

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.

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Independent Auditors' Report

Board Of Directors
Catholic Charities of Central Texas, Inc.
Austin, Texas 78702

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities of Central Texas, Inc. (Catholic Charities) 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.

Auditors' 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 auditors' 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 auditors consider 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 as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ashley & Associates, LLP

Austin, Texas

November 3, 2016

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 and 2015

Assets:	2016	2015
Current Assets		
Cash	\$ 67,336	\$ 131,260
Money Markets Cash Equivalents	850,339	949,689
Grants Receivable	129,177	43,443
Other Receivables	123,588	16,242
Prepaid Expenses	17,818	15,906
Total Current Assets	1,188,258	1,156,540
Vehicles and Equipment, Net of Accumulated Depreciation of \$45,602	-	-
Total Assets	\$ 1,188,258	\$ 1,156,540
Liabilities:		
Current Liabilities		
Accounts Payable	\$ 20,183	\$ 30,966
Payroll Taxes and Benefits	139,179	93,068
Funds Held for Others	725	17,770
Total Current Liabilities	160,087	141,804
Net Assets:		
Unrestricted	311,474	423,257
Temporarily Restricted	716,697	591,479
Total Net Assets	1,028,171	1,014,736
Total Liabilities and Net Assets	\$ 1,188,258	\$ 1,156,540

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Diocesan Grants	\$ 626,880	\$ -	\$ 626,880
Foundation Grants	15,532	266,956	282,488
Governmental Grants	379,487	-	379,487
Special Collections	-	74,700	74,700
Contributions	273,506	334,114	607,620
Special Events	355,855	-	355,855
In Kind Contributions	279,276	-	279,276
Client Fees	389,624	-	389,624
Conferences/Education/Workshops	-	-	-
Interest Income	667	-	667
Other	633	-	633
	<u>2,321,460</u>	<u>675,770</u>	<u>2,997,230</u>
Net Assets Released from Restrictions	<u>550,552</u>	<u>(550,552)</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	<u>2,872,012</u>	<u>125,218</u>	<u>2,997,230</u>
Expenses:			
Immigrant Legal Services	1,014,950	-	1,014,950
Parish Relations	86,614	-	86,614
Financial Stability & Direct Client Aid	649,451	-	649,451
Gabriel Project Life Centers	476,871	-	476,871
Counseling Services	257,008	-	257,008
	<u>2,484,894</u>	<u>-</u>	<u>2,484,894</u>
Management & General	75,869	-	75,869
Fundraising	423,032	-	423,032
	<u>2,983,795</u>	<u>-</u>	<u>2,983,795</u>
Change in Net Assets	(111,783)	125,218	13,435
Net Assets at Beginning of Year	<u>423,257</u>	<u>591,479</u>	<u>1,014,736</u>
Net Assets at End of Year	<u>\$ 311,474</u>	<u>\$ 716,697</u>	<u>\$ 1,028,171</u>

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Diocesan Grants	\$ 565,714	\$ -	\$ 565,714
Foundation Grants	73,000	222,600	295,600
Governmental Grants	228,556	3,000	231,556
Special Collections	-	70,851	70,851
Contributions	256,238	133,024	389,262
Special Events	256,411	-	256,411
In Kind Contributions	243,346	-	243,346
Client Fees	285,870	-	285,870
Conferences/Education/Workshops	4,550	-	4,550
Interest Income	1,021	-	1,021
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	1,914,706	429,475	2,344,181
Net Assets Released from Restrictions	<u>637,560</u>	<u>(637,560)</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	<u>2,552,266</u>	<u>(208,085)</u>	<u>2,344,181</u>
Expenses:			
Immigrant Legal Services	810,961	-	810,961
Parish Relations	34,724	-	34,724
Financial Stability & Direct Client Aid	795,723	-	795,723
Gabriel Project Life Centers	473,079	-	473,079
Counseling Services	<u>38,920</u>	<u>-</u>	<u>38,920</u>
Total Program Expenses	2,153,407	-	2,153,407
Management & General	81,137	-	81,137
Fundraising	<u>292,573</u>	<u>-</u>	<u>292,573</u>
Total Expenses	<u>2,527,117</u>	<u>-</u>	<u>2,527,117</u>
Change in Net Assets	25,149	(208,085)	(182,936)
Net Assets at Beginning of Year	<u>398,108</u>	<u>799,564</u>	<u>1,197,672</u>
Net Assets at End of Year	<u><u>\$ 423,257</u></u>	<u><u>\$ 591,479</u></u>	<u><u>\$ 1,014,736</u></u>

