

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.

INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

### **Opinion**

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Charities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities' ability to continue as a going concern within one year after the date that the financial statements are issued.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Catholic Charities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.



Austin, Texas

March 1, 2023

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

<b>Assets:</b>	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 437,200	\$ 718,683
Money Market Cash Equivalents	80,637	380,464
Grants Receivable	442,329	486,019
Other Receivables	42,291	63,239
Prepaid Expenses	<u>30,580</u>	<u>40,967</u>
Total Current Assets	<u>1,033,037</u>	<u>1,689,372</u>
<b>Total Assets</b>	<b><u><u>\$ 1,033,037</u></u></b>	<b><u><u>\$ 1,689,372</u></u></b>
<b>Liabilities:</b>		
Current Liabilities		
Accounts Payable	\$ 80,984	\$ 12,733
Payroll Taxes and Benefits	233,264	283,611
Funds Held for Others	<u>13,694</u>	<u>13,694</u>
Total Current Liabilities	<u>327,942</u>	<u>310,038</u>
<b>Net Assets:</b>		
Without Donor Restriction	77,106	498,004
With Donor Restriction	<u>627,989</u>	<u>881,330</u>
Total Net Assets	<u>705,095</u>	<u>1,379,334</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 1,033,037</u></u></b>	<b><u><u>\$ 1,689,372</u></u></b>

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, 2022**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Revenues:</b>			
Diocesan Grants	\$ 770,401	\$ -	\$ 770,401
Foundation Grants	283,583	513,030	796,613
Governmental Grants	2,109,964	4,497	2,114,461
Special Collections	-	161,764	161,764
Contributions	645,277	88,430	733,707
Contributions - Special Events	273,484	-	273,484
Contributed Nonfinancial Assets	336,270	-	336,270
Client Fees	524,431	-	524,431
Interest Income	974	-	974
Other	17,014	-	17,014
	<u>4,961,398</u>	<u>767,721</u>	<u>5,729,119</u>
Net Assets Released from Restrictions	<u>1,021,062</u>	<u>(1,021,062)</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	<u>5,982,460</u>	<u>(253,341)</u>	<u>5,729,119</u>
<b>Expenses:</b>			
Immigrant Legal Services	1,683,965	-	1,683,965
Parish Relations	203,104	-	203,104
Financial Stability	1,817,874	-	1,817,874
Gabriel Project Life Centers	690,516	-	690,516
Counseling Services	617,740	-	617,740
Disaster Response	280,684	-	280,684
St. Michael's Veteran's Services	340,069	-	340,069
	<u>5,633,952</u>	<u>-</u>	<u>5,633,952</u>
Management & General	118,603	-	118,603
Fundraising	650,803	-	650,803
	<u>6,403,358</u>	<u>-</u>	<u>6,403,358</u>
<b>Change in Net Assets</b>	<b>(420,898)</b>	<b>(253,341)</b>	<b>(674,239)</b>
<b>Net Assets at Beginning of Year</b>	<u>498,004</u>	<u>881,330</u>	<u>1,379,334</u>
<b>Net Assets at End of Year</b>	<u>\$ 77,106</u>	<u>\$ 627,989</u>	<u>\$ 705,095</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, 2021**

