

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.

INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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, 2018 and 2017, 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, 2018 and 2017, 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.

A handwritten signature in cursive script that reads "Atchley & Associates, LLP".

Austin, Texas

November 14, 2018

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

<b>Assets:</b>	<u>2018</u>	<u>2017</u>
Current Assets		
Cash	\$ 253,557	\$ 98,057
Money Market Cash Equivalents	587,493	381,885
Grants Receivable	528,580	432,141
Other Receivables	23,281	6,125
Prepaid Expenses	<u>33,100</u>	<u>12,612</u>
Total Current Assets	<u>1,426,011</u>	<u>930,820</u>
Vehicles and Equipment, Net of Accumulated Depreciation of \$45,602	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 1,426,011</u></u>	<u><u>\$ 930,820</u></u>
<b>Liabilities:</b>		
Current Liabilities		
Accounts Payable	\$ 29,590	\$ 5,133
Payroll Taxes and Benefits	235,468	190,732
Funds Held for Others	<u>725</u>	<u>725</u>
Total Current Liabilities	<u>265,783</u>	<u>196,590</u>
<b>Net Assets:</b>		
Unrestricted	311,474	311,474
Temporarily Restricted	<u>848,754</u>	<u>422,756</u>
Total Net Assets	<u>1,160,228</u>	<u>734,230</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,426,011</u></u>	<u><u>\$ 930,820</u></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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
Diocesan Grants	\$ 707,532	\$ -	\$ 707,532
Foundation Grants	3,850	852,579	856,429
Governmental Grants	1,884,317	122,163	2,006,480
Special Collections	-	80,528	80,528
Contributions	431,624	638,240	1,069,864
Contributions - Special Events	369,679	-	369,679
In Kind Contributions	306,300	-	306,300
Client Fees	472,318	-	472,318
Interest Income	5,608	-	5,608
Other	2,139	-	2,139
	<u>4,183,367</u>	<u>1,693,510</u>	<u>5,876,877</u>
Net Assets Released from Restrictions	<u>1,267,512</u>	<u>(1,267,512)</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	<u>5,450,879</u>	<u>425,998</u>	<u>5,876,877</u>
<b>Expenses:</b>			
Immigrant Legal Services	1,423,026	-	1,423,026
Parish Relations	90,757	-	90,757
Financial Stability	1,239,176	-	1,239,176
Gabriel Project Life Centers	448,688	-	448,688
Counseling Services	792,846	-	792,846
Disaster Response	454,043	-	454,043
St. Michael's Veteran's Services	379,775	-	379,775
	<u>4,828,311</u>	<u>-</u>	<u>4,828,311</u>
Management & General	61,862	-	61,862
Fundraising	560,706	-	560,706
	<u>5,450,879</u>	<u>-</u>	<u>5,450,879</u>
<b>Change in Net Assets</b>	<b>-</b>	<b>425,998</b>	<b>425,998</b>
<b>Net Assets at Beginning of Year</b>	<u>311,474</u>	<u>422,756</u>	<u>734,230</u>
<b>Net Assets at End of Year</b>	<u>\$ 311,474</u>	<u>\$ 848,754</u>	<u>\$ 1,160,228</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, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
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	328,058	145,018	473,076
Contributions - Special Events	353,985	-	353,985
In Kind Contributions	306,300	-	306,300
Client Fees	505,987	-	505,987
Interest Income	1,527	-	1,527
Other	1,618	-	1,618
	<hr/>	<hr/>	<hr/>
Total Revenues	3,791,283	391,796	4,183,079
Net Assets Released from Restrictions	685,738	(685,738)	-
	<hr/>	<hr/>	<hr/>
Total Revenues and Net Assets Released from Restrictions	4,477,021	(293,942)	4,183,079
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Immigrant Legal Services	1,147,472	-	1,147,472
Parish Relations	101,578	-	101,578
Financial Stability	1,392,187	-	1,392,187
Gabriel Project Life Centers	516,674	-	516,674
Counseling Services	431,219	-	431,219
Disaster Response	348,179	-	348,179
St. Michael's Veteran's Services	-	-	-
	<hr/>	<hr/>	<hr/>
Total Program Expenses	3,937,309	-	3,937,309
Management & General	75,008	-	75,008
Fundraising	464,704	-	464,704
	<hr/>	<hr/>	<hr/>
Total Expenses	4,477,021	-	4,477,021
	<hr/>	<hr/>	<hr/>
<b>Change in Net Assets</b>	-	(293,942)	(293,942)
<b>Net Assets at Beginning of Year</b>	<hr/>	<hr/>	<hr/>
	311,474	716,698	1,028,172
	<hr/>	<hr/>	<hr/>
<b>Net Assets at End of Year</b>	<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 FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Expenses	Immigrant Legal Services	Parish Relations	Financial Stability	Gabriel Project Life Centers	Counseling Services	Disaster Response	St. Michael's Veteran's Services	Management & General	Fundraising	Total
Salary and Benefits	\$ 984,507	\$ 73,528	\$ 478,401	\$ 261,166	\$ 565,386	\$ 96,222	\$ 170,016	\$ 11,825	\$ 359,889	\$ 3,000,940
Occupancy Costs	130,937	7,045	58,285	89,476	127,187	5,496	30,348	10,729	4,384	463,887
Other Prof/Contract Svcs	205,708	5,220	49,359	45,605	61,186	5,215	21,810	14,159	74,140	482,402
Administrative Expense	68,916	696	15,593	8,919	26,984	3,551	9,996	10,127	62,796	207,578
Staff Development & Travel	27,450	3,992	5,653	4,994	8,493	16,133	13,235	15,030	16,153	111,133
Advertising & Promotion	1,539	237	629	3,305	3,277	112	414	-	7,039	16,552
Program Events	3,338	39	-	78	-	-	-	-	35,636	39,091
Client Assistance	(935)	-	631,189	34,801	-	327,314	131,919	-	-	1,124,288
Other Expenses	1,566	-	67	344	333	-	2,037	(8)	669	5,008
<b>Total Expenses</b>	<b>\$ 1,423,026</b>	<b>\$ 90,757</b>	<b>\$ 1,239,176</b>	<b>\$ 448,688</b>	<b>\$ 792,846</b>	<b>\$ 454,043</b>	<b>\$ 379,775</b>	<b>\$ 61,862</b>	<b>\$ 560,706</b>	<b>\$ 5,450,879</b>

