

CATHOLIC CHARITIES HAWAII

**APPLICATION
FOR GRANTS AND SUBSIDIES**

**FISCAL YEAR 2014-2015 BUDGET
(JULY 1, 2014 TO JUNE 30, 2015)**

House District _____

Senate District _____

THE TWENTY-SEVENTH LEGISLATURE
APPLICATION FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):

JUDICIARY

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:

Db: Catholic Charities Hawaii

Street Address: 1822 Keeaumoku Street, Honolulu, HI 96822

Mailing Address: 1822 Keeaumoku Street, Honolulu, HI 96822

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name LEE KATSUMOTO

Title Program Administrator

Phone # 808-527-4474

Fax # 808-527-4479

e-mail katsumotol@catholiccharitieshawaii.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
- FOR PROFIT CORPORATION
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

SAFE & SOUND PROGRAM

TO PROVIDE CRISIS INTERVENTION, CASE MANAGEMENT, LONG-TERM TREATMENT AND SERVICES TO CHILD VICTIMS OF INTRA-FAMILIAL SEXUAL ABUSE AND THEIR FAMILIES AND SEXUALLY REACTIVE CHILDREN ALL IDENTIFIED AS A **GAP GROUP FOR WHICH SERVICES ARE WHICH OTHERWISE UNAVAILABLE** ON OAHU, KAUAI, MAUI AND THE BIG ISLAND.

4. FEDERAL TAX ID #:

██████████

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2015: \$ 150,000.00

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ 292,000.00

FEDERAL \$ _____

COUNTY \$ _____

PRIVATE/OTHER \$ _____

VICE PRESIDENT OF PROGRAMS

NAME & TITLE

1/28/2014

DATE SIGNED

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Application for Grants and Subsidies

I. Background and Summary

1. A brief description of the applicant's background;

Catholic Social Services was incorporated in Hawai'i in 1947 to assist the Diocese of Honolulu in providing mental health and social services to those in need, regardless of religion, ethnicity, handicap, sex or age. In 1980, the Child Sexual Abuse Treatment Program (CSATP) was created to focus services specifically towards treatment of incest victims and their families using the most current clinical methodology available. In 2004, the organization reorganized as Catholic Charities Hawai'i (CCH) with three divisions; Community and Senior Services, Youth Enrichment Services, and Family & Therapeutic Services. The Counseling Center was created in 2012 and is a part of the Family & Therapeutic Services Division. The Safe and Sound Program (SAS) is one of seven contracts that fall under the Counseling Center.

The three program divisions offer a comprehensive array of services throughout the State of Hawai'i for the following:

Division	Target Population
Community & Senior Services	Elders, immigrants, unsheltered families, individuals with developmental disabilities
Family and Therapeutic Services	Families and youth, sexual abuse victims and offenders
Youth Enrichment Services	Youth with emotional and behavioral problems

CCH provides these services with over 325 employees who have a wide range of job skills and professional training. In addition, its programs use of many volunteers to assist in providing services to some of Hawai'i's most needy families, adults, children, immigrants and refugees.

The agency has a reputation for delivering a continuum of supportive services for Hawai'i's families from infancy to senior status that are responsive, effective and culturally sensitive in all aspects.

2. The goals and objectives related to the request;

The goal of this project is to ensure that funding is continued in order to benefit children and their families in need through the Safe and Sound Program (SAS). As of June 30, 2014, the current GIA and the regular SAS contract with the Judiciary will expire. A total of \$292,000 could be lost. This would result in termination of services on Oahu and the Big Island. This necessary program (SAS) will provide case management, long-term treatment and concomitant services to child victims of intrafamilial sexual abuse and their families who are not being

served by the Department of Human Services. It will also provide assessment and treatment for sexually reactive children and for families in which there is child to child sexual abuse. Concomitant services may include trauma assessments, transportation and psycho-educational training. All services will be in accordance with best practice tenets in the field of intrafamilial child sexual abuse and sexually reactive children. If the GIA is awarded, services will continue on the Big Island; on both the east and west side of the island.

3. State the public purpose and need to be served;

The Catholic Charities Hawai'i (CCH) program, Safe and Sound (SAS), provides services and treatment that benefit children and their families that fall within a "gap" group that are not covered under the Child Welfare Services system (CWS) of the Department of Human Services (DHS). Without SAS, families who are not covered by CWS would be left to find their own treatment providers. SAS provides the following services with or without medical insurance:

- Long term treatment, case management, and concomitant services, such as trauma assessments and psycho-educational training
- Treatment services for sexually reactive children under the age of 12
- Treatment and case management for families in which there is adolescent (over 12 years) child to child sexual abuse
- Other services such as finding resources in the community and, in collaboration with the Children's Justice Center, providing birthday and Christmas gifts, financial aid for sports, proms, school pictures, music classes, field trips, and self-defense classes for the children
- Office sites available in Makiki, Kapolei, Nanakuli and Waipahu.

4. Describe the target population to be served; and

On Oahu, the target population to be served includes children and families within the identified "gap" group in which there is CWS and/or Police Department confirmed intrafamilial child sexual abuse. The target population also includes sexually reactive children and child-on-child sexual abuse.

On the Big Island, the target population will be determined by the Children's Justice Center to address the community's needs.

5. Describe the geographic coverage.

The geographic coverage would include the islands of Oahu and the Big Island.

II. Service Summary and Outcomes

1. Describe the scope of work, tasks and responsibilities;

1.1 Crisis and Intervention Services

Once a referral is made to the SAS Program, a therapist is immediately assigned and a confirmation of receipt of referral is sent to the referring agency. The referring worker will notify the family as to the therapist assignment. The SAS therapist will also reach out and contact the family to begin the engagement process. Often times some immediate crisis counseling may need to occur as some parents are in shock and disbelief after discovering that their child has been sexually abused. As individuals and families are processed through this first phase of intervention, they will be prepared through education and guidance to begin participation in the clinical component of their intervention and treatment. Clinical services will be provided by a Master's level therapist who will have responsibilities for individual, group, and family therapy and oversight of the coordination of intervention and treatment services for each individual and family.

After the initial crisis period has passed, efforts will be continued to assure engagement of the family in therapeutic services. SAS realizes that creative attempts to engage the family in services must be employed on a continuing basis in cases where the family's participation is voluntary. Techniques developed by Catholic Charities Hawai'i (CCH) programs providing Early Intervention services to non-CWS families have been adapted to use with clients referred for sexual abuse treatment services. SAS realizes that the therapeutic process involved in sexual abuse treatment may be painful at times and that families often need special encouragement to persevere. Outreach efforts will assure that no barriers prevent family members from receiving such services.

1.2 Intensive Services to Non-Offending Parent/Caretaker (NOP)

For many parents, finding out that their child has been sexually molested by a family member or spouse is extremely traumatic. It is not unusual for the immediate response to be one of denial and minimization. This natural process allows the parent's psyche time to fully understand and accept the depth and breadth of what has happened in her or his family. Assisting parents in moving out of denial and minimization is a critical step in developing protectiveness and support for the child victim, allowing the child to remain in a safe and supportive home. It also begins the process of assisting the non-offending parent (NOP) in making important decisions about the entire family. Accomplishing this requires immediate and intensive services provided in a discreet and sensitive manner to ensure that neither the victim, NOP, nor siblings experience re-victimization through guilt, blame, or insensitivities from the professional team. The NOP may also have to deal with their child's sexual acting out behavior. Services will also assist the NOP in redirecting these behaviors.

The NOP will be contacted by telephone where she or he will be immediately provided counseling, education, and support about the current situation, the dynamics of sexual abuse, and the overall intervention and treatment protocols.

It is not uncommon for parents of sexually abused children to have been victimized as children themselves. Because so many past victims of child sexual abuse go without treatment, many must deal with their victimization on their own, without the benefit of support groups, therapy or just someone to talk to about their feelings. In many cases, adults molested as children (AMAC) either suppress or remain in denial about their own abuse and the issues it generates. When forced to deal with the molestation of their own children, these suppressed feelings and traumas tend to re-surface and can re-traumatize the NOP. All NOP referred to the SAS program will be assessed for previous abuse and AMAC status. When the NOP is ready, a referral can be made to an AMAC group. Depending on the strength and emotional condition of the NOP, this assessment and referral to an AMAC group can happen immediately upon referral or, as in most cases, after they have begun clinical treatment when their past issues tend to come to the forefront. CSATP offers an AMAC group once per year.

