

**Consolidated Financial Statements Together with  
Report of Independent Certified Public Accountants**

**CATHOLIC CHARITIES OF FAIRFIELD  
COUNTY, INC. AND AFFILIATE**

**JUNE 30, 2015 and 2014**

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of  
**Catholic Charities of Fairfield County, Inc.:**

We have audited the accompanying consolidated financial statements of Catholic Charities of Fairfield County, Inc. and Affiliate (collectively, "Catholic Charities"), which comprise the consolidated statement of financial position as of June 30, 2015 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Catholic Charities' preparation and fair presentation of the consolidated 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 Catholic Charities' 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Charities of Fairfield County, Inc. and Affiliate as of June 30, 2015, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other matters**

**2014 Financial Statements**

The financial statements of Catholic Charities as of and for the year ended June 30, 2014 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2014 financial statements in their report dated December 19, 2014.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

New York, New York  
January 22, 2016

**CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.**

Consolidated Statements of Financial Position

June 30, 2015 and 2014

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	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,419,714	\$ 1,643,021
Accounts receivable	272,529	276,909
Pledges receivable	234,921	298,595
Grants receivable	833,188	605,071
Diocese of Bridgeport receivable, net	671,327	118,195
Prepaid expenses	154,453	104,361
Property and equipment, net	<u>2,220,638</u>	<u>1,168,189</u>
Total assets	<u>\$ 5,806,770</u>	<u>\$ 4,214,341</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 372,193	\$ 261,238
Accrued expenses	692,557	641,472
Refundable advances	142,064	70,289
Conditional asset retirement obligation	<u>53,932</u>	<u>51,511</u>
Total liabilities	<u>1,260,746</u>	<u>1,024,510</u>
Net assets:		
Unrestricted	4,235,675	2,398,754
Temporarily restricted	<u>310,349</u>	<u>791,077</u>
Total net assets	<u>4,546,024</u>	<u>3,189,831</u>
Total liabilities and net assets	<u>\$ 5,806,770</u>	<u>\$ 4,214,341</u>

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

**CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.**

Consolidated Statements of Activities

For the years ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Support and Other Changes</b>						
Federal and state grants	\$ 7,283,999	\$ -	\$ 7,283,999	\$ 5,210,030	\$ -	\$ 5,210,030
Non-governmental grants and contributions	2,402,256	46,026	2,448,282	1,922,081	532,445	2,454,526
Program services revenue	1,335,571	-	1,335,571	1,106,651	-	1,106,651
Annual Catholic Appeal	1,498,400	-	1,498,400	1,059,409	190,595	1,250,004
Fundraising	782,153	-	782,153	759,645	-	759,645
In-kind contributions	830,846	-	830,846	671,052	-	671,052
Other revenue	136,181	-	136,181	2,502	-	2,502
Total support and revenue before net assets released from restrictions	14,269,406	46,026	14,315,432	10,731,370	723,040	11,454,410
Net assets released from restrictions	526,754	(526,754)	-	240,140	(240,140)	-
Total support and revenue	14,796,160	(480,728)	14,315,432	10,971,510	482,900	11,454,410
<b>Expenses</b>						
Program services	11,298,227	-	11,298,227	9,433,087	-	9,433,087
Management and general	1,476,993	-	1,476,993	1,315,334	-	1,315,334
Fundraising	184,019	-	184,019	132,750	-	132,750
Total expenses	12,959,239	-	12,959,239	10,881,171	-	10,881,171
Changes in net assets	1,836,921	(480,728)	1,356,193	90,339	482,900	573,239
Net assets, beginning of year	2,398,754	791,077	3,189,831	2,308,415	308,177	2,616,592
Net assets, end of year	\$ 4,235,675	\$ 310,349	\$ 4,546,024	\$ 2,398,754	\$ 791,077	\$ 3,189,831

