

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Catholic Charities Diocese of Toledo, Inc.
1933 Spielbusch Avenue
Toledo, Ohio 43697

We have audited the accompanying financial statements of Catholic Charities Diocese of Toledo, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2016 and 2015, 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. 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 Diocese of Toledo, Inc. as of June 30, 2016 and 2015 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.

A handwritten signature in cursive script, appearing to read "Robert O'Brien".

November 10, 2016

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	\$ 709,965	\$ 532,827
Investments	791,637	801,477
Grants and Contracts Receivable	103,506	167,797
Pledge Receivable	40,862	85,410
Accounts Receivable	145,724	47,478
Prepaid Expenses	20,652	55,299
Property and Equipment - Net of Accumulated Depreciation of \$459,737 and \$413,746	248,407	155,400
TOTAL ASSETS	\$ 2,060,753	\$ 1,845,688

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 126,794	\$ 76,573
Deferred Revenue	154,170	116,399
Accrued Pension	37,103	36,382
Accrued Wages and Vacation	71,050	59,499
TOTAL LIABILITIES	389,117	288,853

NET ASSETS

Unrestricted:		
Undesignated	827,152	892,147
Board Designated	229,807	229,807
Temporarily Restricted	614,677	434,881
TOTAL NET ASSETS	1,671,636	1,556,835
TOTAL LIABILITIES AND NET ASSETS	\$ 2,060,753	\$ 1,845,688

**"The Accompanying Notes are an Integral
Part of These Financial Statements"**

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Diocesan Allocation & Toledo Catholic Charities Corp.	\$ 807,877	\$ -0-	\$ 807,877	\$ 817,441	\$ -0-	\$ 817,441
Grants and Contracts:						
United Way Agencies	-0-	191,003	191,003	-0-	198,373	198,373
Federal Grants	-0-	445,808	445,808	-0-	438,998	438,998
State and Local Grants	-0-	289,770	289,770	-0-	228,488	228,488
Foundations	-0-	652,916	652,916	-0-	688,998	688,998
Program Service Fees	151,353	-0-	151,353	116,165	-0-	116,165
Contributions, Legacies & Bequests	1,036,626	425,479	1,462,105	1,099,309	388,213	1,487,522
Investment Income	(9,864)	-0-	(9,864)	8,661	-0-	8,661
Other	49,566	-0-	49,566	55,781	-0-	55,781
Net Assets Released from Restrictions	<u>1,825,180</u>	<u>(1,825,180)</u>	<u>-0-</u>	<u>1,788,985</u>	<u>(1,788,985)</u>	<u>-0-</u>
TOTAL REVENUE AND SUPPORT	3,860,738	179,796	4,040,534	3,886,342	154,085	4,040,427
EXPENSES						
Program	2,942,073	-0-	2,942,073	2,956,154	-0-	2,956,154
Management and General	558,125	-0-	558,125	599,692	-0-	599,692
Fundraising	<u>425,535</u>	<u>-0-</u>	<u>425,535</u>	<u>562,072</u>	<u>-0-</u>	<u>562,072</u>
TOTAL EXPENSES	<u>3,925,733</u>	<u>-0-</u>	<u>3,925,733</u>	<u>4,117,918</u>	<u>-0-</u>	<u>4,117,918</u>
CHANGE IN NET ASSETS	(64,995)	179,796	114,801	(231,576)	154,085	(77,491)
NET ASSETS - BEGINNING OF YEAR	<u>1,121,954</u>	<u>434,881</u>	<u>1,556,835</u>	<u>1,353,530</u>	<u>280,796</u>	<u>1,634,326</u>
NET ASSETS - END OF YEAR	<u>\$ 1,056,959</u>	<u>\$ 614,677</u>	<u>\$ 1,671,636</u>	<u>\$ 1,121,954</u>	<u>\$ 434,881</u>	<u>\$ 1,556,835</u>

