

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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, 2020 and 2019, 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, 2020 and 2019, 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

December 23, 2020

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

Assets:	2020	2019
Current Assets		
Cash	\$ 542,439	\$ 433,929
Money Market Cash Equivalents	252,045	596,287
Grants Receivable	744,309	239,130
Other Receivables	127,554	23,522
Prepaid Expenses	62,850	28,378
Total Current Assets	1,729,197	1,321,246
Vehicles and Equipment, Net of Accumulated Depreciation of \$45,602	-	-
Total Assets	\$ 1,729,197	\$ 1,321,246
 Liabilities:		
Current Liabilities		
Accounts Payable	\$ 47,108	\$ 9,203
Payroll Taxes and Benefits	256,369	227,272
Funds Held for Others	13,694	-
Total Current Liabilities	317,171	236,475
 Net Assets:		
Without Donor Restriction	415,864	348,999
With Donor Restriction	996,162	735,772
Total Net Assets	1,412,026	1,084,771
Total Liabilities and Net Assets	\$ 1,729,197	\$ 1,321,246

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, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenues:			
Diocesan Grants	\$ 691,085	\$ -	\$ 691,085
Foundation Grants	765,112	451,978	1,217,090
Governmental Grants	2,382,573	81,737	2,464,310
Special Collections	-	52,784	52,784
Contributions	639,267	174,790	814,057
Contributions - Special Events	384,603	-	384,603
In-Kind Contributions	315,060	-	315,060
Client Fees	528,621	-	528,621
Interest Income	6,312	-	6,312
Other	189,475	-	189,475
	<u>5,902,108</u>	<u>761,289</u>	<u>6,663,397</u>
Net Assets Released from Restrictions	<u>500,899</u>	<u>(500,899)</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	<u>6,403,007</u>	<u>260,390</u>	<u>6,663,397</u>
Expenses:			
Immigrant Legal Services	1,431,929	-	1,431,929
Parish Relations	208,936	-	208,936
Financial Stability	1,699,460	-	1,699,460
Gabriel Project Life Centers	452,317	-	452,317
Counseling Services	723,829	-	723,829
Disaster Response	779,388	-	779,388
St. Michael's Veteran's Services	151,522	-	151,522
	<u>5,447,381</u>	<u>-</u>	<u>5,447,381</u>
Management & General	86,300	-	86,300
Fundraising	802,461	-	802,461
	<u>6,336,142</u>	<u>-</u>	<u>6,336,142</u>
Change in Net Assets	66,865	260,390	327,255
Net Assets at Beginning of Year	<u>348,999</u>	<u>735,772</u>	<u>1,084,771</u>
Net Assets at End of Year	<u>\$ 415,864</u>	<u>\$ 996,162</u>	<u>\$ 1,412,026</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, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenues:			
Diocesan Grants	\$ 698,064	\$ -	\$ 698,064
Foundation Grants	69,067	617,575	686,642
Governmental Grants	1,771,283	23,570	1,794,853
Special Collections	-	71,400	71,400
Contributions	430,392	166,308	596,700
Contributions - Special Events	651,171	500	651,671
In-Kind Contributions	309,300	-	309,300
Client Fees	563,517	-	563,517
Interest Income	8,836	-	8,836
Other	1,575	-	1,575
	<u>4,503,205</u>	<u>879,353</u>	<u>5,382,558</u>
Net Assets Released from Restrictions	<u>992,335</u>	<u>(992,335)</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	<u>5,495,540</u>	<u>(112,982)</u>	<u>5,382,558</u>
Expenses:			
Immigrant Legal Services	1,314,878	-	1,314,878
Parish Relations	95,907	-	95,907
Financial Stability	1,299,809	-	1,299,809
Gabriel Project Life Centers	476,410	-	476,410
Counseling Services	673,718	-	673,718
Disaster Response	314,666	-	314,666
St. Michael's Veteran's Services	397,935	-	397,935
	<u>4,573,323</u>	<u>-</u>	<u>4,573,323</u>
Management & General	135,049	-	135,049
Fundraising	749,643	-	749,643
	<u>5,458,015</u>	<u>-</u>	<u>5,458,015</u>
Change in Net Assets	37,525	(112,982)	(75,457)
Net Assets at Beginning of Year	<u>311,474</u>	<u>848,754</u>	<u>1,160,228</u>
Net Assets at End of Year	<u>\$ 348,999</u>	<u>\$ 735,772</u>	<u>\$ 1,084,771</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, 2020