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

**CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.**

Consolidated Statement of Functional Expenses

For the year ended June 30, 2015

	Program Services						Management and General	Fundraising	Total
	Food	Behavioral Health	Family	Community	Housing	Total			
Compensation and benefits	\$ 1,307,387	\$ 1,087,806	\$ 1,220,075	\$ 1,881,168	\$ 702,918	\$ 6,199,354	\$ 925,723	\$ 25,472	\$ 7,150,549
Professional fees and contractual services	119,905	184,355	10,205	425	56,704	371,594	157,878	-	529,472
Office expenses	112,200	81,128	85,780	115,034	58,263	452,405	268,509	4,323	725,237
Fundraising expenses	-	-	-	-	-	-	-	154,224	154,224
Occupancy expenses	315,187	156,002	194,114	221,978	86,618	973,899	46,117	-	1,020,016
Travel, meetings and conferences	56,749	4,724	9,402	54,925	11,472	137,272	24,460	-	161,732
Client support	1,022,197	2,196	29,420	850,412	411,863	2,316,088	8,462	-	2,324,550
In-kind expenses	646,638	-	52,085	-	250	698,973	20,000	-	718,973
Depreciation and accretion expense	70,784	10,719	10,922	20,298	35,919	148,642	25,844	-	174,486
<b>Total expenses</b>	<b>\$ 3,651,047</b>	<b>\$ 1,526,930</b>	<b>\$ 1,612,003</b>	<b>\$ 3,144,240</b>	<b>\$ 1,364,007</b>	<b>\$ 11,298,227</b>	<b>\$ 1,476,993</b>	<b>\$ 184,019</b>	<b>\$ 12,959,239</b>

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

**CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.**

Consolidated Statement of Functional Expenses

For the year ended June 30, 2014

	Program Services					Total Program Services	Management and General	Fundraising	Total
	Food	Behavioral Health	Family	Community	Housing				
Compensation and benefits	\$ 1,340,724	\$ 988,393	\$ 1,061,869	\$ 1,130,344	\$ 681,286	\$ 5,202,616	\$ 910,803	\$ -	\$ 6,113,419
Professional fees and contractual services	78,492	171,597	8,090	1,795	57,321	317,295	185,534	-	502,829
Office expenses	79,574	76,593	38,129	88,515	35,573	318,384	100,561	-	418,945
Fundraising expenses	-	-	-	-	-	-	-	132,750	132,750
Occupancy expenses	202,013	188,881	131,868	180,079	70,212	773,053	57,826	-	830,879
Travel, meetings and conferences	59,614	15,138	12,019	47,502	8,192	142,465	33,676	-	176,141
Client support	1,095,934	4,864	14,507	357,079	398,914	1,871,298	6,866	-	1,878,164
In-kind expenses	629,303	-	41,749	-	-	671,052	-	-	671,052
Depreciation and accretion expense	63,753	11,510	10,543	17,728	33,390	136,924	20,068	-	156,992
<b>Total expenses</b>	<b>\$ 3,549,407</b>	<b>\$ 1,456,976</b>	<b>\$ 1,318,774</b>	<b>\$ 1,823,042</b>	<b>\$ 1,284,888</b>	<b>\$ 9,433,087</b>	<b>\$ 1,315,334</b>	<b>\$ 132,750</b>	<b>\$ 10,881,171</b>

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



**CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.**

Consolidated Statements of Cash Flows

For the years ended June 30, 2015 and 2014

	Years ended June 30	
	2015	2014
Cash flows from operating activities:		
Changes in net assets	\$ 1,356,193	\$ 573,239
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and accretion	174,486	156,992
Loss on disposal of fixed assets	49,875	1,866
Contributed construction management services	(111,873)	-
Changes in operating assets and liabilities:		
Accounts receivable	4,380	6,556
Pledges receivable	63,674	(70,093)
Grants receivable	(228,117)	(109,656)
Diocese of Bridgeport receivable	(553,132)	379,280
Prepaid expenses	(50,092)	43,811
Accounts payable	110,955	(25,386)
Accrued expenses	51,085	229,517
Refundable advances	71,775	(57,248)
Net cash provided by operating activities	<u>939,209</u>	<u>1,128,878</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(1,162,516)</u>	<u>(136,106)</u>
Net cash used in investing activities	<u>(1,162,516)</u>	<u>(136,106)</u>
(Decrease) increase in cash and cash equivalents	(223,307)	992,772
Cash and cash equivalents, beginning of year	<u>1,643,021</u>	<u>650,249</u>
Cash and cash equivalents, end of period	<u>\$ 1,419,714</u>	<u>\$ 1,643,021</u>