**"The Accompanying Notes are an Integral
Part of These Financial Statements"**

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 114,801	(\$ 77,491)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	45,991	40,807
Net Realized and Unrealized Loss on Investments	27,928	14,898
Changes in Operating Assets and Liabilities that Increase (Decrease) Cash Flows:		
Grants and Contracts Receivable	64,291	(60,783)
Pledge Receivable	44,548	26,286
Accounts Receivable	(98,246)	15,515
Prepaid Expenses	34,647	30,111
Accounts Payable	50,221	(14,193)
Deferred Revenue	37,771	(29,392)
Accrued Pension	721	(47)
Accrued Wages and Vacation	<u>11,551</u>	<u>(12,980)</u>
 Total Adjustments	 <u>219,423</u>	 <u>10,222</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 334,224	 (67,269)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(138,998)	(32,160)
Purchase of Investments	<u>(18,088)</u>	<u>(19,429)</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>(157,086)</u>	 <u>(51,589)</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 177,138	 (118,858)
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 <u>532,827</u>	 <u>651,685</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u><u>\$ 709,965</u></u>	 <u><u>\$ 532,827</u></u>

"The Accompanying Notes are an Integral Part of These Financial Statements"

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2016 and 2015

	2016				2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,132,993	\$ 294,289	\$ 156,173	\$ 1,583,455	\$ 1,088,130	\$ 293,146	\$ 147,822	\$ 1,529,098
Specific Assistance to Individuals	858,501	-0-	-0-	858,501	987,323	10	-0-	987,333
Employee Benefits	318,321	122,755	17,664	458,740	303,395	129,866	27,295	460,557
Contract Services and Professional Fees	36,145	13,940	159,581	209,666	31,877	23,635	175,661	231,173
Occupancy	164,977	37,243	7,470	209,690	138,769	50,752	4,497	194,018
Payroll Taxes	85,247	27,919	11,957	125,123	79,079	28,601	11,206	118,886
Maintenance, Repairs, and Equipment Rental	88,502	10,834	208	99,544	85,117	-0-	2,364	87,482
Supplies	44,736	12,289	4,476	61,501	46,029	25,463	8,311	79,803
Travel	38,545	4,754	3,426	46,725	44,785	7,100	2,747	54,632
Telephone	40,673	10,370	5,100	56,143	40,802	14,727	4,494	60,023
Conferences and Conventions	53,030	8,040	433	61,503	42,166	-0-	1,489	43,655
Depreciation	45,991	-0-	-0-	45,991	40,533	-0-	274	40,807
Printing, Publications, and Subscriptions	7,683	922	1,995	10,600	12,899	1,307	28	14,234
Special Events	14,169	-0-	44,696	58,865	-0-	14,046	159,912	173,958
Postage and Shipping	8,564	4,012	5,071	17,647	10,967	3,338	6,357	20,663
Dues	3,450	4,399	820	8,669	2,354	6,677	1,389	10,420
Miscellaneous	546	1,359	6,465	8,370	1,927	1,025	8,225	11,177
Ecumenical Support	-0-	5,000	-0-	5,000	-0-	-0-	-0-	-0-
Total Functional Expenses	\$ 2,942,073	\$ 558,125	\$ 425,535	\$ 3,925,733	\$ 2,956,154	\$ 599,692	\$ 562,072	\$ 4,117,918

**"The Accompanying Notes are an Integral
Part of These Financial Statements"**

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Catholic Charities Diocese of Toledo, Inc. (the "Agency") was formed in 1914, originally to care for dependent and neglected children, to provide adoption services and to provide service to those with emotional and behavioral problems. Since that time the Agency has grown in size and scope and now offers a variety of services throughout Northwest Ohio. The Agency is primarily funded by and dependent on contributions, legacies and bequests, the support of the Diocese of Toledo, and grants and contracts from private foundations and various governmental entities. The Agency also receives support through various United Way agencies and receives fees for services provided.