1.3 Trauma Assessments

Sexual abuse is a traumatizing event regardless of the age or circumstances of the victim and family members. Families experience multiple and complex issues prior to, during, and following a report of child sexual abuse that must be immediately identified so that appropriate intervention plans and methodologies can be developed and implemented.

Upon referral, all victims will be seen for three to five individual sessions in order to do a trauma assessment based on Jan Hindman's model. Issues such as the mother's response to the abuse report, duration of the abuse, amount of coercion and threats used by offender, sensory triggers, victim's ability to identify the offender as being totally responsible for the abuse, and whether a "trauma bond" has been formed will be among those examined in the assessment.

1.4 Individual, Group and Family Treatment

Individual sessions will be provided for all family members in order to assist children and family members in identifying critical trauma issues associated the experiences, to help them explore and express their feelings about the events in their families, and to help them learn about the dynamics of sexual abuse, and that it is never the fault of the victims.

Much of the core therapeutic work with victims and non-offending parents is accomplished in a group setting where they discover that they are not alone, that the abuse was not about them, and where they can experience bonding and find

support from others with similar experiences. Dyad and family therapy occurs for clarifications, safety, and prevention planning.

As stated earlier, all services will be provided at the SAS offices. Catholic Charities Hawai'i has offices throughout the island of O'ahu (Nanakuli, Kapolei, Honolulu, and Waipahu), that could be utilized. On the Big Island, private contractors' offices will be used. For group sessions, which are an effective modality of treatment for victims and families, it would not be practical to have a few members in one location and a few in another location. In order for group sessions to be efficacious, members must be willing to meet together. For individuals and families who decide that they will not or cannot attend group sessions, the therapist will provide individual services at places and times most accessible to the individual and family, as well as available to the therapist.

1.5 Treatment for Sexually Reactive Children (Oahu & when requested by the CJC on the Big Island)

Sexually reactive youth must be assessed for both victim and abusive issues, for research indicates that while young children who are sexually acting out with other children are often victims of abuse themselves, not all of them have been victims, and this population needs service providers who are both trained in the treatment of victims *and* young perpetrator dynamics. To our knowledge, only SAS has treatment providers trained and experienced across the broad spectrum of these dynamics. CSATP has been treating juvenile offenders in Hawai'i since 1988. It is critical to meet the special needs of this population as quickly as possible so that these children and adolescents can ameliorate their abuse/perpetrator issues early on in their development, thus creating safety in our communities and families and providing the sexually reactive youth the greatest opportunity not to offend in their later adolescent or adult lives. Services will be provided through individual, group, and family therapy sessions and case management services will be provided for sexually reactive children and their families as needed.

1.6 Treatment and Case Management for Families in which there is Adolescent (over 12 years) Child on Child Sexual Abuse (Oahu & when requested by the CJC on the Big Island)

In SAS, the most immediate treatment focus will be on a safety and prevention plan for the entire family, which may include extended family members being involved for supervision and placement issues. All members of the family will receive individual, and, where appropriate, group therapy for support and for education in the dynamics of sexual abuse. The victim will receive age-appropriate therapy, including group for survivors and will be helped to prepare a scrapbook based on a trauma assessment. The abusive youth will receive individual and group treatment to address abusive issues, will be helped to accept responsibility, learn about thinking errors and boundaries, relapse prevention, and will be helped to prepare

clarification for her or his victim and her or his family. Family therapy will begin when clarification is possible, the victim is supported by the family, and family and treating therapists agree that it is appropriate. Such work may begin as dyad therapy (marital therapy, mother/child, child/child). When the family is ready and able to maintain safety, appropriate boundaries, and can discuss healthy sexuality and safety plans, family therapy will ensue. Often, members of the family, for the victim's perception of safety, may have had separate therapists in these cases and at this point family therapy will take place with the victim's therapist as facilitator. Intensive support, education and meeting with extended family and other needed concomitant services will be provided.

1.7 Case Management Services

Case management services are critical for individuals and families in the early stages of discovery of child sex abuse. The therapist will provide assistance in accessing resources such as housing, financial assistance, employment, child care, medical, legal, and other services needed to establish stability within the family. These services will be provided directly or through referrals to community service providers. Thus far, SAS parents have been offered an array of treatment services that address concurrent issues of domestic violence, adults molested as children issues, economic losses resulting from the offender's removal from the home, and the impact of the abuse on themselves and all their children. Case management services have included referrals for assistance with rental deposits, searching for housing, and help with obtaining and moving furniture and other household items. Some referrals can be made directly through CCH's Intake, Information and Referral (IIR) Program. SAS parents can also be referred within the Catholic Charities Hawai'i network of services, which includes immigrant services, elderly services, and emergency funding services. Additionally, SAS therapists make every attempt to support victims and their families through the court process, including accompanying victims to court.

1.8 Referrals

On Oahu, the SAS program will accept referrals from the CJC, the Sex Abuse Treatment Center (SATC), DHS/CWS, the Honolulu Police Department, Voluntary Case Management (VCM), Family Advocacy (of the branches of the military), and other community social services providers. For the Big Island, the Children's Justice Center will determine who will be allowed to refer to the SAS program.

2. Projected annual timeline for accomplishing the results or outcomes of the service

Output Measurements. The number of unduplicated clients served will be recorded in monthly reports and will be totaled annually. Most SAS clients successfully complete treatment within one year. (Average treatment duration is 10 months for victims and families of child sexual abuse when the caretaker is protective and believing.)

Outcome Measurements. The effectiveness of services will be measured by percentage of clients attending sessions, percentage of goals achieved (quarterly service plans), standardized pre- and post-program testing, clinical judgment, and client satisfaction.

Annual goals include:

- 90% of clients referred will attend 85% of scheduled sessions
- 90% of clients will complete 85% of service plan goals each quarter
- 90% of clients will benefit from treatment
- 85% of clients will achieve all service plan goals within one year

Reporting. The Program Administrator will submit written monthly reports within 30 days after the end of each month and year-end reports summarizing output and outcome data, performance accomplishments, challenges, and actual expenditures 45 days after the end of each fiscal year and/or at the end of the contract period.

The Program Administrator will detail accomplishments, identify persons served during the reporting period, identify any immediate problems, and will identify plans for the next reporting period. In addition to written reports, the Program Administrator and SAS therapists will meet with representatives of the Judiciary to discuss the progress of the work required.

The Program Administrator will submit a final written report to the Judiciary at the end of the contract period. The report will include documentation of the overall effort toward meeting the program's goals and objectives. The Program Administrator will provide, from time to time, any reporting data requested by the Judiciary.

3. Quality assurance and evaluation plans

Outcomes. The outcomes of treatment will be evaluated quarterly by the therapist report. The primary goal of treatment will be no re-abuse. The Program Administrator will make monthly reports to the Purchase of Service program monitor regarding the numbers of clients who are attending a percentage of sessions and the number of clients who are making satisfactory progress. Progress will be

measured by clinical judgment, client self-report, and a standardized measurement (The Outcome Questionnaire, an inventory of life satisfaction factors).

Process. The process of service delivery is evaluated on an on-going basis during weekly supervision by the Program Administrator and on a quarterly basis by the Quality Assurance committee. The following methods are used to determine effectiveness of Program services:

- **Accreditation Review.** Catholic Charities Hawai'i (CCH) is accredited by the Council on Accreditation for Children and Family Services (COA), a national organization. Every 90 days, the CCH Quality Assurance Committee (the Committee) meets and reviews a percentage of cases randomly selected from each Program. In addition, the Committee meets annually to review the progress of all agency programs towards the goals established by the Committee. All agency programs are evaluated at four-year intervals by a team of three external reviewers from COA. CCH was reaccredited in 2011.
- **Client Satisfaction Questionnaire.** This instrument is given to clients upon termination from the program and is filled out anonymously.
- **Worker Satisfaction Questionnaire.** This instrument is sent to stakeholder workers every six months in order to evaluate the effectiveness of service delivery from the perspective of the contracting agencies.
- **Liaison With Contractors.** Regular meetings are scheduled between the SAS staff and the staff of referring agencies to get input on program effectiveness.
- **Regular Supervision of Program Therapists.** Therapists receive regular one-on-one supervision on a weekly basis. In addition, they receive weekly group supervision, with each therapist presenting a case to program staff on a monthly basis

4. Measurements of effectiveness of services

Output Measurements. The number of unduplicated clients served will be recorded in monthly reports and will be totaled annually. Most SAS clients successfully complete treatment within one year. (Average treatment duration is 10 months for victims and families of child sexual abuse when the caretaker is protective and believing.)