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

## CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

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### NOTE 1 - ORGANIZATION

Catholic Charities of Fairfield County, Inc. (“CCFC”) is a not-for-profit, non-stock corporation organized under the laws of the State of Connecticut in April 1955 by the Bridgeport Roman Catholic Diocesan Corporation (the “Diocese”). The members of Catholic Charities are the Bishop, the Vicar(s) General, and the Chancellor of the Diocese, the President of Catholic Charities, and such other members appointed by the Bishop. No less than six members will be appointed. Catholic Charities has a Board of Directors consisting of those members and up to nineteen lay people. The mission of CCFC is to put faith into action by providing food, housing, mental health, adoption, immigration and family support services to the needy and vulnerable of all faiths in Fairfield County, Connecticut.

Catholic Charities of Fairfield County Holdings, LLC (“CCFCH”), a single member limited liability company established by CCFC, was organized under the laws of the State of Connecticut in September 2012 to provide transitional housing facilities to support CCFC’s mission. There was no activity for this limited liability company during 2015 or 2014.

The accompanying consolidated financial statements include the transactions of CCFC and CCFCH (collectively, “Catholic Charities”). All material intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

***Program Services*** - Catholic Charities provides the following services:

**Food Services** - Food services includes two of the State of Connecticut’s largest soup kitchens, a mobile breakfast program, food pantries, and a congregate and home delivered meal program for the elderly.

**Behavioral Health Services** - Behavioral health services provide family and individual counseling throughout Fairfield County, Connecticut. Behavioral health services have district offices in Bridgeport, Danbury, and Norwalk, Connecticut.

**Family Services** - Family services provide school readiness for children who would otherwise not receive pre-school preparation, through the Room to Grow Early Childhood Education Center, as well as a full array of Family Directional services including adoption and pregnancy outreach activities. In addition, family services include immigration outreach services that have been accredited by the U.S. Department of Justice to meet a broad spectrum of challenges normally faced by families new to the United States.

**Community Services** - The Community services program provides assistance, training, counseling and family support services to not only individuals and families who are chronically homeless, dealing with substance abuse, mental health issues as well as those who due to Hurricane Sandy need assistance and support.

**Housing Services** - Housing services programs provide rental assistance and support services to formerly homeless families and individuals who have documented disabilities. The support services assist these families and individuals with life skills as they move towards self-sufficiency. Housing programs consist of a network of both transitional and permanent housing.

## **CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.**

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

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### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), with all intercompany balances and transactions eliminated. Accordingly, the classification of Catholic Charities' net assets and its revenues, support, and expenses are based on the existence or absence of donor-imposed restrictions. The amounts for each of the three classes of net assets, permanently restricted, temporarily restricted and unrestricted, are displayed on the consolidated statement of financial position and the changes in each of those classes of net assets are displayed in the consolidated statement of activities.

Net assets consist of the following:

#### Unrestricted:

Net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations and, therefore, are available to carry out Catholic Charities' operations and mission.

#### Temporarily Restricted:

Net assets resulting from contributions and other inflows of assets whose use by Catholic Charities is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Catholic Charities pursuant to those stipulations. When such stipulations end or are fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

#### Permanently restricted:

Net assets resulting from contributions and other inflows of assets whose use by Catholic Charities is limited in perpetuity by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of Catholic Charities. Catholic Charities did not have any permanently restricted net assets as of June 30, 2015 and 2014.

#### **Cash and Cash Equivalents**

Catholic Charities considers all highly liquid investments with original maturities of less than 90 days from the date of purchase to be cash equivalents.

#### **Accounts Receivable**

Catholic Charities generally does not require collateral or other security in providing health care and other services to clients. However, Catholic Charities routinely obtains assignment of clients' benefits payable under their health care insurance programs, plans or policies. Based on management's assessment of the credit history with clients having outstanding balances and their current relationships with them, it has concluded that a reserve is not deemed necessary at June 30, 2015 and 2014, respectively. Accounts receivable balances are written-off when management has concluded that all reasonable methods of collection have been exhausted.