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

Expenses	Immigrant Legal Services	Parish Relations	Financial			Counseling Services	Management & General	Fundraising	Total
			Stability & Direct Client Aid	Gabriel Project Life Centers	Stability & Direct Client Aid				
Direct Salaries & Benefits	\$ 779,027	\$ 75,746	\$ 341,858	\$ 297,946	\$ 181,344	\$ 46,774	\$ 294,125	\$ 2,016,820	
Direct Assistance to Individuals	21	-	202,149	20,984	-	-	-	223,154	
Facilities Maintenance	11,817	536	6,227	11,175	5,897	185	-	35,837	
Furniture, Equipment, & Equipment Maintenance	52,160	144	16,930	9,034	1,586	2,994	6,327	89,175	
Rent & Utilities	32,047	1,906	14,482	21,833	12,311	4,769	6,068	93,416	
Conferences & Travel	18,494	2,864	8,898	5,226	989	6,733	6,393	49,597	
Professional Services	4,616	153	3,447	14,827	4,061	805	19,952	47,861	
Office Supplies	3,066	59	2,182	2,351	1,488	321	1,168	10,635	
Telephone	7,606	368	2,576	3,680	4,048	122	-	18,400	
Meetings & Hospitality	454	406	261	158	175	2,622	6,986	11,062	
Dues & Subscriptions	4,096	-	45	108	312	6,819	1,415	12,795	
Printing	588	100	389	284	358	91	29,190	31,000	
Postage & Shipping	6,274	233	115	-	4	1	4,828	11,455	
Depreciation	-	-	-	-	-	-	-	-	
Publicity	-	-	87	-	-	87	2,465	2,639	
Special Programs	1,006	19	-	650	180	-	37,681	39,536	
Fees, Penalties, & Service Charges	18	-	-	-	1,139	3,546	6,434	11,137	
In Kind Rent	93,660	4,080	49,805	88,615	43,116	-	-	279,276	
Miscellaneous	-	-	-	-	-	-	-	-	
Total Expenses	\$ 1,014,950	\$ 86,614	\$ 649,451	\$ 476,871	\$ 257,008	\$ 75,869	\$ 423,032	\$ 2,983,795	

