

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditors' 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2024, on our consideration of Catholic Charities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Catholic Charities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities' internal control over financial reporting and compliance.



Austin, Texas
March 6, 2024

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

Assets:	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 199,900	\$ 437,200
Money Market Cash Equivalents	32,314	80,637
Grants Receivable	943,471	442,329
Other Receivables	33,716	42,291
Prepaid Expenses	<u>59,791</u>	<u>30,580</u>
Total Current Assets	<u>1,269,192</u>	<u>1,033,037</u>
Total Assets	<u><u>\$ 1,269,192</u></u>	<u><u>\$ 1,033,037</u></u>
Liabilities:		
Current Liabilities		
Accounts Payable	\$ 16,520	\$ 80,984
Payroll Taxes and Benefits	273,372	233,264
Funds Held for Others	<u>-</u>	<u>13,694</u>
Total Current Liabilities	<u>289,892</u>	<u>327,942</u>
Notes Payable		
DIAL line of credit	<u>500,000</u>	<u>-</u>
Total Liabilities	789,892	327,942
Net Assets:		
Without Donor Restriction	160,462	77,106
With Donor Restriction	<u>318,838</u>	<u>627,989</u>
Total Net Assets	<u>479,300</u>	<u>705,095</u>
Total Liabilities and Net Assets	<u><u>\$ 1,269,192</u></u>	<u><u>\$ 1,033,037</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, 2023

	Without Donor Restriction	With Donor Restriction	Total
Revenues:			
Diocesan Grants	\$ 827,791	\$ -	\$ 827,791
Foundation Grants	313,500	497,222	810,722
Governmental Grants	3,086,162	28,716	3,114,878
Special Collections	-	162,303	162,303
Contributions	810,524	115,716	926,240
Contributions - Special Events	252,490	583	253,073
Contributed Nonfinancial Assets	431,173	-	431,173
Client Fees	616,880	-	616,880
Interest Income	2,254	-	2,254
Other	5,639	-	5,639
	<u>6,346,413</u>	<u>804,540</u>	<u>7,150,953</u>
Net Assets Released from Restrictions	<u>1,113,691</u>	<u>(1,113,691)</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	<u>7,460,104</u>	<u>(309,151)</u>	<u>7,150,953</u>
Expenses:			
Immigration and Refugee Services	2,247,764	-	2,247,764
Parish Relations	133,583	-	133,583
Financial Stability	2,008,295	-	2,008,295
Gabriel Project Life Centers	766,663	-	766,663
Counseling Services	616,149	-	616,149
Disaster Response	248,310	-	248,310
St. Michael's Veteran's Services	486,196	-	486,196
	<u>6,506,960</u>	<u>-</u>	<u>6,506,960</u>
Management & General	155,823	-	155,823
Fundraising	713,965	-	713,965
	<u>7,376,748</u>	<u>-</u>	<u>7,376,748</u>
Change in Net Assets	83,356	(309,151)	(225,795)
Net Assets at Beginning of Year	<u>77,106</u>	<u>627,989</u>	<u>705,095</u>
Net Assets at End of Year	<u>\$ 160,462</u>	<u>\$ 318,838</u>	<u>\$ 479,300</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, 2022

	Without Donor Restriction	With Donor Restriction	Total
Revenues:			
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>
Expenses:			
Immigration and Refugee 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>
Change in Net Assets	(420,898)	(253,341)	(674,239)
Net Assets at Beginning of Year	<u>498,004</u>	<u>881,330</u>	<u>1,379,334</u>
Net Assets at End of Year	<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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

Expenses	Immigration & Refugee 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	\$ 1,632,291	\$ 112,178	\$ 667,263	\$ 493,012	\$ 440,491	\$ 151,768	\$ 262,988	\$ 29,080	\$ 436,876
Client Assistance	96,751	-	1,133,978	59,631	-	44,032	150,724	32	-	1,485,148
Other Prof/Contract Svcs	223,913	8,051	76,458	39,478	42,511	8,177	26,560	28,495	143,808	597,451
Occupancy Costs	170,233	8,064	107,968	127,683	101,068	30,107	23,479	6,639	2,691	577,932
Administrative Expense	100,383	1,173	20,682	17,438	24,870	4,306	17,122	60,896	66,217	313,087
Staff Development & Travel	18,249	3,993	1,946	9,989	5,738	6,929	5,122	11,886	6,976	70,828
Program Events	4,410	8	-	-	-	79	-	-	48,454	52,951
Other Expenses	1,534	115	-	18,629	91	1,962	201	14,560	182	37,274
Advertising & Promotion	-	1	-	803	1,380	950	-	4,235	8,761	16,130
Total Expenses	\$ 2,247,764	\$ 133,583	\$ 2,008,295	\$ 766,663	\$ 616,149	\$ 248,310	\$ 486,196	\$ 155,823	\$ 713,965	\$ 7,376,748