## **CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.**

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

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### **Property and Equipment**

Property acquisitions and related improvements thereto that exceed \$2,000 and with useful lives greater than three years are capitalized at cost and depreciated on a straight-line basis over the following estimated useful lives:

Buildings	30 - 40 years
Furniture and fixtures	3 - 5 years
Automobiles	3 - 5 years
Leasehold improvements	5 - 30 years
Computer equipment	3 - 5 years

Repairs and maintenance are charged to expense as incurred.

### **Contributions**

Unconditional contributions are recognized when pledged or received. Contributions receivable that are expected to be collected in more than one year are discounted to their present value using a credit adjusted discount rate which articulates with the collection period of the respective pledge. Restricted contributions received in a period in which the restrictions are met are recognized as part of unrestricted net assets. Conditional promises to give, if any, are recognized when the conditions on which they depend are substantially met. Based on management's history with donors having outstanding balances, it has concluded that a reserve is not deemed necessary at June 30, 2015 and 2014, respectively.

### **Contributed Goods and Services**

Contributed goods and services for the years ended June 30, 2015 and 2014 consisted of donated space for the Senior Nutrition programs; food, clothing and toys for the School Readiness and Housing Programs; construction management services associated with the New Covenant Center; and, other miscellaneous donations received for programmatic activities.

### **Bequests and Other Intentions to Give**

During fiscal 2015 and 2014, Catholic Charities recognized bequest revenue totaling \$477,949 and \$69,679, respectively, which has been included within non-governmental grants and contributions on the accompanying consolidated statement of activities.

Additionally, Catholic Charities has been notified of certain other intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. Catholic Charities' share of such bequests is recorded when Catholic Charities has an irrevocable right to the bequest and the proceeds are measurable. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

## CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

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### Governmental Grants

Governmental grant revenue is recognized to the extent that allowable program expenditures have been incurred in accordance with the terms of the related agreement to which they pertain. Grant receipts in excess of expenditures are recognized as refundable advances. Based on management's history with government agencies having outstanding balances, it has concluded that a reserve is not deemed necessary at June 30, 2015 and 2014, respectively.

### Program Services Revenue

Program services revenue is recognized when services are provided. Catholic Charities bills for services and recognizes revenue using a sliding fee scale based on patient family income levels.

Program services revenue consisted of the following for the years ending June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Food	\$ 217,685	\$ 239,058
Clinics	627,132	501,777
Family services	480,140	339,524
Community support	4,490	7,054
Housing	6,124	19,238
	<u>\$ 1,335,571</u>	<u>\$ 1,106,651</u>

### Refundable Advances

Amounts from grants, contracts and other funds for related program services received in advance but unearned are reflected as refundable advances on the consolidated statement of financial position and are subsequently reflected on the consolidated statement of activities during the period to which they apply as the funds are expended and earned.

### Conditional Asset Retirement Obligation

Catholic Charities has a conditional asset retirement obligation for asbestos material associated with the Merton SRO, which it owns. This obligation is defined as a legal obligation associated with the future retirement of a tangible long-lived asset in which the timing and/or method of settlement is conditional on a future event that may or may not be within the control of Catholic Charities. The present value of this obligation and resulting accretion expense, together with the related asset retirement cost capitalized, accumulated depreciation and depreciation expense, are recognized in the accompanying consolidated financial statements.

### Functional Expense Allocation

Expenses are charged directly to Catholic Charities program services, management and general, and fundraising, and are based on specific identification to the extent practicable. Expenses related to more than one function have been allocated using reasonable ratios determined by management to be appropriate. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of Catholic Charities.

## **CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.**

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

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### **Concentration of Credit Risk**

Financial instruments that potentially subject Catholic Charities to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation limit. Management does not believe that a significant risk of loss is likely due to the failure of a financial institution Catholic Charities utilizes.

Catholic Charities receives a significant portion of its funding from federal and state grants. As with all grants, there is a risk that future grants will be reduced or eliminated. A significant reduction in grant revenue would have a significant impact on Catholic Charities' program services.

### **Income Taxes**

Catholic Charities recognizes an individual tax position in its consolidated financial statements based upon whether the tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Catholic Charities has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to review other matters that may be considered tax positions. As of June 30, 2015, management has determined that Catholic Charities has no uncertain tax positions that would require recognition or disclosure in the consolidated financial statements. The tax years ended 2012, 2013, 2014 and 2015 are still open to audit for both federal and state purposes.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. Financial statement areas where management applies the use of significant estimates consists primarily of determining allowances for doubtful accounts related to grants, accounts and other receivables, the value of in-kind contributions and conditional asset retirement obligations. It is management's opinion that the estimates applied in the accompanying consolidated financial statements are reasonable. However, actual results could differ.