The Agency serves 19 counties in Northwest Ohio. All significant inter-agency balances and transactions have been eliminated.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Non-cash donations are recorded at fair value when received. An amount has not been assigned to donated services, as these services provided generally do not require specialized skills; however, volunteers have donated significant amounts of time to Agency-sponsored programs.

Use of Estimates

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

Investments

Investments in common collective trusts are valued at market price on the last day of the Agency's year-end. Certificate of deposits are valued at cost, which approximates market.

Cash and Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Years Ended June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Depository Credit Risk

The Agency has \$552,253 and \$432,585 at June 30, 2016 and 2015, respectively, on deposit with the Catholic Diocese of Toledo and is included in cash balances in the statement of financial position. Such amounts represent an obligation of the Diocese and are not maintained in bank accounts in the name of the Agency.

Receivables

The Agency extends credit to clients for certain services it provides. Bad debts are provided for using the allowance method based on historical experience and management's evaluation of the collectability of outstanding receivables at the end of the year. Bad debt allowance is \$-0- for the years ended June 30, 2016 and 2015. The Agency does not accrue interest on past due amounts. The Agency considers receivable balances outstanding for a period greater than 30 days past due.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at the estimated fair market value at the time of donation. The Agency uses a capitalization policy of \$1,500 and greater. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The Agency provides for depreciation and amortization using the straight-line method over the estimated useful lives of the depreciable assets.

Deferred Revenue and Grants and Contracts Receivable

Deferred revenue is recorded when grant or contribution proceeds are received but not yet expended. A receivable is recorded if the monies were expended but the related grant proceeds have not yet been received at the end of the year.

Pledge Receivable

Unconditional pledges are recognized as revenues in the period received. Substantially all pledges receivable are expected to be collected within one year.

In-Kind Contributions

The Agency receives donated food for various shelters throughout the year. The in-kind donations have been recorded as revenue in contributions and a corresponding expense in specific assistance to individuals. Total in-kind contributions were \$302,058 and \$271,731 for the years ended June 30, 2016 and 2015, respectively.

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Years Ended June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Functional Allocation of Expenses

The costs of providing the program services and activities have been summarized on a functional basis in the statement of activities. Certain costs not directly attributable to specific program services or functions have been allocated to program services, management and general, and fundraising services. Management considers this method of allocation to be equitable.

Income Taxes

The Agency, a not-for-profit corporation as described in Sections 501(c)(3) of the Internal Revenue Code (the "Code") is classified as a church by the Internal Revenue Service, and, therefore, is not subject to federal income tax and has been classified as an Agency that is not a private foundation under Section 509 of the code.

Net Assets

Net assets are classified as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor-imposed restrictions.

Unrestricted net assets are not restricted by funding source or grantor, or the funding source requirements or donor-imposed restrictions have expired.

At June 30, 2016 and 2015, the Agency's Board of Directors designated unrestricted net assets of \$229,807 for special purposes as determined by the Board. Such designated amounts may be undesignated at any time at the direction of the Board.

Temporarily restricted net assets contain funding source or donor-imposed restrictions that permit spending as specified. The restrictions are satisfied either by the passage of time or the actions of the Agency.

The temporarily restricted net assets at June 30, are restricted as follows:

	<u>2016</u>	<u>2015</u>
Foos Estate - Passage of Time	\$191,022	\$212,247
Various Other Programs	<u>423,655</u>	<u>222,634</u>
Total	<u>\$614,677</u>	<u>\$434,881</u>

Permanently restricted net assets contain funding source or donor-imposed restrictions that stipulate that resources be maintained permanently for a specified purpose. The Agency believes it has no permanently restricted net assets.

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Years Ended June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Subsequent Events

Management has evaluated events and transactions from June 30, 2016 through November 10, 2016 for possible recognition or disclosure in these financial statements. This date is the date these financial statements were available to be issued. Management has concluded that there are no events that require recognition or disclosure.