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	\$ 1,021,050	\$ 161,744	\$ 562,452	\$ 260,268	\$ 492,606	\$ 203,752	\$ 53,652	\$ 22,656	\$ 557,036	\$ 3,335,216
Occupancy Costs	149,019	14,454	78,404	93,956	129,207	21,590	7,638	2,806	5,300	502,374
Other Prof/Contract Svcs	173,176	15,655	85,286	65,349	65,260	17,971	4,370	33,627	98,979	559,673
Administrative Expense	68,189	3,048	19,635	14,912	32,653	8,987	5,894	12,987	67,905	234,210
Staff Development & Travel	14,188	4,725	5,027	7,517	4,023	10,310	2,298	13,686	10,578	72,352
Advertising & Promotion	-	245	-	416	-	1,154	-	500	14,971	17,286
Program Events	2,692	200	-	-	-	-	-	-	47,459	50,351
Client Assistance	3,261	-	948,653	9,327	-	515,624	77,670	-	-	1,554,535
Other Expenses	354	8,865	3	572	80	-	-	38	233	10,145
Total Expenses	\$ 1,431,929	\$ 208,936	\$ 1,699,460	\$ 452,317	\$ 723,829	\$ 779,388	\$ 151,522	\$ 86,300	\$ 802,461	\$ 6,336,142

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, 2019

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	\$ 925,571	\$ 77,041	\$ 491,169	\$ 303,714	\$ 480,743	\$ 101,255	\$ 195,810	\$ 25,328	\$ 520,612	\$ 3,121,243
Occupancy Costs	132,277	6,948	59,232	89,081	113,490	6,007	28,908	24,810	4,966	465,719
Other Prof/Contract Svcs	153,259	6,554	68,522	50,503	49,940	6,547	22,005	48,806	98,119	504,255
Administrative Expense	71,173	1,035	13,914	10,246	25,837	2,781	6,566	13,089	46,709	191,350
Staff Development & Travel	30,954	3,958	5,088	5,905	3,665	15,589	10,689	14,794	16,110	106,752
Advertising & Promotion	-	280	-	-	-	-	-	60	15,889	16,229
Program Events	1,079	91	13	56	-	14	13	-	46,409	47,675
Client Assistance	85	-	661,871	16,186	-	182,473	133,944	-	195	994,754
Other Expenses	480	-	-	719	43	-	-	8,162	634	10,038
Total Expenses	\$ 1,314,878	\$ 95,907	\$ 1,299,809	\$ 476,410	\$ 673,718	\$ 314,666	\$ 397,935	\$ 135,049	\$ 749,643	\$ 5,458,015

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, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 327,255	\$ (75,457)
Changes in Current Assets:		
Grants Receivable	(505,179)	289,450
Other Receivables	(104,032)	(241)
Prepaid Expenses	(34,472)	4,722
Changes in Current Liabilities:		
Accounts Payable	37,905	(20,387)
Payroll Taxes and Benefits	29,097	(8,196)
Funds Held for Others	13,694	(725)
Total Cash Provided (Used) by Operating Activities	(235,732)	189,166
Net Change in Cash and Cash Equivalents	(235,732)	189,166
Cash and Cash Equivalents, Beginning of Year	1,030,216	841,050
Cash and Cash Equivalents, End of Year	\$ 794,484	\$ 1,030,216

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(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 years ended June 30, 2020 and 2019, 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 Naturalization Services through awards from the Department of Homeland Security/USCIS and Catholic Legal Immigration Network. The City of Austin and Travis County provide funding to support other services offered in those areas.

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 in the Brazos Valley are supported by partnerships with United Way of Brazos Valley and the cities of Bryan and College Station through Community Development Block Grants.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(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 three 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. The program is subsidized through foundation grants and private contributions.

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 in accordance with U.S. generally accepted accounting principles (US GAAP), which require Catholic Charities to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Catholic Charities' management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Catholic Charities or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(2) Summary of Significant Accounting Policies (Continued)

(a) Basis of Presentation (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

(b) Cash and Cash Equivalents

Catholic Charities' cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

(c) 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.

(d) Contribution and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

(e) 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.

(f) Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(2) Summary of Significant Accounting Policies (Continued)

(f) Contributions (continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

(g) Volunteer Services

Catholic Charities makes use of volunteers in its ministries. There were approximately 14,200 and 10,504 non-specialized volunteer hours contributed to Catholic Charities in the fiscal years ended June 30, 2020 and 2019, respectively. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP. The estimated dollar value of a volunteer hour published by Independent Sector for 2020 (the most recent published value) is \$27.20. Based on this rate, the dollar value of the volunteer hours contributed to Catholic Charities for fiscal years 2020 and 2019 is \$386,240 and \$285,709, respectively.