Outcome Measurements. The effectiveness of services will be measured by percentage of clients attending sessions, percentage of goals achieved (quarterly service plans), standardized pre- and post-program testing, clinical judgment, and client satisfaction.

Annual goals include:

- 90% of clients referred will attend 85% of scheduled sessions
- 90% of clients will complete 85% of service plan goals each quarter

- 90% of clients will benefit from treatment
- 85% of clients will achieve all service plan goals within one year

Reporting. The Program Administrator will submit written monthly reports within 30 days after the end of each month and year-end reports summarizing output and outcome data, performance accomplishments, challenges, and actual expenditures 45 days after the end of each fiscal year and/or at the end of the contract period.

The Program Administrator will detail accomplishments, identify persons served during the reporting period, identify any immediate problems, and will identify plans for the next reporting period. In addition to written reports, the Program Administrator and SAS therapists will meet with representatives of the Judiciary to discuss the progress of the work required.

The Program Administrator will submit a final written report to the Judiciary at the end of the contract period. The report will include documentation of the overall effort toward meeting the program’s goals and objectives. The Program Administrator will provide, from time to time, any reporting data requested by the Judiciary.

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
See Attachment A
2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2015.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$37,500	\$37,500	\$37,500	\$37,500	\$150,000

3. The applicant shall provide a listing of all other sources of funding that they are trying to obtain for fiscal year 2014-2015.

If an RFP is issued by the Judiciary, CCH will apply for it.

4. The applicant shall provide a listing of all state and federal tax credits that have been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

N/A

5. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2013.
8.6 Million

IV. Experience and Capability

A. Necessary Skills and Experience

The Child Sexual Abuse Treatment Program (CSATP) has an extensive history within Catholic Charities Hawai'i. A special Child Protective Service Treatment Unit was first formed through a Department of Social Services and Housing purchase of service contract in 1974. This purchase of service contract with the Department of Human Services (DHS) has been renewed yearly, with timely modifications to re-focus service needs every few years since that time. In 1977, group work services were added to utilize self-help groups for victims, non-offending spouses and perpetrators of sexual abuse, including perpetrators of sibling incest. In 1980, CSATP was created to focus services specifically towards treatment of family members using the most current clinical methodology available.

Since 1990, CSATP has provided quarterly training on the dynamics of child sexual abuse to the now known as the Court Appointed Special Advocates Program (CASA) through a contract with the Judiciary. In addition, CSATP staff regularly provides training to various state and community groups, including local media.

In 1997, CSATP became a part of Therapeutic Services, which also includes the Domestic Violence and General Counseling components, which are funded by Catholic Charities Hawai'i. This has enabled CSATP to offer a continuum of services to all families involved with sexual abuse.

In September 2003, CSATP was awarded the SAS contract to treat the "gap" group. This "gap" group includes children and families in which there is CWS and/or HPD confirmed intrafamilial child sexual abuse by an adult perpetrator but which are not covered under CWS because CWS deems caretakers to be protective. This program, Safe and Sound (SAS), also provides treatment services for sexually reactive children under the age of 12 as well as adolescent child on child sexual abuse. Since its opening, SAS has provided individual and group treatment and concomitant services to approximately 391 families (over 821 individuals) for the past 10 years on Oahu. Services have also been provided to 31 sexually reactive children and their families on the Island of Hawai'i by contractors under the O'ahu SAS program. During Fiscal Year 2013, the SAS Program continued to service children and their families on the islands of Oahu and the Big Island. By the end of the fiscal year (June 2013), 77 unduplicated individuals receives services: 30 were child victims, 3 were sexually reactive

youth, 32 were non-offending parent(s), 2 were child on child sexual abuse cases and 10 were sibling at risk. These numbers increase the number of individuals served since the SAS contract was awarded to Catholic Charities Hawaii.

In 2012, Catholic Charities Hawai'i created the Counseling Center which includes contracted and non-contracted programs. SAS is one of the contracted programs. CCH also began accepting clients with insurance

Currently, there are 1.5 FTE Master's level therapists on O'ahu and 5 contractors under the O'ahu SAS program that provide services on Big Island. Because of the unique continuum of services available within CSATP and because SAS therapists are trained in the treatment of sexually abusive youth, SAS provides additional services for families in which there is intrafamilial child to child sexual abuse as well as sexually reactivity.

The SAS therapists and contractors have a combined 20 years of clinical experience and provide SAS families with individual, group, dyad, and family therapy resulting in successful clinical discharges of clients and client satisfaction ratings at a very high level.

The Program Administrator is a licensed clinical social worker who is a member of the Sex Offender Management Team (SOMT). SAS and CSATP adheres to SOMT guidelines and best practices for treatment of all family members involved with child sexual abuse including the perpetrators.

Please see Attachment "E" for a list of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

B. Facilities

Direct clinical treatment services will be provided at the Catholic Charities Hawai'i offices at 1822 Keeaumoku Street, Honolulu, and 94-229 Waipahu Depot Road, Waipahu and at facilities in Kapolei (Grace Bible Church) and Nanakuli (St. Rita's Church). Program offices include private interview rooms for individual therapy, a family therapy room, a playroom that includes sand tray materials, as well as larger rooms for group therapy sessions. All offices are wheelchair accessible and there is a bathroom that meets ADA requirements. Neighbor Island facilities include the offices of private contractors for both individual and group treatment.

V. **Personnel: Project Organization and Staffing**

A. **Proposed Staffing, Staff Qualifications, Supervision and Training**

Proposed Staffing. If GIA is awarded, staffing will be composed of 1.1 FTE therapists; .25 FTE Program Director II. Each FTE therapist will carry a case load of approximately 20- 25 clients. Neighbor islands will be staffed by therapists who are independent contractors. These independent contractors will need to be equally qualified as the therapists on Oahu.

Staff Qualifications. All therapists are required to have at least a Master's degree in Social Work or Marriage and Family Therapy. In addition, a minimum of two years experience in sexual abuse treatment is required. Experience in domestic violence and substance abuse treatment is additionally preferred. The Program Administrator is required to have at least a Master's Degree and at least seven years experience and training in specialized sexual abuse treatment. In addition, five years of clinical supervisory experience is required.

Supervision and Training. On a weekly basis, ongoing individual supervisory contacts and group supervision enable the staff to gain new clinical knowledge at frequent intervals. On a daily basis, the Program Administrator maintains an "open door" policy with therapists to encourage timely giving and receiving of feedback regarding clinical issues with clients.

The performance of each staff member is evaluated by his/her supervisor on an annual basis. This process involves mutual discussion of the employee's needs in terms of both review of acquired skills and identification of additional skills to be developed during the coming year. Newly hired staff are evaluated after six months of employment in addition to the annual evaluation. To address both of these needs, each staff member is encouraged to take advantage of special opportunities which exist in the community for skill development and review. In addition, several training opportunities are made available to all professional staff, within budget limitations, to assure that a common pool of knowledge is shared by all.

B. **Organization Chart**

See attached Catholic Charities Hawai'i Family and Therapeutic Services organization chart (Attachment C).

C. Compensation

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

Name	Title	Annual Salary
██████████	President & CEO	\$159,973.00
██████████	VP Programs / Asst. VP	\$93,046.00
██████████	VP Admin / Asst. Secretary	\$98,279.00

VI. Other**A. Litigation**

Catholic Charities Hawai'i is not involved as a party in any pending litigation and there are no outstanding judgments against it.