NOTE 2 - LEASE COMMITMENTS

The Agency leases office space from the Diocese of Toledo, an affiliate, and various unrelated parties under operating lease agreements. Total rent expense amounted to approximately \$142,000 and \$130,000 for the years ended June 30, 2016 and 2015, respectively, of which approximately \$76,000 and \$67,000, respectively, relates to the lease with the Diocese of Toledo.

Future minimum rental commitments under non-cancelable operating lease agreements as of June 30, 2016 of \$18,333 are payable in 2017.

The Agency entered into various sublease agreements for a portion of its office space which expired in 2015. The Agency entered into a new sublease during 2015, which expired in 2016. The total rental income amounted to approximately \$27,000 and \$29,000 during the years ended June 30, 2016 and 2015, respectively.

NOTE 3 - RETIREMENT PLANS

In prior years the Agency and other nonprofit agencies in the Greater Toledo area participated in a multiple-employer defined-benefit retirement plan and multiple-employer savings plan administered by the United Way of Greater Toledo. Employees were able to contribute to the savings plan via salary deferral arrangements with the Agency. In addition, the Agency contributed 3% of eligible compensation to the savings plan for all participants. During 2015, the United Way terminated the United Way Savings Plan. The Agency adopted a new single employer plan effective April 1, 2015. Plan assets of the United Way Savings Plan were transferred to the new Plan.

The United Way of Greater Toledo terminated its multiple-employer savings plan and the Agency adopted a new single employer 403(b) Thrift plan effective April 1, 2015. Plan assets of the United Way Savings Plan were transferred to the new plan. Eligible employees may defer a portion of their salary to the Plan. Catholic Charities Diocese of Toledo, Inc. makes matching contributions equal to 100% of the employee's elective deferrals that do not exceed 1% of compensation. Catholic Charities Diocese of Toledo, Inc. also makes a base employer contribution of 2% of qualified compensation to all participants contributing.

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Years Ended June 30, 2016 and 2015

NOTE 3 - RETIREMENT PLANS, Continued

In September 2003, the defined benefit retirement plan was amended to provide that benefit accrual service ceased to accrue for any participant as of December 31, 2003, and that final average earnings will not include any compensation earned by any participant after that date. The frozen plan and corresponding trust will remain in existence as long as necessary to pay accumulated plan benefits.

The defined benefit retirement plan is an Eligible Charity Plan (ECP) and is not subject to the minimum funding standards contained in the Pension Protection Act of 2006 (PPA) until the earlier of (a) the first plan year beginning after January 1, 2017, or (b) the first plan year for which the Plan ceases to be an ECP. At January 1, 2016 and 2015, the value of the defined benefit plan's assets were less than the defined benefit plan's liabilities. The liability represents the present value of the accumulated plan benefits computed using certain interest rate assumptions that are prescribed by the PPA. The funding is determined by the actuary and is allocated based on employee liability among United Way and the participating agencies. Contributions were required to be made to the plan for 2016 and 2015 in amounts necessary to meet or exceed the minimum funding requirement. Based on these provisions, the Agency was required to make a pension contribution of \$74,000 and \$73,000 for the years ended June 30, 2016 and 2015, respectively.

The Agency's expense under the plans for the years ended June 30, 2016 and 2015 amounted to approximately \$108,100 and \$107,700, respectively.

NOTE 4 - UNEMPLOYMENT COMPENSATION

The Agency has elected to be self-insured under the Ohio Unemployment Compensation Act. Unemployment compensation claims of approximately \$9,500 and \$6,300 were paid during the years ended June 30, 2016 and 2015, respectively, and management is not aware of any material unemployment compensation claims or liabilities at year end.