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 Legal Services	Parish Relations	Financial Stability	Gabriel Project Life Centers	Counseling Services	Disaster Response	St. Michael's Veteran's Services	Management & General	Fundraising	Total
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	-	15,037	47,694	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
<b>Total Expenses</b>	<b>\$ 1,147,472</b>	<b>\$ 101,578</b>	<b>\$ 1,392,187</b>	<b>\$ 516,674</b>	<b>\$ 431,219</b>	<b>\$ 348,179</b>	<b>\$ -</b>	<b>\$ 75,008</b>	<b>\$ 464,704</b>	<b>\$ 4,477,021</b>

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, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 425,998	\$ (293,942)
Changes in Current Assets:		
Grants Receivable	(96,439)	(302,964)
Other Receivables	(17,156)	117,463
Prepaid Expenses	(20,488)	5,206
Changes in Current Liabilities:		
Accounts Payable	24,457	(15,050)
Payroll Taxes and Benefits	44,736	51,553
Funds Held for Others	-	-
<b>Total Cash Provided (Used) by Operating Activities</b>	<b>361,108</b>	<b>(437,734)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>361,108</b>	<b>(437,734)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>479,942</b>	<b>917,676</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 841,050</b>	<b>\$ 479,942</b>

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

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**(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. 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, 2018, Catholic Charities operated the following major programs:

*Immigration Legal Services*

The Immigration Legal Services program provides assistance to individuals and families eligible to apply for immigration benefits, with a focus on family reunification. Services include naturalization services, humanitarian relief, temporary protected status, as well as services for victims of domestic violence and human trafficking. The program expanded access to Natrualization 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*

The Parish Relations program provides information and referral to existing social services; promotes networking between parishes for mutual support and information sharing; 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*

The Financial Stability program provides long-term comprehensive case management services and financial assistance to help families develop and implement a recovery plan to stabilize their household and achieve economic self-sufficiency. In addition the program provides homelessness prevention services through financial education classes for the community at large. Catholic Charities was awarded a multi-year case management contract from the City of Austin through the BSS+ collaborative in April 2012 where Catholic Charities has access to client assistance that is paid through a different agency. A second multi-year contract was awarded in April 2016 in partnership with the City of Austin where Catholic Charities serves as the lead agency in collaboration with four local community centers to assist in helping families with financial aid. Services were expanded in the Brazos Valley in partnerships with the cities of Bryan and College Station through Commuunity Development Block Grants.