B. Licensure or Accreditation

1. Council on Accreditation for Families and Children (Catholic Charities Hawai'i received this national accreditation in 2011)
2. The Program Administrator of Child Sexual Abuse Treatment Program is a licensed clinical social worker in the State of Hawaii.
3. Hawaii State licensed Child Placing Organization
4. Hawai'i State General Excise License

Attachment A

Cost Proposal – Budget

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2014 to June 30, 2015)

Applicant: Catholic Charities Hawaii - Safe & Sound Program

BUDGET CATEGORIES	Total Program Cost (a)	Total GIA Request From State (b)	Other Funds (c)	Total (d)
A. PERSONNEL COST				
1. Salaries	150,909.00	80,415.00	70,494.00	150,909.00
2. Payroll Taxes & Assessments	13,703.00	7,290.00	6,413.00	13,703.00
3. Fringe Benefits	27,600.00	14,645.00	12,955.00	27,600.00
TOTAL PERSONNEL COST	192,212.00	102,350.00	89,862.00	192,212.00
B. OTHER CURRENT EXPENSES				
1 Airfare, Inter-Island			0.00	0.00
2 Airfare, Out-of-State			0.00	0.00
3 Audit Services			0.00	0.00
4 Contractual Services - Administrative	91.00	50.00	41.00	91.00
5 Contractual Services - Subcontracts	10,307.00	10,306.00	1.00	10,307.00
6 Insurance (Property/Liability)	398.00	150.00	248.00	398.00
7 Lease/Rental of Equipment	963.00	360.00	603.00	963.00
8 Lease/Rental of Motor Vehicle			0.00	0.00
9 Lease/Office Rent	11,038.00	1,800.00	9,238.00	11,038.00
10 Mileage	1,850.00	1,850.00	0.00	1,850.00
11 Postage, Freight & Delivery	40.00	15.00	25.00	40.00
12 Publication & Printing	231.00	75.00	156.00	231.00
13 Repair & Maintenance	3,333.00	1,425.00	1,908.00	3,333.00
14 Staff Training/Development	531.00	275.00	256.00	531.00
15 Substance/Per Diem			0.00	0.00
16 Supplies	3,475.00	1,830.00	1,645.00	3,475.00
17 Telecommunication	5,185.00	1,970.00	3,215.00	5,185.00
18 Transportation			0.00	0.00
19 Utilities	3,343.00	1,280.00	2,063.00	3,343.00
20 Depreciation (Office)	10,677.00	3,559.00	7,118.00	10,677.00
21 Occupancy (Alarm)	12.00	5.00	7.00	12.00
22 Indirect Cost	47,808.00	22,500.00	25,308.00	47,808.00
23 Other (Client Financial Asst, License)	506.00	200.00	306.00	506.00
TOTAL OTHER CURRENT EXPENSES	99,788.00	47,650.00	52,138.00	99,788.00
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	292,000.00	150,000.00	142,000.00	292,000.00
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	150,000	Darlene Beatty, Division Administrator 527-4601		
(b) Other	142,000	[Redacted]		
(c)		[Redacted]		
(d)		Signature of Authorized Official _____ Date _____		
TOTAL BUDGET	292,000	Eddie Ontai, VP Administration Name and Title (Please type or print)		

Applicant: Catholic Charities Hawaii - Safe & Sound Program

Period: July 1, 2014 to June 30, 2015

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
1 Program Director	1.00	\$67,468.00	25.00%	\$ 16,867.00
2 Licensed Therapist (E. Lyons)	1.00	\$60,174.00	100.00%	\$ 60,174.00
3 Licensed Therapist (A. Savage)	1.00	\$60,174.00	10.00%	\$ 6,017.00
4 Secretary II	1.00	\$33,735.00	10.00%	\$ 3,374.00
TOTAL:				86,432.00
JUSTIFICATION/COMMENTS:				

Applicant: Catholic Charities Hawaii - Safe & Sound

Period: July 1, 2014 to June 30, 2015

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

NOT APPLICABLE

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

Applicant: Catholic Charities Hawaii - Safe & Sound Program

Period: July 1, 2014 to June 30, 2015

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2010-2011	FY: 2011-2012	FY: 2012-2013	FY: 2012-2013	FY: 2013-2014	FY: 2014-2015
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION						
EQUIPMENT						
TOTAL:						
JUSTIFICATION/COMMENTS:						

NOT APPLICABLE

Attachment B

Other Financial Related Materials

Financial Audit

Year Ended August 31, 2013

**CATHOLIC CHARITIES HAWAII
AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS
As of and For the Year Ended August 31, 2013
With Prior Year Comparative Information
And Independent Auditors' Report**

CW Associates
A Hawaii Certified Public Accounting Corporation



CW Associates

A Hawaii Certified Public Accounting Corporation

INDEPENDENT AUDITORS' REPORT

Catholic Charities Hawaii and Affiliate:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Catholic Charities Hawaii (CCH) and Affiliate, nonprofit Hawaii corporations, which comprise the consolidated statement of financial position as of August 31, 2013, 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 Consolidated 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.

Auditors' 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 auditors' 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 the entity's 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 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


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Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CCH and Affiliate as of August 31, 2013, and the 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.

Report on Prior Year Comparative Information

We have previously audited CCH and Affiliate's consolidated financial statements as of and for the year ended August 31, 2012, and our report dated December 12, 2012, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the accompanying prior year comparative information is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



December 11, 2013

**CATHOLIC CHARITIES HAWAII
AND AFFILIATE**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**As of August 31, 2013
(With Prior Year Comparative Information)**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash (including interest-bearing accounts)	\$ 3,623,362	\$ 3,065,978
Cash restricted for Weinberg Kokua endowment	1,000,000	1,000,000
Investments	10,732,518	10,390,182
Contracts, pledges, program service fees, and other receivables – net	7,912,190	9,309,109
Prepaid expenses and other assets	324,006	148,557
Property and equipment – net	<u>21,689,214</u>	<u>21,964,025</u>
TOTAL ASSETS	<u>\$45,281,290</u>	<u>\$45,877,851</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 707,362	\$ 455,153
Accrued liabilities	914,621	1,469,519
Deferred revenue	143,790	223,263
Other liabilities	533,608	759,575
Obligations under capital leases	352,574	182,641
Notes payable	9,915,000	10,415,000
Total liabilities	<u>12,566,955</u>	<u>13,505,151</u>
 NET ASSETS		
Unrestricted	18,339,812	18,954,180
Temporarily restricted	6,596,193	5,640,190
Permanently restricted	7,778,330	7,778,330
Total net assets	<u>32,714,335</u>	<u>32,372,700</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$45,281,290</u>	<u>\$45,877,851</u>

See accompanying notes to consolidated financial statements.

**CATHOLIC CHARITIES HAWAII
AND AFFILIATE**

CONSOLIDATED STATEMENT OF ACTIVITIES

**For the Year Ended August 31, 2013
(With Prior Year Comparative Information)**

	<u>2013</u>	<u>2012</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Revenue and support		
Government and foundation grants and contracts	\$ 19,821,145	\$ 20,058,098
Program service fees and project income	872,766	799,615
Net assets released from restrictions	714,220	910,938
Contributions	483,742	1,454,376
Other revenue and support	451,101	402,637
Aloha United Way contributions	311,067	313,093
Roman Catholic Church in the State of Hawaii contributions	200,004	200,004
Investment income	752	1,532
Total revenue and support	<u>22,854,797</u>	<u>24,140,293</u>
Expenses		
Program services		
Family and therapeutic services	8,070,863	7,956,038
Youth enrichment services	4,576,351	5,013,126
Housing assistance and referral	3,601,366	3,764,702
Community and senior services	3,205,026	3,544,374
Total program services	<u>19,453,606</u>	<u>20,278,240</u>
Supporting services		
Management and general	3,511,054	3,183,340
Fundraising	504,505	520,681
Total supporting services	<u>4,015,559</u>	<u>3,704,021</u>
Total expenses	<u>23,469,165</u>	<u>23,982,261</u>
Increase (decrease) in unrestricted net assets	<u>(614,368)</u>	<u>158,032</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Restricted investment income	1,036,037	644,887
Restricted foundation grants	511,373	200,000
Restricted contributions	120,693	194,201
Other restricted revenue and support	2,120	3,010
Net assets released from restrictions	<u>(714,220)</u>	<u>(910,938)</u>
Increase in temporarily restricted net assets	<u>956,003</u>	<u>131,160</u>
INCREASE IN NET ASSETS	341,635	289,192
NET ASSETS – Beginning of year	<u>32,372,700</u>	<u>32,083,508</u>
NET ASSETS – End of year	<u>\$ 32,714,335</u>	<u>\$ 32,372,700</u>

See accompanying notes to consolidated financial statements.