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

Expenses	Immigrant Legal Services	Parish Relations	Financial			Counseling Services	Management & General	Fundraising	Total
			Stability & Direct Client Aid	Gabriel Project Life Centers	Stability & Direct Client Aid				
Direct Salaries & Benefits	\$ 612,223	\$ 24,927	\$ 253,192	\$ 293,153	\$ 27,138	\$ 56,077	\$ 195,630	\$ 1,462,340	
Direct Assistance to Individuals	601	-	454,544	32,308	-	-	-	487,453	
Facilities Maintenance	10,416	496	4,611	9,000	969	100	-	25,592	
Furniture, Equipment, & Equipment Maintenance	33,809	818	14,360	4,325	301	2,569	6,449	62,631	
Rent & Utilities	27,246	1,164	12,475	21,413	1,401	3,849	3,349	70,897	
Conferences & Travel	9,340	2,539	3,842	1,782	474	3,555	3,987	25,519	
Professional Services	3,323	-	3,418	1,572	600	610	8,565	18,088	
Office Supplies	3,581	139	1,053	1,356	110	694	985	7,918	
Telephone	8,121	387	2,718	3,978	666	-	-	15,870	
Meetings & Hospitality	1,222	5	37	54	15	1,726	1,687	4,746	
Dues & Subscriptions	3,989	43	161	-	-	7,165	956	12,314	
Printing	155	50	35	68	60	156	22,429	22,953	
Postage & Shipping	7,948	47	158	32	-	148	3,560	11,893	
Depreciation	-	-	-	-	-	-	-	-	
Publicity	511	29	59	-	-	30	3,426	4,055	
Special Programs	756	-	-	4,738	-	75	35,969	41,538	
Fees, Penalties, & Service Charges	-	-	-	-	-	4,320	5,581	9,901	
In Kind Rent	87,720	4,080	45,060	99,300	7,186	-	-	243,346	
Miscellaneous	-	-	-	-	-	63	-	63	
Total Expenses	\$ 810,961	\$ 34,724	\$ 795,723	\$ 473,079	\$ 38,920	\$ 81,137	\$ 292,573	\$ 2,527,117	

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in Net Assets	\$ 13,435	\$ (182,936)
Changes in Current Assets:		
Grants Receivable	(85,734)	2,917
Other Receivables	(107,346)	39,143
Prepaid Expenses	(1,912)	(6,515)
Changes in Current Liabilities:		
Accounts Payable	(10,783)	(26,607)
Payroll Taxes and Benefits	46,111	9,381
Funds Held for Others	(17,045)	741
Total Cash Provided (Used) by Operating Activities	(163,274)	(163,876)
Net Change in Cash and Cash Equivalents	(163,274)	(163,876)
Cash and Cash Equivalents, Beginning of Year	1,080,949	1,244,825
Cash and Cash Equivalents, End of Year	\$ 917,675	\$ 1,080,949

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

(1) Organization

Catholic Charities of Central Texas, Inc. (Catholic Charities) incorporated on March 8, 1999, as a not-for-profit organization with programs serving the needs of the poor and vulnerable within the 25 counties of the Diocese of Austin (the Diocese). Catholic Charities achieves its mission through the provision of direct services, collaboration with other organizations and ministries as well as advocacy and promoting social justice. Catholic Charities is guided by its vision for a Central Texas in which every person thrives in their God-given gifts and dignity.

Although it is a separate legal entity, Catholic Charities is closely affiliated with the Diocese of Austin (Diocese). The Bishop of the Diocese is the sole member of Catholic Charities and appoints all members of its Board of Directors.

During the fiscal years ended June 30, 2016 and 2015, Catholic Charities operated the following major programs:

Immigration Legal Services

This program assists the immigrant community to further develop awareness of current federal immigration laws in order to promote self-sufficiency and independence, and to pursue their legal rights and benefits as outlined by the federal government. The office provides information, legal counsel, and legal representation before U.S. Citizenship and Immigration Services and Board of Immigration Appeals.

Parish Relations

This program supports the establishment of a structured social ministry in each parish; provides information and referral to existing social services; promotes networking between parishes for mutual support and information sharing; provides ongoing support and spiritual renewal for parish coordinators; works closely with other diocesan offices to integrate the social teachings of the church into all diocesan activities; and works with local, state and national social action organizations.

Financial Stability and Direct Client Aid

This program works to strengthen families through case management and direct financial assistance. Long-term case management assists families in developing and maintaining a recovery plan to stabilize their households with the goal of economic self-sufficiency. Families and individuals are also eligible to receive one-time financial assistance to meet basic needs such as rent and utilities. Catholic Charities was awarded a multi-year case management contract from the City of Austin through the BSS+ collaborative in April 2012. Catholic Charities provides case management services and has access to client assistance that is paid through a different agency. A second multi-year contract was awarded in April 2016 collaborating with community centers in which Catholic Charities is the lead agency. Catholic Charities maintains a level of preparedness to work with the Bishop to coordinate provision of aid to victims of disaster.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

(1) Organization (Continued)

Gabriel Project Life Centers

The Gabriel Project Life Centers, located in Austin and Bryan, offer a variety of services to women and men in crisis pregnancies and through the first year after a child's birth. All services are free to clients. The Life Centers are supported in part by the Texas Pregnancy Care Network and private donations.