NOTE 5 - INVESTMENTS

The investments at June 30 are summarized as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposit	\$ 19,150	\$ 19,150	\$ 19,017	\$ 19,017
Common Collective Trusts	<u>703,123</u>	<u>772,487</u>	<u>685,159</u>	<u>782,460</u>
TOTAL	<u>\$722,273</u>	<u>\$791,637</u>	<u>\$704,176</u>	<u>\$801,477</u>

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Years Ended June 30, 2016 and 2015

NOTE 5 - INVESTMENTS, Continued

Investment income consisted of the following for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Net Realized and Unrealized Losses on Investments	(\$ 27,928)	(\$ 14,898)
Interest and Dividends	<u>18,064</u>	<u>23,559</u>
NET	<u>(\$ 9,864)</u>	<u>\$ 8,661</u>

NOTE 6 - FAIR VALUE MEASUREMENTS

The financial statements follow the provisions of ASC 820-10, *Fair Value Measurements*, which defines and establishes a single authoritative definition of fair value, sets a framework for measuring fair value and requires additional disclosures about fair value measurement.

In accordance with ASC 820-10, the Organization classifies its investments into Level 1, which refers to securities traded in an active market, Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction, and Level 3, which refers to securities not traded in an active market for which no significant observable market inputs are available. All investments are classified as Level 2 based on market values of the underlying investments. Transfers between levels 1, 2 and 3 of the fair value hierarchy are recognized at the date the transfer is made. There were no transfers between levels in 2016 or 2015.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy.

Fair Value Measurements at June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Collective Trusts:				
Balanced	\$ -0-	\$453,661	\$ -0-	\$453,661
Growth	-0-	297,862	-0-	297,862
Long-Term	-0-	20,964	-0-	20,964
Certificates of Deposit	<u>-0-</u>	<u>19,150</u>	<u>-0-</u>	<u>19,150</u>
Total Investments at Fair Value	<u>\$ -0-</u>	<u>\$791,637</u>	<u>\$ -0-</u>	<u>\$791,637</u>

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Years Ended June 30, 2016 and 2015

NOTE 6 - FAIR VALUE MEASUREMENTS, Continued

Fair Value Measurements at June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Collective Trusts:				
Balanced	\$ -0-	\$452,519	\$ -0-	\$452,519
Growth	-0-	310,525	-0-	310,525
Long-Term	-0-	19,416	-0-	19,416
Certificates of Deposit	<u>-0-</u>	<u>19,017</u>	<u>-0-</u>	<u>19,017</u>
Total Investments at Fair Value	<u>\$ -0-</u>	<u>\$801,477</u>	<u>\$ -0-</u>	<u>\$801,477</u>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Land and Improvements	\$ 27,596	\$ 9,140
Building and Improvements	573,211	472,972
Furniture and Fixtures	52,215	46,316
Equipment	50,303	40,718
Construction in Process	<u>4,819</u>	<u>-0-</u>
Total Property and Equipment	708,144	569,146
Less Accumulated Depreciation	<u>(459,737)</u>	<u>(413,746)</u>
Net Property and Equipment	<u>\$248,407</u>	<u>\$155,400</u>

NOTE 8 - CONTINGENCY

The Agency receives substantial financial assistance from federal and state agencies and other organizations in the form of grants and contracts. These amounts are generally awarded on an annual basis, and there is no assurance as to their continuance or future amounts to be awarded. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and contracts and are subject to audit by the grantor agencies. Any disallowed amounts resulting from such audits may become a liability of the Agency. However, in the opinion of management, disallowed amounts, if any, will not have a material adverse effect on the overall financial position of the Agency at June 30, 2016 and 2015.

CATHOLIC CHARITIES DIOCESE OF TOLEDO, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Years Ended June 30, 2016 and 2015

NOTE 9 - RELATED PARTY TRANSACTIONS

The Agency leases an office location on a month-to-month basis from the Diocese of Toledo. Total rent paid under the agreement was approximately \$76,000 and \$67,000 for the years ended June 30, 2016 and 2015, respectively.

The Agency has funds on deposit with the Diocese. The balance on deposit as of June 30, 2016 and 2015 is \$552,253 and \$432,585, respectively.

The Agency has accounts payable to the Diocese of Toledo of approximately \$6,700 and \$8,600 as of June 30, 2016 and 2015, respectively.

The Executive Director's compensation is paid directly by the Diocese of Toledo.