**CATHOLIC CHARITIES HAWAII
AND AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

**For the Year Ended August 31, 2013
(With Prior Year Comparative Information)**

	<u>Program Services</u>				<u>Supporting Services</u>		2013 <u>Total</u>	2012 <u>Total</u>
	<u>Family and Therapeutic Services</u>	<u>Youth Enrichment Services</u>	<u>Housing Assistance and Referral</u>	<u>Community and Senior Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>		
Personnel	\$4,294,614	\$3,053,118	\$1,774,704	\$1,760,258	\$1,929,164	\$228,183	\$13,040,041	\$13,291,208
Contract services	2,584,531	69,552	128,634	896,723	635,043	159,372	4,473,855	4,452,336
Specific assistance	102,877	617,467	895,780	1,390	-	-	1,617,514	1,844,289
Occupancy	249,934	344,847	420,821	81,455	115,163	9,452	1,221,672	1,196,176
Depreciation	316,868	104,445	198,978	108,633	399,658	17,091	1,145,673	1,165,818
Travel and transportation	131,964	127,623	32,130	232,314	51,846	1,428	577,305	511,942
Supplies	103,193	105,250	37,880	27,296	73,677	5,261	352,557	300,327
Telecommunications	102,827	67,394	35,036	38,543	35,573	3,733	283,106	266,505
Interest	113,994	40,940	40,128	27,518	51,524	7,601	281,705	345,409
Equipment rental and repairs	46,036	22,249	18,998	14,778	36,948	3,027	142,036	246,294
Conferences and meetings	14,830	14,460	12,046	10,618	66,670	7,515	126,139	97,727
Printing and publication	2,254	2,968	3,153	939	6,024	39,686	55,024	71,981
Postage and shipping	4,526	4,065	2,777	1,358	8,817	14,906	36,449	32,335
Miscellaneous	2,415	1,973	301	3,203	100,947	7,250	116,089	159,914
Total expenses	<u>\$8,070,863</u>	<u>\$4,576,351</u>	<u>\$3,601,366</u>	<u>\$3,205,026</u>	<u>\$3,511,054</u>	<u>\$504,505</u>	<u>\$23,469,165</u>	<u>\$23,982,261</u>

See accompanying notes to consolidated financial statements.

**CATHOLIC CHARITIES HAWAII
AND AFFILIATE**

CONSOLIDATED STATEMENT OF CASH FLOWS

**For the Year Ended August 31, 2013
(With Prior Year Comparative Information)**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 341,635	\$ 289,192
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Gain on disposal of property and equipment	-	(500)
Depreciation	1,145,673	1,165,818
Gains on investments	(872,366)	(472,231)
Contributions of pledges receivable	(81,798)	(316,941)
Collections of pledges receivable	125,000	100,000
Bequest receivable	250,000	(250,000)
(Increase) decrease in:		
Government grants and contracts receivable	301,910	(837,228)
Program service fee and other receivables	(18,275)	8,067
Prepaid expenses and other assets	(175,449)	(750)
Increase (decrease) in:		
Accounts payable	252,209	108,264
Accrued liabilities	(554,898)	(160,457)
Deferred revenue	(79,473)	72,937
Other liabilities	(225,967)	336,867
Net cash provided by operating activities	<u>408,201</u>	<u>43,038</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	6,778,785	6,557,748
Purchases of investments	(6,248,755)	(6,059,211)
Purchases of property and equipment	(616,165)	(746,819)
Net cash used by investing activities	<u>(86,135)</u>	<u>(248,282)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(500,000)	(3,720,000)
Principal payments on capital lease obligations	(84,764)	(37,830)
Collections of pledges receivable – capital campaign	820,082	3,580,206
Net cash provided (used) by financing activities	<u>235,318</u>	<u>(177,624)</u>
NET INCREASE (DECREASE) IN CASH	557,384	(382,868)
CASH – Beginning of year	<u>3,065,978</u>	<u>3,448,846</u>
CASH – End of year	<u>\$3,623,362</u>	<u>\$3,065,978</u>

See accompanying notes to consolidated financial statements.

**CATHOLIC CHARITIES HAWAII
AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**For the Year Ended August 31, 2013
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

Catholic Charities Hawaii (CCH) is a nonprofit corporation organized on July 29, 1947 under the laws of the State of Hawaii. Its members are the Bishop of the Roman Catholic Church in the State of Hawaii and other members as specified in the by-laws or as appointed by the Bishop. The mission of CCH, rooted in the gospel of Jesus, is to carry out the social mission of the Roman Catholic Church in the State of Hawaii (Church) by serving the people of Hawaii, without regard to culture or faith. CCH is a community of hope that promotes the dignity of each person by helping people empower themselves and provides a wide range of social services with compassion and commitment to excellence. Through its programs and advocacy for social justice, CCH serves all people, particularly those with the greatest need. In the spirit of Hawaiian 'ohana, it works with parishes, agencies, and community groups and welcomes all people of good will to share its mission. See www.catholiccharitieshawaii.org for additional information. Catholic Charities Housing Development Corporation (Affiliate) is a nonprofit corporation organized on June 2, 1999 under the laws of the State of Hawaii. Its sole member is CCH. The Affiliate provides housing for elderly and socially or economically disadvantaged persons in Hawaii, and assists CCH in the fulfillment of its agency mission. The accompanying consolidated financial statements include the accounts of CCH and Affiliate, except that significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting

CCH and Affiliate report information regarding their consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions are unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support is reported when pledged and is considered to be available for unrestricted use unless restricted by the donor. Donor restricted support is reported when pledged as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a temporary restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. Grants and contracts are recognized to the extent of expenditures made in accordance with the related agreements. Program service fees and project income are recognized when the required services are performed. Expenses are recorded when the related liability is incurred. CCH and Affiliate allocate their expenses on a functional basis among various programs and supporting services based on estimates by management. Expenses that can be identified with a specific program or supporting service are charged directly using natural expense classifications. Other expenses that are common to several functions are allocated by various bases.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by CCH and Affiliate. A substantial number of unpaid volunteers have made contributions of their time to CCH and Affiliate. The value of this time is not reflected in these consolidated financial statements because it did not meet the criteria for recognition.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in accordance with such 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, and it is reasonably possible that such estimates may change within the near term.

Concentrations of Credit Risk

Financial instruments that potentially subject CCH and Affiliate to credit risk include cash, investments, and receivables. Cash on deposit with financial institutions (including restricted cash) exceeded the related federal deposit insurance by approximately \$3,888,100 and \$995,400 at August 31, 2013 and 2012, respectively. Investments may include money market funds and short term obligations of the U.S. Government, with a minimum rating of AAA or A1/P1; and fixed income securities with investment grade ratings at time of purchase from Standard and Poor's and/or Moody's Investor Service. Risk of default from credit securities is minimized by CCH's investment policy's asset allocation guideline which stipulates that debt securities investments are limited to investment grade debt instruments and are diversified among multiple issuers and industries. Pledges receivable, government grants and contracts receivable, and program service fee and other receivables are unsecured. Such receivables have been adjusted for all known doubtful accounts (none at August 31, 2013 and 2012) based on assessments by management of the facts and circumstances related to the individual receivable amounts.

Investments

Investments are stated at fair value using quoted market prices. Net realized and unrealized gains and losses, determined using the average cost method, are included in unrestricted and restricted investment income. Investments are held in segregated accounts that are fully insured by federal and private insurance, on a per-account basis, as represented by the custodian. Future changes in market prices may make such investments less valuable.

Property and Equipment

Property and equipment is stated at cost or, if contributed, at estimated fair market value at the date of contribution. Depreciation is provided using the straight-line method over estimated useful lives of 15 to 35 years for buildings and improvements, 3 to 5 years for furniture, fixtures, and equipment, and 5 years for vehicles. Property and equipment and other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Expenditures for property and equipment in excess of \$5,000 are capitalized. Repairs and maintenance are expensed.