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Revenues:</b>			
Diocesan Grants	\$ 678,324	\$ -	\$ 678,324
Foundation Grants	349,000	778,116	1,127,116
Governmental Grants	3,132,278	94,476	3,226,754
Special Collections	300	17,241	17,541
Contributions	669,597	204,060	873,657
Contributions - Special Events	398,207	-	398,207
Contributed Nonfinancial Assets	315,060	-	315,060
Client Fees	489,700	-	489,700
Interest Income	1,385	-	1,385
Other	10,328	-	10,328
	<u>6,044,179</u>	<u>1,093,893</u>	<u>7,138,072</u>
Net Assets Released from Restrictions	<u>1,208,725</u>	<u>(1,208,725)</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	<u>7,252,904</u>	<u>(114,832)</u>	<u>7,138,072</u>
<b>Expenses:</b>			
Immigrant Legal Services	1,477,960	-	1,477,960
Parish Relations	209,658	-	209,658
Financial Stability	1,793,241	-	1,793,241
Gabriel Project Life Centers	526,837	-	526,837
Counseling Services	588,361	-	588,361
Disaster Response	1,456,359	-	1,456,359
St. Michael's Veteran's Services	376,070	-	376,070
	<u>6,428,486</u>	<u>-</u>	<u>6,428,486</u>
Management & General	86,446	-	86,446
Fundraising	655,832	-	655,832
	<u>7,170,764</u>	<u>-</u>	<u>7,170,764</u>
<b>Change in Net Assets</b>	82,140	(114,832)	(32,692)
<b>Net Assets at Beginning of Year</b>	<u>415,864</u>	<u>996,162</u>	<u>1,412,026</u>
<b>Net Assets at End of Year</b>	<u>\$ 498,004</u>	<u>\$ 881,330</u>	<u>\$ 1,379,334</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, 2022**

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	\$ 1,206,032	\$ 166,632	\$ 542,859	\$ 492,319	\$ 432,455	\$ 64,749	\$ 138,023	\$ 48,712	\$ 348,117	\$ 3,439,898
Client Assistance	11,145	-	1,043,805	1,823	-	141,255	153,306	-	-	1,351,334
Other Prof/Contract Svcs	190,633	15,034	79,065	49,560	53,444	51,517	14,961	37,903	172,251	664,368
Occupancy Costs	150,242	16,607	101,704	101,753	106,532	17,393	26,051	6,811	5,815	532,908
Administrative Expense	115,580	1,196	47,105	37,806	23,127	3,829	7,054	14,741	75,101	325,539
Staff Development & Travel	8,763	3,440	3,316	6,269	2,158	1,736	672	5,337	8,796	40,487
Program Events	556	4	20	21	24	2	2	-	34,457	35,086
Other Expenses	1,014	191	-	861	-	203	-	5,099	144	7,512
Advertising & Promotion	-	-	-	104	-	-	-	-	6,122	6,226
<b>Total Expenses</b>	<b>\$ 1,683,965</b>	<b>\$ 203,104</b>	<b>\$ 1,817,874</b>	<b>\$ 690,516</b>	<b>\$ 617,740</b>	<b>\$ 280,684</b>	<b>\$ 340,069</b>	<b>\$ 118,603</b>	<b>\$ 650,803</b>	<b>\$ 6,403,358</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, 2021**

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	\$ 1,050,796	\$ 171,925	\$ 592,246	\$ 348,455	\$ 365,721	\$ 118,302	\$ 138,609	\$ 31,196	\$ 436,841	\$ 3,254,091
Client Assistance	12,195	-	996,167	1,782	-	1,267,834	187,737	-	-	2,465,715
Other Prof/Contract Svcs	193,645	16,508	95,620	69,258	64,096	22,871	17,793	37,350	127,663	644,804
Occupancy Costs	153,364	18,463	86,878	97,034	130,460	16,329	25,379	3,772	6,495	538,174
Administrative Expense	56,727	1,586	21,036	7,240	26,465	4,086	6,214	12,446	63,680	199,480
Staff Development & Travel	9,976	1,161	1,294	2,712	1,619	6,015	338	2,250	5,704	31,069
Program Events	286	-	-	-	-	-	-	-	14,172	14,458
Other Expenses	971	-	-	356	-	20,922	-	(568)	88	21,769
Advertising & Promotion	-	15	-	-	-	-	-	-	1,189	1,204
<b>Total Expenses</b>	<b>\$ 1,477,960</b>	<b>\$ 209,658</b>	<b>\$ 1,793,241</b>	<b>\$ 526,837</b>	<b>\$ 588,361</b>	<b>\$ 1,456,359</b>	<b>\$ 376,070</b>	<b>\$ 86,446</b>	<b>\$ 655,832</b>	<b>\$ 7,170,764</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, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (674,239)	\$ (32,692)
Changes in Current Assets:		
Grants Receivable	43,690	258,290
Other Receivables	20,948	64,315
Prepaid Expenses	10,387	21,883
Changes in Current Liabilities:		
Accounts Payable	68,251	(34,375)
Payroll Taxes and Benefits	(50,347)	27,242
Funds Held for Others	-	-
<b>Total Cash Provided (Used) by Operating Activities</b>	<b>(581,310)</b>	<b>304,663</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(581,310)</b>	<b>304,663</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,099,147</b>	<b>794,484</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 517,837</b>	<b>\$ 1,099,147</b>