Counseling Services

In May 2015, Catholic Charities assumed operation of the Diocese of Austin's Family Counseling Program. This program provides mental health services to individuals and families at reduced cost for those living in poverty.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Cash and Cash Equivalents

Cash and cash equivalents include all funds held in depository accounts and highly liquid investments with initial maturities of less than 90 days.

(c) Fixed Assets

Donated or purchased items with individual values of over \$5,000 are recorded as fixed assets and depreciated evenly over their useful lives. Purchased items are recorded at cost and donated items are recorded at estimated fair value on the date of donation.

(d) Contributions

Contributions and bequests, including unconditional promises to give, are recorded as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions are recorded as increases in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

(2) Summary of Significant Accounting Policies (Continued)

(e) Volunteer Services

Catholic Charities makes use of volunteers in its ministries. There were approximately 4,076 and 18,447 non-specialized volunteer hours contributed to Catholic Charities in the fiscal years ended June 30, 2016 and 2015, respectively. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-25, *Accounting for Contributions Received and Contributions Made*. The estimated dollar value of a volunteer hour published by Independent Sector for 2015 (the most recent published value) is \$25.11. Based on this rate, the dollar value of the volunteer hours contributed to Catholic Charities for fiscal years 2016 and 2015 is \$102,348 and \$463,204, respectively.

(f) Income Taxes

Catholic Charities is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes and is eligible to receive tax-deductible contributions in accordance with Internal Revenue Code Section 170.

(g) Use of Estimates

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

(h) Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(i) Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year.

(j) Subsequent Events

Management has evaluated subsequent events for potential disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

(3) Cash Concentration

Financial instruments, which potentially subject Catholic Charities to concentration of credit risk, consist principally of temporary cash investments and certificates of deposit. Catholic Charities places its temporary cash and other investments with high-credit, quality financial institutions and securities dealers, which may exceed federally and privately insured amounts at times. Catholic Charities does not believe that it is exposed to any significant credit risk on uninsured amounts.

(4) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Disaster Relief	\$ 624,162	\$ 461,112
Case Management / Client Assistance	72,200	110,355
Immigration Legal Services	20,299	-
Gabriel Project Life Center Support	36	3,000
Parish Relations	-	17,012
	<u>\$ 716,697</u>	<u>\$ 591,479</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

	<u>2016</u>	<u>2015</u>
Immigration Legal Services	\$ 176,919	\$ 126,582
Disaster Relief	129,233	406,876
Counseling Services	80,000	-
Direct Client Aid	65,216	30,103
Gabriel Project Life Center Support	72,172	51,011
Parish Relations	27,012	22,988
	<u>\$ 550,552</u>	<u>\$ 637,560</u>

(5) Retirement Benefits

All full-time employees are eligible to participate in the plan. Contributions by employees are restricted by IRS 403(b) regulations, while Catholic Charities contributes 6% of salary per employee per year and a dollar-for-dollar match of employee contributions up to 4% of salary. Contributions by Catholic Charities were \$79,999 and \$52,718 for the years ended June 30, 2016 and 2015, respectively.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

(6) Related Party

In the fiscal years ended June 30, 2016 and 2015, the Diocese contributed 30% and 34% of Catholic Charities' total funding, respectively. The Diocese also provided accounting, payroll and human resource services and office space to Catholic Charities without charge. These contributions have been recognized as revenue in the financial statements in accordance with FASB ASC 958-605-25.