Leases

Leases that transfer substantially all of the risks and benefits of ownership are capital leases. Other leases are operating leases. Capital leases are included in property and equipment at the lower of the present value of minimum lease payments or fair value at the inception of the lease and amortized using the straight-line method. The related capital lease obligation is recognized at its net present value. Operating leases are expensed when the lease payments are due.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Liabilities

Other liabilities consist of estimated liabilities for maintenance costs required by contracts and grant agreements for housing units owned and managed by CCH and Affiliate. It also includes estimated liabilities for self-insured unemployment costs, based on an assessment of historical claims and current unemployment tax rates and experience.

NOTE B – TAXES

CCH and Affiliate are exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and are not private foundations. Accordingly, qualifying contributions to CCH and Affiliate are tax deductible.

Accounting principles generally accepted in the United States of America require uncertain tax positions to be recognized in the consolidated financial statements if they are more likely than not to fail upon regulatory examination. Management has evaluated the tax positions of CCH and Affiliate as of August 31, 2013 and 2012 and for the years then ended by reviewing their tax filings and conferring with their tax advisors, and determined that they had no uncertain tax positions required to be reported in accordance with such generally accepted accounting principles. Such filings are open for examination by taxing authorities until the statutes of limitations expire.

The State of Hawaii imposes a general excise tax of 4% on the gross receipts of CCH and Affiliate from certain project income within the state, plus an additional 0.5% on such gross receipts within the City and County of Honolulu. Hawaii general excise tax included in revenue and expense amounted to \$4,047 and \$3,179 for the years ended August 31, 2013 and 2012, respectively.

NOTE C – INVESTMENTS

At August 31, 2013 and 2012, investments consisted of the following:

	2013		2012	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity securities	\$3,517,307	\$ 4,688,438	\$3,426,806	\$ 4,178,456
Mutual funds	1,831,611	2,219,902	1,900,156	2,178,986
Corporate and foreign bonds	1,953,023	1,945,021	1,924,350	1,999,309
Debt securities	1,397,657	1,390,738	1,370,493	1,427,762
Money market funds	488,419	488,419	571,748	571,748
Certificates of deposit	-	-	34,006	33,921
Total investments	<u>\$9,188,017</u>	<u>\$10,732,518</u>	<u>\$9,227,559</u>	<u>\$10,390,182</u>

Fair value exceeded cost by \$1,544,501 at August 31, 2013, and by \$1,162,623 at August 31, 2012.

NOTE C – INVESTMENTS (Continued)

For the years ended August 31, 2013 and 2012, interest and investment income consisted of the following:

	<u>2013</u>	<u>2012</u>
Unrestricted interest and investment income		
Interest and dividends	\$ 673	\$ 1,660
Unrealized gains (losses) from holding investments	<u>79</u>	<u>(128)</u>
Total unrestricted interest and investment income	<u>752</u>	<u>1,532</u>
Temporarily restricted interest and investment income		
Interest and dividends	264,329	264,884
Realized gains from sales of investments	490,495	113,616
Unrealized gains from holding investments	381,792	358,743
Investment fees	<u>(100,579)</u>	<u>(92,356)</u>
Total temporarily restricted interest and investment income	<u>1,036,037</u>	<u>644,887</u>
Total interest and investment income	<u>\$1,036,789</u>	<u>\$646,419</u>

NOTE D – FAIR VALUE MEASUREMENTS

The established framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation methodologies used to measure fair value. There are three levels of the fair value hierarchy. Level 1 inputs to the valuation methodologies consist of unadjusted quoted prices for identical assets or liabilities in active markets that CCH and Affiliate have the ability to access. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs are unobservable and significant to the fair value measurement. The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation methodologies used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At August 31, 2013 and 2012, the fair value measurements reportable by CCH and Affiliate (see Note C) consisted of investments in equity securities valued using quoted market prices, mutual funds valued at published net asset values on active markets, money market funds and certificates of deposit valued at stated value (Level 1 measurements), and investments in debt securities and corporate and foreign bonds valued using pricing models maximizing the use of observable inputs for similar securities, including yields currently available on comparable securities of issuers with similar credit ratings (Level 2 measurements). There were no investments for which Level 3 valuation inputs were required.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

The following sets forth by level, within the fair value hierarchy, investments at fair value as of August 31, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities				
Large cap	\$3,101,505	\$ -	\$ -	\$ 3,101,505
Small/Mid cap	1,586,933	-	-	1,586,933
Total equity securities	<u>4,688,438</u>	<u>-</u>	<u>-</u>	<u>4,688,438</u>
Mutual funds				
Large cap	1,257,002	-	-	1,257,002
Small/Mid cap	508,350	-	-	508,350
Other mutual funds	454,550	-	-	454,550
Total mutual funds	<u>2,219,902</u>	<u>-</u>	<u>-</u>	<u>2,219,902</u>
Corporate and foreign bonds	-	1,945,021	-	1,945,021
Debt securities				
Intermediate term	-	652,796	-	652,796
Long term	-	541,165	-	541,165
Short term	-	196,777	-	196,777
Total debt securities	<u>-</u>	<u>1,390,738</u>	<u>-</u>	<u>1,390,738</u>
Money market funds	488,419	-	-	488,419
Total investments at fair value	<u>\$7,396,759</u>	<u>\$3,335,759</u>	<u>\$ -</u>	<u>\$10,732,518</u>

The following sets forth by level, within the fair value hierarchy, investments at fair value as of August 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities				
Large cap	\$2,874,641	\$ -	\$ -	\$ 2,874,641
Small/Mid cap	1,303,815	-	-	1,303,815
Total equity securities	<u>4,178,456</u>	<u>-</u>	<u>-</u>	<u>4,178,456</u>
Mutual funds				
Large cap	1,187,860	-	-	1,187,860
Small/Mid cap	494,068	-	-	494,068
Other mutual funds	497,058	-	-	497,058
Total mutual funds	<u>2,178,986</u>	<u>-</u>	<u>-</u>	<u>2,178,986</u>
Corporate and foreign bonds	-	1,999,309	-	1,999,309
Debt securities				
Intermediate term	-	689,908	-	689,908
Long term	-	606,462	-	606,462
Short term	-	131,392	-	131,392
Total debt securities	<u>-</u>	<u>1,427,762</u>	<u>-</u>	<u>1,427,762</u>
Money market funds	571,748	-	-	571,748
Certificates of deposit	33,921	-	-	33,921
Total investments at fair value	<u>\$6,963,111</u>	<u>\$3,427,071</u>	<u>\$ -</u>	<u>\$10,390,182</u>

NOTE E – CONTRACTS, PLEDGES, PROGRAM SERVICE FEES, AND OTHER RECEIVABLES

At August 31, 2013 and 2012, receivables consisted of the following:

	<u>2013</u>	<u>2012</u>
Government grants and contracts receivable – net	\$4,333,083	\$4,634,993
Pledges receivable – net	3,528,515	4,391,799
Bequest receivable – net	-	250,000
Program service fee and other receivables – net	<u>50,592</u>	<u>32,317</u>
Contracts, pledges, program service fees, and other receivables – net	<u>\$7,912,190</u>	<u>\$9,309,109</u>

At August 31, 2013 and 2012, pledges receivable consisted of the following:

	<u>2013</u>	<u>2012</u>
Receivables due in:		
Less than one year	\$ 661,933	\$ 983,428
One to five years	2,090,500	2,046,111
More than five years	<u>1,000,000</u>	<u>1,500,000</u>
Total	3,752,433	4,529,539
Discount to present value at 1.01% to 2.24%	<u>(223,918)</u>	<u>(137,740)</u>
Pledges receivable – net	<u>\$3,528,515</u>	<u>\$4,391,799</u>

NOTE F – PROPERTY AND EQUIPMENT

At August 31, 2013 and 2012, property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 6,535,278	\$ 6,535,278
Buildings and improvements	16,444,573	16,400,052
Furniture, fixtures, and equipment	4,302,305	4,088,233
Vehicles	782,885	655,279
Construction in progress	<u>816,285</u>	<u>331,622</u>
Total	28,881,326	28,010,464
Accumulated depreciation	<u>(7,192,112)</u>	<u>(6,046,439)</u>
Property and equipment – net	<u>\$21,689,214</u>	<u>\$21,964,025</u>

CCH owns land, buildings and improvements in Waianae, Hawaii under a quitclaim deed from the Church. The quitclaim deed requires the real property to be used to provide shelter and services for low and moderate income households; the use for any other purpose will cause title to revert to the Church. The cost of land included in permanently restricted net assets amounted to \$366,400 and the cost of buildings and improvements included in temporarily restricted net assets amounted to \$1,031,200 net of accumulated depreciation of \$824,960 and \$795,497 as of August 31, 2013 and 2012, respectively.