### **Subsequent Events**

Catholic Charities evaluated its June 30, 2015 consolidated financial statements for subsequent events through January 22, 2016, the date the consolidated financial statements were available to be issued. Other than as disclosed in Notes 6 and 11, Catholic Charities is not aware of any subsequent events that would require recognition or disclosure in the accompanying consolidated financial statements.

### **Reclassification**

Certain June 30, 2014 consolidated financial statement amounts have been reclassified to conform with the current year's consolidated financial statement presentation. Such changes did not change total assets, liabilities, or net assets as previously reported.

## CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.

Notes to Consolidated Financial Statements  
June 30, 2015 and 2014

### NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable totaling \$199,571 and \$190,595, from the Annual Catholic Appeal are outstanding and all are due within one year at June 30, 2015 and 2014, respectively.

Pledges receivable totaling \$35,350 and \$108,000 from the New Covenant Center capital campaign are outstanding and substantially all are due within one year at June 30, 2015 and 2014, respectively.

### NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 157,250	\$ 157,250
Buildings	804,851	797,894
Furniture and equipment	274,080	93,895
Automobiles	376,948	370,815
Leasehold improvements	2,317,332	1,709,952
Computer equipment	25,367	69,990
	<u>3,955,828</u>	<u>3,199,796</u>
Less accumulated depreciation	<u>(1,755,116)</u>	<u>(2,087,562)</u>
	<u>2,200,712</u>	<u>1,112,234</u>
Construction-in-progress	19,926	55,955
	<u>\$ 2,220,638</u>	<u>\$ 1,168,189</u>

### NOTE 5 - CONDITIONAL ASSET RETIREMENT OBLIGATION

The changes in Catholic Charities' conditional asset retirement obligation for the years ended June 30, 2015 and 2014 follow:

	<u>2015</u>	<u>2014</u>
Balance beginning of the year	\$ 51,511	\$ 49,099
Accretion	<u>2,421</u>	<u>2,412</u>
Balance, end of year	<u>\$ 53,932</u>	<u>\$ 51,511</u>

### NOTE 6 - DEFINED-CONTRIBUTION PLANS

Catholic Charities participates in the Diocese maintained defined-contribution 401(a) thrift plan covering all Catholic Charities employees who work at least 20 hours per week, who meet the eligibility requirements of one year of service, and who are 21 years of age. Contributions are based on years of service, including years of service prior to August 1, 2010 at rates of 3%, 5% or 7%. Catholic Charities' contributions to the plan on behalf of eligible employees totaled approximately \$165,000 and \$186,000 for the years ended June 30, 2015 and 2014, respectively.

The 401(a) plan was amended effective July 1, 2015, increasing eligibility for new employees for hours worked to 30 hours per week.

## CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.

Notes to Consolidated Financial Statements  
June 30, 2015 and 2014

Catholic Charities also provides for participation in the Diocese maintained 403(b) salary reduction plan for all employees who wish to contribute. Catholic Charities does not make any contributions to this plan.

### NOTE 7 - RELATED-PARTY TRANSACTIONS

Catholic Charities receives contributions from the Annual Catholic Appeal of the Diocese to fund its operations, as well as proceeds from special collections conducted by parishes of the Diocese. Additionally, Catholic Charities provides services to Diocesan entities consisting primarily of social services to clergy and to its Catholic schools.

During the fiscal years ended June 30, 2015 and 2014, revenue earned from social services provided to Diocesan entities, and included in behavioral health services program revenue, totaled approximately \$128,000 and \$82,000, respectively.