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**(1) Organization (Continued)**

*Gabriel Project Life Centers*

The Gabriel Project Life Center program provides culturally-competent services to women and men until their child is two years of age, including pregnancy and parenting classes, mentoring, and material assistance. The program is supported in part by the Texas Pregnancy Care Network and private donations.

*Counseling Services*

The Counseling Services program provide low-cost, comprehensive mental health services for individuals, families, children, couples or groups. Services are offered on a sliding fee scale, and no one is turned away due to inability to pay. In FY2018 the program received additional funding through the Texas Veteran's Commission.

*Disaster Response*

The Disaster Response program responds to disasters by providing immediate and long-term relief to families impacted by a disaster. Services include financial aid, shelter care, counseling, document replacement, housing repair, housing rebuild, and more. Since 2013, Catholic Charities has responded to an average of three disasters across our service region annually. With the assistance of a grant from CCUSA, we are able to expand the program to include a full time staff position and training for disaster response volunteers.

*St. Michael's Veteran's Services*

The St. Michael's Veteran Services program provides case management and short-term financial assistance for active duty, veterans, their spouses, dependents and surviving spouses. In July of 2017 St. Michael's Veteran's Program was established with assistance from a grant through the Texas Veteran's Commission.

**(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.

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**(2) Summary of Significant Accounting Policies (Continued)**

**(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 7,891 and 4,848 non-specialized volunteer hours contributed to Catholic Charities in the fiscal years ended June 30, 2018 and 2017, 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 \$24.64. Based on this rate, the dollar value of the volunteer hours contributed to Catholic Charities for fiscal years 2018 and 2017 is \$194,434 and \$119,455, 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.

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**(2) Summary of Significant Accounting Policies (Continued)**

**(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.

**(k) Recently Issued Accounting Pronouncements**

In August 2016, the FASB issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires presentation on the face of the Statements of Financial Position amounts for two classes of net assets at the end of the period, net assets with donor restrictions and net assets without donor restrictions, rather than the currently required three classes. The standard also requires the presentation on the face of the Statement of Activities the amount of the change in each of these two classes of net assets. The entity will be required to provide enhanced disclosures about liquidity in the footnotes to the financial statements. The standard is effective for fiscal years beginning after December 15, 2017, and early adoption is permitted. Catholic Charities is currently evaluating the impact the standard will have on the financial statements.

**(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:

	2018	2017
Disaster Relief	\$ 658,705	\$ 389,074
Agency Support	87,985	-
Case Management / Client Assistance	57,309	18,528
Counseling Services	42,703	-
Immigration Legal Services	2,052	6,919
Gabriel Project Life Center	-	8,235
	\$ 848,754	\$ 422,756

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**(4) Temporarily Restricted Net Assets (Continued)**

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

	2018	2017
Disaster Relief	\$ 446,683	\$ 281,671
Agency Support	287,159	-
Immigration Legal Services	181,102	194,876
Counseling Services	126,491	50,000
Direct Client Aid	105,719	85,885
Gabriel Project Life Center	78,918	28,306
St. Michael's Veteran's Program	31,440	-
Parish Relations	10,000	20,000
Volunteer Development/Support	-	25,000
	\$ 1,267,512	\$ 685,738

**(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 \$119,702 and \$79,469 for the years ended June 30, 2018 and 2017, respectively.

**(6) Related Party**

In the fiscal years ended June 30, 2018 and 2017, the Diocese contributed 17% and 23% of Catholic Charities' total funding respectively. The Diocese provided office space to Catholic Charities without charge. The Diocese also contributed 83% and 100% respectively of the cost of accounting, payroll, IT and human resource services to Catholic Charities. These contributions have been recognized as revenue in the financial statements in accordance with FASB ASC 958-605-25.