NOTE G – LINES-OF-CREDIT

CCH has revolving lines-of-credit at Bank of Hawaii and First Hawaiian Bank totaling \$650,000 and \$350,000, respectively, for working capital purposes. The Bank of Hawaii line-of-credit is available to August 2014 and bears interest at 0.375% above the Bank's base rate (4.50% at August 31, 2013 and 2012). The First Hawaiian Bank line-of-credit is available to August 2016 and bears interest at 0.5% above the Bank's prime rate (4.375% at August 31, 2013 and 2012). Advances on the revolving lines-of-credit are secured by accounts receivable, inventory, furniture, fixtures, and equipment. The revolving lines-of-credit agreements require CCH to maintain a specified debt to net worth ratio, furnish periodic financial statements, and maintain insurance coverage. In addition, the terms provide for restrictions on additional borrowings, on fixed asset additions, and on making of loans or advances. There were no advances outstanding on the revolving lines-of-credit at August 31, 2013 and 2012.

NOTE H – NOTES PAYABLE

At August 31, 2013 and 2012, notes payable consisted of the following:

	<u>2013</u>	<u>2012</u>
Joint credit agreement with Bank of Hawaii, First Hawaiian Bank, and Central Pacific Bank, first tranche	\$6,415,000	\$ 6,415,000
Joint credit agreement with Bank of Hawaii, First Hawaiian Bank, and Central Pacific Bank, second tranche	<u>3,500,000</u>	<u>4,000,000</u>
Total notes payable	<u>\$9,915,000</u>	<u>\$10,415,000</u>

The first tranche of the joint credit agreement of \$6,415,000 is secured by a first lien in the investment accounts and other collateral. Monthly payments of interest-only bear interest at a fixed interest rate of 3.205%. The second tranche of \$4,000,000 is secured by a second lien in the investment accounts and other collateral. Monthly payments bear interest at 1.50% above the London Inter-Bank Offered Rate (one-month rate of 0.1841% and 0.237% at August 31, 2013 and 2012, respectively). The second tranche requires annual principal payments of \$500,000 on the earlier of the receipt of the annual pledge from The Clarence T.C. Ching Foundation or on the anniversary of the closing date. The credit agreement requires CCH to furnish periodic financial statements and maintain specified liquid assets to funded debt ratios.

NOTE I – CONTINGENCIES

Amounts received from government grants and contracts are subject to audit and adjustment by various government agencies. Any disallowed claim, including amounts already collected, may constitute a liability. Management expects such amounts, if any, to be immaterial to the consolidated financial statements. Certain revenue and support is derived from government grants and contracts, the loss of which could have a material adverse effect on CCH. CCH and Affiliate are parties to various legal and other claims normally associated with their operations. In the opinion of management and of their legal counsel, the ultimate outcome cannot be estimated at this time and is not expected to be material to the financial statements.

NOTE J – TEMPORARILY RESTRICTED NET ASSETS

At August 31, 2013 and 2012, temporarily restricted net assets consisted of the following:

	<u>2013</u>	<u>2012</u>
Temporarily restricted for:		
Endowment funds		
Earnings on Virgil and Carmela Blank endowments	\$2,493,901	\$1,759,886
Harry and Jeanette Weinberg Foundation	<u>31,155</u>	<u>33,633</u>
Total temporarily restricted for endowment funds	2,525,056	1,793,519
Elderly and immigrant services	2,356,278	2,553,159
Time restricted funds	934,035	798,968
Volunteer Services and Community Engagement	300,000	-
Housing for low and moderate income households	206,240	235,703
Other purpose restricted funds	<u>274,584</u>	<u>258,841</u>
Total temporarily restricted net assets	<u>\$6,596,193</u>	<u>\$5,640,190</u>

NOTE K – PERMANENTLY RESTRICTED NET ASSETS

At August 31, 2013 and 2012, permanently restricted net assets consisted of the following:

	<u>2013</u>	<u>2012</u>
Permanently restricted for:		
Virgil and Carmela Blank Catholic Charities Hawaii endowment	\$3,255,477	\$3,255,477
Virgil and Carmela Blank Mary Jane Program endowment	3,081,453	3,081,453
Harry and Jeanette Weinberg Kokua endowment	1,000,000	1,000,000
Land for housing of low and moderate income households	366,400	366,400
Harry and Jeanette Weinberg Mary Jane Program endowment	<u>75,000</u>	<u>75,000</u>
Total permanently restricted net assets	<u>\$7,778,330</u>	<u>\$7,778,330</u>

The Virgil and Carmela Blank Catholic Charities Hawaii endowment was created to provide general assistance to CCH. The Virgil and Carmela Blank Mary Jane Program endowment was created to provide for the program's general purposes and for scholarships to program participants. For women who find themselves unexpectedly pregnant, the Mary Jane Program provides a safe haven during their pregnancy and for a short time after the delivery of their babies. The endowment funds are required to be invested using an investment manager at a reputable investment company.

The Harry and Jeanette Weinberg Foundation Kokua endowment was created to provide assistance to the poor and needy through support to existing networks with CCH. The related agreement requires the endowment to be deposited in a federally insured institution in Hawaii. Earnings from The Harry and Jeanette Weinberg Foundation Kokua endowment are temporarily restricted. The Harry and Jeanette Weinberg Foundation Mary Jane Program endowment was created to provide assistance to the Mary Jane program.

NOTE K – PERMANENTLY RESTRICTED NET ASSETS (Continued)

CCH is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). It is the policy of CCH to preserve the original gift of donor-restricted endowment funds as permanently restricted net assets, absent explicit donor stipulations to the contrary. Unless otherwise stated, other donor-restricted gifts are classified as temporarily restricted net assets. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires CCH to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets (none for the years ended August 31, 2013 and 2012).

Changes in endowment and other permanently restricted net assets for the years ended August 31, 2013 and 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at August 31, 2011	\$ -	\$ 1,357,924	\$ 7,778,330	\$ 9,136,254
Realized and unrealized gains	-	323,801	-	323,801
Interest and dividends	-	118,612	-	118,612
Released from restrictions	-	(6,818)	-	(6,818)
Balance at August 31, 2012	-	1,793,519	7,778,330	9,571,849
Realized and unrealized gains	-	633,899	-	633,899
Interest and dividends	-	104,896	-	104,896
Released from restrictions	-	(7,258)	-	(7,258)
Balance at August 31, 2013	<u>\$ -</u>	<u>\$ 2,525,056</u>	<u>\$ 7,778,330</u>	<u>\$ 10,303,386</u>

CCH maintains an investment policy that clearly defines its investment objectives, guidelines, standards, and procedures for the investment funds it holds, including endowments. CCH's investment objective is to create additional funding through investments for the exclusive purpose of fulfilling its mission. Asset allocations fall within the following guidelines: equities 40% to 70%, fixed income 30% to 50%, and cash and cash equivalents 0% to 10%. Investment performance is based on achieving a return in excess of a balanced market index net of fees. Included in the policy are the roles and responsibilities of the Investment Subcommittee, Finance and Audit Committee, and Board of Directors.

NOTE L – RELATED PARTY TRANSACTIONS

CCH and Affiliate obtain automobile, workers' compensation, and property and general liability insurance through the Church. The expense related to this coverage amounted to approximately \$289,000 and \$297,000 for the years ended August 31, 2013 and 2012, respectively. CCH previously received a pledge of \$2,500,000 from the Church for its capital campaign for application toward its outstanding joint credit agreement on the real property and improvements at 1822 Keeaumoku Street. The full amount of the pledge was received during the year ended August 31, 2012, which resulted in the release of the Church as co-borrower on the joint credit agreement of CCH and Affiliate.

