

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

JUNE 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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.

Atchley & Associates, LLP

Austin, Texas

January 22, 2018

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 and 2016

Assets:	2017	2016
Current Assets		
Cash	\$ 98,057	\$ 67,336
Money Markets Cash Equivalents	381,885	850,339
Grants Receivable	432,141	129,177
Other Receivables	6,125	123,588
Prepaid Expenses	12,612	17,818
Total Current Assets	930,820	1,188,258
Vehicles and Equipment, Net of Accumulated Depreciation of \$45,602	-	-
Total Assets	\$ 930,820	\$ 1,188,258
 Liabilities:		
Current Liabilities		
Accounts Payable	\$ 5,133	\$ 20,183
Payroll Taxes and Benefits	190,732	139,179
Funds Held for Others	725	725
Total Current Liabilities	196,590	160,087
 Net Assets:		
Unrestricted	311,474	311,474
Temporarily Restricted	422,756	716,697
Total Net Assets	734,230	1,028,171
Total Liabilities and Net Assets	\$ 930,820	\$ 1,188,258

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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Diocesan Grants	\$ 644,688	\$ -	\$ 644,688
Foundation Grants	184,585	176,911	361,496
Governmental Grants	1,464,535	-	1,464,535
Special Collections	-	69,867	69,867
Contributions	682,043	145,019	827,062
In Kind Contributions	306,300	-	306,300
Client Fees	505,987	-	505,987
Interest Income	1,527	-	1,527
Other	1,618	-	1,618
	<u>3,791,283</u>	<u>391,797</u>	<u>4,183,080</u>
Net Assets Released from Restrictions	<u>685,738</u>	<u>(685,738)</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	<u>4,477,021</u>	<u>(293,941)</u>	<u>4,183,080</u>
Expenses:			
Immigrant Legal Services	1,147,472	-	1,147,472
Parish Relations	101,578	-	101,578
Financial Stability & Direct Client Aid	1,392,187	-	1,392,187
Gabriel Project Life Centers	516,674	-	516,674
Counseling Services	431,219	-	431,219
Disaster Assistance	348,179	-	348,179
	<u>3,937,309</u>	<u>-</u>	<u>3,937,309</u>
Management & General	75,009	-	75,009
Fundraising	464,703	-	464,703
	<u>4,477,021</u>	<u>-</u>	<u>4,477,021</u>
Change in Net Assets	-	(293,941)	(293,941)
Net Assets at Beginning of Year	<u>311,474</u>	<u>716,697</u>	<u>1,028,171</u>
Net Assets at End of Year	<u>\$ 311,474</u>	<u>\$ 422,756</u>	<u>\$ 734,230</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, 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	527,260	-	527,260
Gabriel Project Life Centers	476,871	-	476,871
Counseling Services	257,008	-	257,008
Disaster Assistance	122,191	-	122,191
	<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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

Expenses	Immigrant	Parish	Financial	Gabriel Project	Counseling	Disaster	Management	Fundraising	Total
	Legal Services	Relations	Stability & Direct Client Aid	Life Centers	Services	Assistance	& General		
Salary and Benefits	\$ 854,930	\$ 85,810	\$ 423,736	\$ 293,569	\$ 300,995	\$ 71,804	\$ 14,192	\$ 296,416	\$ 2,341,452
Occupancy Costs	116,447	7,769	86,723	138,526	85,719	7,537	11,620	4,973	459,314
Other Prof/Contract Svcs	72,064	4,336	42,797	35,164	29,158	4,274	16,570	52,819	257,182
Administrative Expense	65,546	544	27,860	7,487	13,799	2,594	15,038	47,693	180,561
Staff Development & Travel	26,633	2,976	2,202	7,919	1,514	8,186	9,885	13,342	72,657
Advertising & Promotion	877	124	1	364	4	-	1,251	9,076	11,697
Program Events	4,041	-	-	121	21	-	6,452	40,091	50,726
Client Assistance	5,455	-	808,863	33,204	-	253,783	-	-	1,101,305
Other Expenses	1,479	19	5	320	9	1	1	293	2,127
Total Expenses	\$ 1,147,472	\$ 101,578	\$ 1,392,187	\$ 516,674	\$ 431,219	\$ 348,179	\$ 75,009	\$ 464,703	\$ 4,477,021