Catholic Charities participates in employee benefit and insurance programs sponsored by the Diocese for all Diocesan entities and the Diocese provides various services and office space to Catholic Charities. Expenses for these programs and services were as follows for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Employee benefit and insurance programs	\$ 1,032,844	\$ 940,024
Support services	58,881	124,132
Office space and related services	<u>152,532</u>	<u>112,728</u>
	<u>\$ 1,244,257</u>	<u>\$ 1,176,884</u>

### NOTE 8 - LEASE COMMITMENTS

Catholic Charities leases various office equipment, facilities and vehicles under operating leases, which expire at various dates through June 2024. Rent expense for the years ended June 30, 2015 and 2014 totaled to \$608,712 and \$515,210, net of sublease.

At June 30, 2015, future minimum lease payments due under these operating leases follow:

Year	Rent Expense			Less: Sublease Income	Net Rent Expense
	New Covenant Center	Other Real Estate	Vehicles and Copiers		
2016	\$ 95,150	\$ 283,246	\$ 50,763	\$ (600)	\$ 428,559
2017	95,150	280,689	47,123	(450)	422,512
2018	95,150	270,582	34,528	-	400,260
2019	95,150	199,846	247	-	295,243
2020	95,150	204,088	-	-	299,238
Thereafter	396,459	718,543	-	-	1,115,002
	<u>\$ 872,209</u>	<u>\$ 1,956,994</u>	<u>\$ 132,661</u>	<u>\$ (1,050)</u>	<u>\$ 2,960,814</u>

Future rental commitments pertaining to other real estate are for programs held at various sites throughout the State of Connecticut.

In addition to the leases described above, Catholic Charities also has certain other operating leases that operate on a month to month basis.



**CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.**

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

**NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Future periods:		
Annual Catholic Appeal pledges receivable	\$ -	\$ 190,595
New Covenant Center	45,350	118,000
Thomas Merton Center	-	27,000
Purposes:		
Education assistance fund	53,423	60,960
Room to Grow	20,719	23,336
Thomas Merton Center furnishings	2,500	2,500
Neighbor-to-Neighbor grants	-	437
Housing	-	150
Sandy Hook counseling	46,000	64,762
Disaster case management	-	17,505
Thomas Merton Center	550	550
New Covenant Center	141,807	285,282
	<u>\$ 310,349</u>	<u>\$ 791,077</u>

Net assets were released from restrictions by incurring expenses satisfying the following donor-stipulated purpose or time restrictions for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Future periods:		
Annual Catholic Appeal pledges receivable	\$ 190,595	\$ 228,502
Thomas Merton Center	27,000	-
Purposes:		
Education assistance fund	7,562	11,463
Room to Grow	2,617	175
Neighbor-to-Neighbor grants	437	-
Housing	150	-
Sandy Hook counseling	64,762	-
Disaster case management	17,505	-
New Covenant Center (to provide for future operating costs)	216,126	-
	<u>\$ 526,754</u>	<u>\$ 240,140</u>

## **CATHOLIC CHARITIES OF FAIRFIELD COUNTY, INC.**

Notes to Consolidated Financial Statements

June 30, 2015 and 2014

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### **NOTE 10 - CONTINGENCIES**

Catholic Charities receives funding in the form of state and federal grant programs, Medicaid and Medicare reimbursements. The use of grant and Medicaid and Medicare reimbursements is subject to further review and audit by the granting agencies and Medicaid and Medicare. Such reviews and audits may result in Catholic Charities incurring disallowances or other liabilities to the grantors. There are no known liabilities as a result of such review. It is the opinion of management that disallowances or other liabilities, if any, will not have a material adverse effect on the accompanying consolidated financial statements.

### **NOTE 11 - SUBSEQUENT EVENTS**

#### **Collaboration Agreement**

Subsequent to June 30, 2015, Catholic Charities entered into an agreement with St. Vincent's Medical Center, to combine, in a collaborative effort, Catholic Charities' outpatient behavioral health services with St. Vincent's. The belief is that this collaboration will enhance the provision of a full complement of outpatient behavioral health services to patients in the greater Bridgeport area served by Catholic Charities and the Medical Center. This collaborative agreement runs through June 30, 2020 (the "Initial Term"), and stipulates that Catholic Charities agrees to make a financial contribution of fifty percent of the operating loss, up to the extent that such loss is attributable to the provisions of Catholic Charities services, up to a maximum of \$150,000 for each of the fiscal years under the agreement. At the end of the Initial Term, as defined, the Agreement will automatically renew for additional one-year periods until terminated by either Party upon ninety days written notice.