NOTE M – LEASES

CCH leases office and residential space used in its programs under operating leases expiring at various dates through 2019, some of which provide for renewals subject to renegotiation. Lease rent expense included in occupancy expense in the statement of functional expenses amounted to \$373,422 and \$379,380 for the years ended August 31, 2013 and 2012, respectively. CCH also leases equipment under capital leases that expire at various dates through 2018.

At August 31, 2013 and 2012, property and equipment included the following amounts related to capital leases:

	<u>2013</u>	<u>2012</u>
Automobiles	\$247,130	\$169,441
Furniture and equipment	<u>252,554</u>	<u>75,546</u>
Total	499,684	244,987
Accumulated amortization	<u>(140,175)</u>	<u>(64,708)</u>
Property under capital leases – net	<u>\$359,509</u>	<u>\$180,279</u>

At August 31, 2013, future minimum lease rent payments under capital and operating leases, and the present value of the obligation under capital leases, approximated the following:

	<u>Capital Leases</u>	<u>Operating Leases</u>
Years ending August 31		
2014	\$137,043	\$260,500
2015	124,556	187,000
2016	66,765	184,000
2017	28,561	88,800
2018	9,762	72,800
Thereafter	<u>-</u>	<u>20,800</u>
Total minimum lease payments	366,687	<u>\$813,900</u>
Amounts representing interest imputed at 1.74% to 4.4%	<u>(14,113)</u>	
Present value of obligation under capital leases	<u>\$352,574</u>	

NOTE N – RETIREMENT SAVINGS PLAN

CCH and Affiliate sponsor a retirement savings plan for the benefit of their eligible employees and their beneficiaries. Participating employees may make voluntary contributions to the plan. CCH and Affiliate may make contributions to the plan in amounts determined by their Boards of Directors up to the maximum allowed under Internal Revenue Code Section 401(k). For the years ended August 31, 2013 and 2012, CCH and Affiliate contributions under this plan amounted to approximately \$220,000 and \$210,000 respectively.

NOTE O – SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information consisted of the following for the years ended August 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Cash paid during the year for interest	\$281,705	\$345,409
Noncash financing and investing activities – property and equipment acquired under capital leases	\$254,697	\$123,226

NOTE P – FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements include certain prior year comparative information. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the consolidated financial statements of CCH and Affiliate as of and for the year ended August 31, 2012, from which the information was derived.

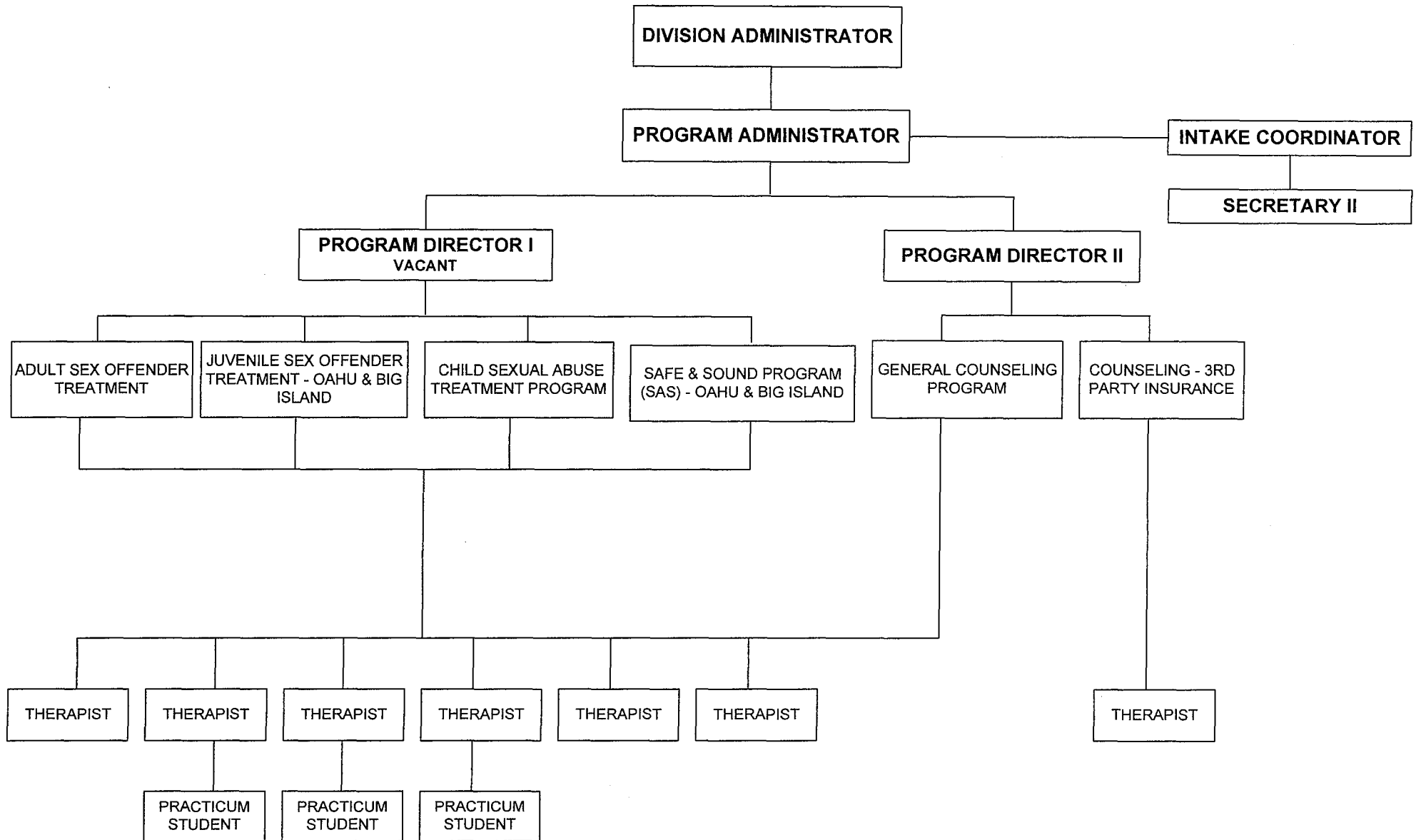
Certain amounts in the prior year comparative information have been reclassified to conform to the current year presentation. Management has evaluated subsequent events through the date of the independent auditors' report, which is the date the consolidated financial statements were available to be issued. CCH and Affiliate operate in the State of Hawaii. National and international events can have severe, adverse effects on economic conditions in Hawaii. The effects on the consolidated financial statements of CCH and Affiliate, if any, from such changes in economic conditions are not presently determinable.

Attachment C

Organization Chart



CATHOLIC CHARITIES HAWAII
Family & Therapeutic Services
Counseling Center



Attachment D

Declaration Statement

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.
- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

CATHOLIC CHARITIES HAWAII

(Typed Name of Individual or Organization)

(Signature)

1/28/2014

(Date)

Stella M.Q. Wong

(Typed Name)

Vice President of Programs

(Title)

Attachment E

**List of Experience of
Related Projects or Contracts
for the Most Recent Three Years**

Catholic Charities Hawai'i

List of Experience of Related Projects or Contracts for the Most Recent Three Years

Notes:

- This list includes related projects/contracts for sex abuse only.
- This list does not include any of the Federal, State, County or private contracts for other, non-sex abuse specific services that are provided by Catholic Charities Hawai'i.
- All contracts listed are current unless otherwise indicated.

Project/Contract	Contracting Agency/Organization
Intra-Familial Sex Abuse Treatment Services, Oahu	State of Hawaii, Department of Human Services
Adult Sex Offender Treatment Services	State of Hawaii, Judiciary
Juvenile Sex Offender Treatment Services: First Circuit	State of Hawaii, Judiciary
Juvenile Sex Offender Treatment Services: Third Circuit	State of Hawaii, Judiciary
GAL Training	State of Hawaii, Judiciary
Intra-familial Sex Abuse Treatment and Services (SAS)	State of Hawaii, Judiciary
Community-Based Residential Level II	State of Hawaii, Department of Health, CAMHD