginia,  
November 16, 2015.

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MAR 21 2016

Date Received

**Catholic Charities West Virginia, Inc.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2015**

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**Section I – Summary of Auditor’s Results**

Financial Statement

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
▪ Material weakness identified?	<u>      </u> Yes <u>  X  </u> No
▪ Significant deficiencies identified?	<u>      </u> Yes <u>  X  </u> None reported
Noncompliance material to financial statements noted?	<u>      </u> Yes <u>  X  </u> No

Federal Awards

Internal control over major programs:	
▪ Material weakness identified?	<u>      </u> Yes <u>  X  </u> No
▪ Significant deficiencies identified?	<u>  X  </u> Yes <u>      </u> None reported
Type of auditor’s report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	<u>  X  </u> Yes <u>      </u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between type A and type B programs:	<u>  \$ 300,000  </u>
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Auditee qualified as low-risk auditee?	<u>  X  </u> Yes <u>      </u> No
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**Catholic Charities West Virginia, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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**Section II – Financial Statement Findings**

There were no findings relative to Catholic Charities West Virginia, Inc.'s financial statements for the fiscal year ending June 30, 2015.

**Catholic Charities West Virginia, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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**Section III – Federal Award Findings and Questioned Costs**

2015-001 Tier Classification

**Program:** Child and Adult Care Food Program (CACFP)

**CFDA #:** 10.558

**Federal Award Number:** 51211

**Federal Award Year:** 10/1/2013 – 9/30/2014 and 10/1/2014 – 9/30/2015

**Agency:** U.S. Department of Agriculture

**Condition:**

The tier structure of the program was improperly applied to day care homes.

**Criteria:**

A tier structure prescribed by the program forms the basis for meal reimbursement payments to sponsoring organizations of day care homes. A home is classified as tier I or tier II, depending on the home's location or the provider's income eligibility.

**Cause:**

The tier structure was not properly reviewed for all day care homes.

**Effect:**

Based on an audit sample, there were two day care homes in which the tier structure was improperly applied. The first day care home was classified as tier I based on the provider's income in the previous grant year. In the current grant year, the provider did not qualify for tier I status but continued to be reimbursed at the excess rate. The second day care home qualified as tier I but was only being reimbursed at tier II rates.

Questioned Costs:

The above exceptions resulted in an overbilling and under billing of expenditures. The overbilling of expenditures amounted to \$473.47 and the under billing of expenditures amounted to \$283.75. Therefore, the total amount of known questioned costs is \$189.72.

**Recommendation:**

The internal control process should include a key control for the monitoring and review of the tier classifications on a regular basis.

**Catholic Charities West Virginia, Inc.'s Response:**

CCWVa is in agreement that there were two errors regarding tier status assignment. The tier structure is properly reviewed for all day care homes and additional quality assurance measures will be in place to decrease any chance of future errors. The provider status was immediately corrected and these errors were resolved.

**Catholic Charities West Virginia, Inc.**  
**Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2015**

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**Prior Year Financial Statement Findings**

There are no prior year audit findings reported relative to Catholic Charities West Virginia, Inc.

**Prior Year Single Audit Findings**

There are no prior year audit findings reported relative to the federal programs of Catholic Charities West Virginia, Inc.



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To the Most Reverend Michael J. Bransfield, Bishop of the Diocese of Wheeling-Charleston  
and the Board of Directors of Catholic Charities West Virginia, Inc.:

In planning and performing our audit of the financial statements of Catholic Charities West Virginia, Inc. (CCWVa) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered CCWVa's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCWVa's internal control. Accordingly, we do not express an opinion on the effectiveness of CCWVa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated November 16, 2015 on the financial statements of CCWVa. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

**NUTRITION PROGRAM – TIER STATUS REVIEW**

On an annual basis, the "County Percent Needy Data" report is issued and provided to CCWVa. Upon receipt of this report, we recommend that CCWVa review all day care homes in order to determine if any tier classification changes should be made based on the most recent data available.



## **ANNUAL REVIEW OF GRANT PROGRAMS**

During the course of our audit for the current year as well as in prior years we noted that various programs reflect losses on the finance director's consolidated financial report. There are many factors which contribute to the losses such as a reduction in funding, lack of or no increases in funding over a period of years, reduction in participants, increases in costs which can't be passed along as well as competition from other nonprofit and for-profit organizations. Over the years we have had various discussions with management and the Board members to encourage monitoring of the programs that do not break-even to determine whether these programs should be continued. We recommend that management and the Board members continue to perform an annual review of all programs to determine if they still meet the mission of CCWVa, are financially viable and whether or not the programs should be continued.

## **EMPLOYEE HANDBOOK**

During the course of our audit work, it was noted that the employee handbook has not been revised since 2011 and we also noted that there are various policies maintained that are not included in the employee handbook. An employee handbook is a valuable document that not only informs employees of CCWVa's policies and expectations, but also can provide protection against potential employee lawsuits and/or other complaints.

Working in conjunction with the Diocese we recommend that the employee handbook include all policies and be reviewed and updated by the human resource department at least on an annual basis, if not every six months. New case rulings, regulations and trends in the workplace should be reviewed by the human resource department in order to ensure that the employee handbook is up to date with current law. In addition, we recommend that CCWVa's attorney review the handbook on an annual basis as well.

Every time that the handbook is updated, copies should be redistributed to all employees. Upon receipt of the updated handbook, acknowledgement forms should be signed by all employees and maintained in their personnel files.

## **PROPOSED ACCOUNTING CHANGES**

The Financial Accounting Standards Board (FASB) issued a proposed Accounting Standards Update (ASU) for not-for-profit accounting standards that is intended to improve financial reporting related to liquidity, financial performance, and cash flows.

Specifically, the changes affect net asset classifications by reflecting two classifications of net assets, one "without donor restrictions" and one "with donor restrictions," which differs from the traditional classifications of unrestricted, temporarily restricted, and permanently restricted. In addition, the proposal will provide for two measures of operating activities for the statement of activities, separating before and after internal transfers as well as presenting expense information by function, and nature, including enhanced disclosures. Also, investment returns must be reflected net of related investment expenses. The cash flow statement is also restructured using the direct method of reporting and there are further disclosures regarding an organization's liquidity.

Implementation of the final ASU would likely not occur until 2016 or beyond. We suggest, however, that the finance department review these proposed changes and assess their impact on CCWVa's financial statements and reporting requirements.

We would like to take this opportunity to thank the accounting staff and management of Catholic Charities West Virginia, Inc. for their assistance and cooperation during our audit.

This report is intended solely for the information and use of the Bishop, management, the audit committee, the board of directors and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Wilson Koyichi + Gwynn PLLC

Wheeling, West Virginia,  
November 16, 2015.

DHHR - Finance

MAR 21 2016

Date Received