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

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**(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, 2022 and 2021, 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 several foundations. 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, 2022 AND 2021**

**(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 City of Austin grants, 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, 2022 AND 2021**

**(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, 2022 AND 2021**

**(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 3,000 and 6,800 non-specialized volunteer hours contributed to Catholic Charities in the fiscal years ended June 30, 2022 and 2021, 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 2022 (the most recent published value) is \$29.95. Based on this rate, the dollar value of the volunteer hours contributed to Catholic Charities for fiscal years 2022 and 2021 is \$89,850 and \$194,072, 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. 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.

**(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.

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**(l) Recently Issued Accounting Standards**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is expected to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. Catholic Charities adopted the ASU during the year ended June 30, 2022, and applied the ASU retrospectively to the year ended June 30, 2021. [See Note (7)]

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021, with early adoption permitted, and should be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. Management is currently evaluating the effect of this pronouncement on the financial statements.

**(m) 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) Availability and Liquidity**

The following represents Catholic Charities' financial assets at June 30, 2022 and 2021:

	2022	2021
Financial assets at year end:		
Cash	\$ 437,200	\$ 718,683
Money Market Cash Equivalents	80,637	380,464
Grants Receivable	442,329	486,019
Other Receivables	42,291	63,239
Total financial assets	1,002,457	1,648,405
Less amounts not available to be used within one year:		
Net assets with donor restrictions	627,989	881,330
Less net assets with purpose restrictions to be met in less than a year	(408,841)	(433,167)
Board designated reserve	-	184,400
Funds held for others	13,694	13,694
	232,842	646,257
Financial assets available to meet general expenditures over the next twelve months	\$ 769,615	\$ 1,002,148

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**(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:

	2022	2021
Agency Support	\$ 19,476	\$ 87,096
Counseling Services	118,179	152,601
Disaster Relief	254,116	446,998
Financial Stability	182,041	154,411
Gabriel Project Life Center	36,444	-
Immigration Legal Services	13,499	38,009
Parish Relations	4,234	2,000
St. Michael's Veteran's Program	-	215
	<u>\$ 627,989</u>	<u>\$ 881,330</u>

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

	2022	2021
Agency Support	\$ 1,844	\$ 190,208
Counseling Services	71,972	156,968
Disaster Relief	263,668	248,751
Financial Stability	283,978	264,758
Gabriel Project Life Center	160,868	75,532
Immigration Legal Services	237,436	253,062
Parish Relations	582	2,061
St. Michael's Veteran's Program	715	17,385
	<u>\$ 1,021,062</u>	<u>\$ 1,208,725</u>

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**(4) Net Assets (Continued)**

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:

- 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, 2022 and 2021, the board designated reserve totaled \$0 and \$184,400, respectively. The fiscal year 2023 budget includes a surplus of \$135,000 to rebuild reserves.

**(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 \$155,746 and \$160,060 for the years ended June 30, 2022 and 2021, respectively.

**(6) Related Party**

In the fiscal years ended June 30, 2022 and 2021, the Diocese contributed 19% and 14% of Catholic Charities' total funding respectively. The Diocese provided office space to Catholic Charities without charge [See Note (7)]. The Diocese also contributed 83% and 85% 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.

**(7) Contributed Nonfinancial Assets**

Catholic Charities received donations of office space from the Diocese [See Note (6)]. The value of the donated space, which is based on average rental rates for similar spaces in the same area, for the years ended June 30, 2022 and 2021, were \$356,269 and \$315,060, respectively, and allocated within occupancy costs on the statements of functional expenses as discussed in Note (2).