(h) Income Taxes

Catholic Charities is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Catholic Charities has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Catholic Charities has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

(i) 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. The expenses that are allocated include the following:

Occupancy cost and in-kind allocations for each location are calculated on the basis of square footage. Insurance expense and Diocese of Austin services allocations are a percentage of total employees. These expenses are reported in Occupancy and Other Professional Services respectively. Most payroll is direct allocation based on timesheet entry. Administrative payroll expenses are allocated based on percentage program employees.

(j) 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.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(2) Summary of Significant Accounting Policies (Continued)

(k) Reclassifications

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

(l) 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.

(m) Recently Issued Accounting Pronouncements

Catholic Charities adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update assists entities in evaluating whether transactions should be accounting for as contributions as an exchange transactions, and determining whether a contribution is conditional. Catholic Charities adopted FASB ASU No. 2018-08 as of January 1, 2019, using the modified prospective basis. In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and additional ASUs issued to clarify the guidance in ASU 2014-09, which amends the existing accounting standards for revenue recognition. Conspirare adopted the new revenue standard utilizing the full retrospective method. Catholic Charities did not make any significant changes to the financial statements as a result of the adoption of the ASUs.

(3) Availability and Liquidity

The following represents Catholic Charities' financial assets at June 30, 2020 and 2019:

Financial assets at year end:		
Cash	\$ 542,439	\$ 433,929
Money Market Cash Equivalents	252,045	596,287
Grants Receivable	744,309	239,130
Other Receivables	127,554	23,522
Total financial assets	<u>1,666,347</u>	<u>1,292,868</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	996,162	735,772
Less net assets with purpose restrictions to be met in less than a year	(743,033)	(308,675)
Board designated reserve	102,420	37,525
Funds held for others	13,694	-
	<u>369,243</u>	<u>464,622</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,297,104</u>	<u>\$ 828,246</u>

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(3) Availability and Liquidity (Continued)

Catholic Charities has historically maintained financial assets to meet one to two months of operating expenses. As a grant-funded organization, management closely monitors grant income and adjusts general spending within these limits. Management is working to build a six month reserve as part of the strategic mapping process. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

(4) Net Assets

Net assets with donor restrictions are available for the following purposes:

	2020	2019
Agency Support	\$ 167,100	\$ 40,450
Counseling Services	96,500	20,440
Disaster Relief	457,053	596,925
Financial Stability	110,027	34,570
Gabriel Project Life Center	38,854	-
Immigration Legal Services	122,567	43,387
Parish Relations	2,061	-
St. Michael's Veteran's Program	2,000	-
	<u>\$ 996,162</u>	<u>\$ 735,772</u>

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

	2020	2019
Agency Support	\$ 40,000	\$ 297,985
Counseling Services	48,440	97,803
Disaster Relief	204,715	244,346
Financial Stability	128,999	103,889
Gabriel Project Life Center	10,890	30,058
Immigration Legal Services	58,494	182,800
Parish Relations	8,589	3,004
St. Michael's Veteran's Program	772	32,450
	<u>\$ 500,899</u>	<u>\$ 992,335</u>

In addition, Catholic Charities has a Board Reserve Policy with a purpose to ensure the stability of the mission, programs, employment, and ongoing operations of the organization, as well as to fund opportunities for future growth. Board reserves are intended to provide an internal, dedicated source of funding for the following situations:

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(4) Net Assets (Continued)

- Unforeseen expenses or cash shortfall
- Temporary support for program continuation if income is uncertain
- Replacement or repair of major equipment/property
- Nonrecurring expenses and opportunistic investments that will build long-term capacity and further the mission (e.g. staff development, investment in infrastructure, startup funding for a new program)

Board reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. At June 30, 2020 and 2019, the board designated reserve totaled \$\$102,420 and \$37,525. respectively.

(5) Retirement Benefits

All full-time employees are eligible to participate in the Diocese of Austin-sponsored 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 \$166,575 and \$166,587 for the years ended June 30, 2020 and 2019, respectively.

(6) Related Party

In the fiscal years ended June 30, 2020 and 2019, the Diocese contributed 16% and 20% of Catholic Charities' total funding respectively. The Diocese provided office space to Catholic Charities without charge. The Diocese also contributed 85% and 79% 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 US GAAP.