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	Parish	Financial	Gabriel Project	Counseling	Disaster	Management	Fundraising	Total
	Legal Services	Relations	Stability & Direct Client Aid	Life Centers	Services	Assistance	& General		
Salary and Benefits	\$ 779,027	\$ 75,746	\$ 332,185	\$ 297,946	\$ 181,344	\$ 9,673	\$ 46,774	\$ 294,125	\$ 2,016,820
Occupancy Costs	145,130	6,890	73,090	125,303	65,372	-	5,076	6,068	426,929
Other Prof/Contract Svcs	4,616	153	3,313	14,827	4,061	134	805	19,952	47,861
Administrative Expense	62,106	536	19,616	11,669	4,575	-	6,953	47,947	153,402
Staff Development & Travel	23,044	3,270	8,236	5,492	1,476	968	16,174	14,794	73,454
Advertising & Promotion	-	-	87	-	-	-	87	2,465	2,639
Program Events	1,006	19	-	650	180	-	-	37,681	39,536
Client Assistance	21	-	90,733	20,984	-	111,416	-	-	223,154
Other Expenses	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 1,014,950	\$ 86,614	\$ 527,260	\$ 476,871	\$ 257,008	\$ 122,191	\$ 75,869	\$ 423,032	\$ 2,983,795

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, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in Net Assets	\$ (293,941)	\$ 13,435
Changes in Current Assets:		
Grants Receivable	(302,964)	(85,734)
Other Receivables	117,463	(107,346)
Prepaid Expenses	5,206	(1,912)
Changes in Current Liabilities:		
Accounts Payable	(15,050)	(10,783)
Payroll Taxes and Benefits	51,553	46,111
Funds Held for Others	-	(17,045)
Total Cash Provided (Used) by Operating Activities	(437,733)	(163,274)
Net Change in Cash and Cash Equivalents	(437,733)	(163,274)
Cash and Cash Equivalents, Beginning of Year	917,675	1,080,949
Cash and Cash Equivalents, End of Year	\$ 479,942	\$ 917,675

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

(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.

On September 16, 2010, the Catholic Charities' Board of Directors voted to enter into a management agreement with Marywood, a non-profit organization specializing in adoption and foster care services. Marywood maintained its legal identity for liability, licensing and contractual purposes. The management and governance was comprised of a subset of Catholic Charities leadership and board members.

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 year ended June 30, 2017, 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. The program expanded access to Naturalization Services through awards from the Department of Homeland Security/USCIS and Catholic Legal Immigration Network. The City of Austin provides funding to support other services offered, with City Counsel approving emergency funding to serve an additional 50 clients a month through March 2018.

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.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

(1) Organization (Continued)

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. Services were expanded in the Brazos Valley in partnerships with the cities of Bryan and College Station through Community Development Block Grants.

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.

Disaster Assistance

In 2017, Catholic Charities split disaster assistance into its own program from Financial Stability & Direct Client Aid. With the assistance of a grant from CCUSA, Catholic Charities is able to expand the program to include a full time staff position and training for disaster response volunteers.

(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.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

(2) Summary of Significant Accounting Policies (Continued)

(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.

(e) Volunteer Services

Catholic Charities makes use of volunteers in its ministries. There were approximately 4,848 and 4,076 non-specialized volunteer hours contributed to Catholic Charities in the fiscal years ended June 30, 2017 and 2016, respectively. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification (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 \$25.15, respectively. Based on this rate, the dollar value of the volunteer hours contributed to Catholic Charities for fiscal years 2017 and 2016 is \$121,927 and \$102,511, 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.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

(2) Summary of Significant Accounting Policies (Continued)

(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.

(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:

	2017	2016
Disaster Relief	\$ 389,074	\$ 624,162
Case Management / Client Assistance	18,528	72,200
Immigration Legal Services	6,919	20,299
Gabriel Project Life Center Support	8,235	36
Parish Relations	-	-
	\$ 422,756	\$ 716,697

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

	2017	2016
Immigration Legal Services	\$ 194,876	\$ 176,919
Disaster Relief	281,671	129,233
Counseling Services	50,000	80,000
Direct Client Aid	85,885	65,216
Gabriel Project Life Center Support	28,306	72,172
Parish Relations	20,000	27,012
Volunteer development/support	25,000	-
	\$ 685,738	\$ 550,552

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

(5) Retirement Benefits

All full-time employees are eligible to participate a 403(b) plan established by the Diocese. 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 \$79,469 and \$79,999 for the years ended June 30, 2017 and 2016, respectively.

(6) Related Party

In the fiscal years ended June 30, 2017 and 2016, the Diocese contributed 23% and 30% 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.