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	Immigration & Refugee 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
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
Total Expenses	\$ 1,683,965	\$ 203,104	\$ 1,817,874	\$ 690,516	\$ 617,740	\$ 280,684	\$ 340,069	\$ 118,603	\$ 650,803	\$ 6,403,358

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, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ (225,795)	\$ (674,239)
Changes in Current Assets:		
Grants Receivable	(501,142)	43,690
Other Receivables	8,575	20,948
Prepaid Expenses	(29,211)	10,387
Changes in Current Liabilities:		
Accounts Payable	(64,464)	68,251
Payroll Taxes and Benefits	40,108	(50,347)
Funds Held for Others	(13,694)	-
Total Cash Provided (Used) by Operating Activities	(785,623)	(581,310)
Cash Flows from Financing Activities		
Net proceeds from DIAL line of credit	500,000	-
Total Cash Provided (Used) by Financing Activities	500,000	-
Net Change in Cash and Cash Equivalents	(285,623)	(581,310)
Cash and Cash Equivalents, Beginning of Year	517,837	1,099,147
Cash and Cash Equivalents, End of Year	\$ 232,214	\$ 517,837

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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, 2023 and 2022, Catholic Charities operated the following major programs:

Immigration and Refugee Services

The Immigration and Refugee 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 City of Austin and Travis County provide funding to support other services offered in those areas. Additional services to refugees are now offered with funding through Texas Office of Refugee Resettlement and USCCB.

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, 2023 AND 2022

(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. CCCTX was able to expand services to the homeless veteran population with funding from the Veteran's Administrations Supportive Services for Veteran's and Families program.

(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, 2023 AND 2022

(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, 2023 AND 2022

(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 3,100 and 3,000 non-specialized volunteer hours contributed to Catholic Charities in the fiscal years ended June 30, 2023 and 2022, 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 2023 (the most recent published value) is \$31.80. Based on this rate, the dollar value of the volunteer hours contributed to Catholic Charities for fiscal years 2023 and 2022, is \$98,580 and \$95,400, 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.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(2) Summary of Significant Accounting Policies (Continued)

(k) Recently Issued Accounting Standards

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. Catholic Charities adopted the ASU during the year ended June 30, 2023. There was no significant impact on adoption of the ASU.

(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.

(3) Availability and Liquidity

The following represents Catholic Charities' financial assets at June 30, 2023 and 2022:

	2023	2022
Financial assets at year end:		
Cash	\$ 199,900	\$ 437,200
Money Market Cash Equivalents	32,314	80,637
Grants Receivable	943,471	442,329
Other Receivables	33,716	42,291
Total financial assets	1,209,401	1,002,457
Less amounts not available to be used within one year:		
Net assets with donor restrictions	318,838	627,989
Less net assets with purpose restrictions to be met in less than a year	(237,344)	(408,841)
Funds held for others	-	13,694
	81,494	232,842
Financial assets available to meet general expenditures over the next twelve months	\$ 1,127,907	\$ 769,615

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.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(4) Net Assets

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

	2023	2022
Agency Support	\$ 2,655	\$ 19,476
Counseling Services	26,480	118,179
Disaster Relief	52,734	254,116
Financial Stability	184,045	182,041
Gabriel Project Life Center	36,843	36,444
Immigration and Refugee Services	11,864	13,499
Parish Relations	-	4,234
St. Michael's Veteran's Program	4,217	-
	<u>\$ 318,838</u>	<u>\$ 627,989</u>

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

	2023	2022
Agency Support	\$ -	1,844
Counseling Services	95,335	71,972
Disaster Relief	191,435	263,668
Financial Stability	359,519	283,978
Gabriel Project Life Center	210,418	160,868
Immigration and Refugee Services	242,901	237,436
Parish Relations	4,283	582
St. Michael's Veteran's Program	9,800	715
	<u>\$ 1,113,691</u>	<u>\$ 1,021,062</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:

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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 \$209,213 and \$155,746 for the years ended June 30, 2023 and 2022, respectively.

(6) Related Party

In the fiscal years ended June 30, 2023 and 2022, the Diocese contributed 16% and 19% of Catholic Charities' total funding respectively. The Diocese provided office space to Catholic Charities without charge [See Note (7)]. The Diocese also contributed 82% and 83% 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 is based on average rental rates for similar spaces in the same area and allocated within occupancy costs on the statements of functional expenses as discussed in Note (2). Catholic Charities also received donated supplies, valued at the cost to acquire similar products, and gift cards, valued at the notational value of the cards. These were used within the programs of Catholic Charities.

	2023	2022
Office Space	\$ 336,270	\$ 336,270
Donated Hygiene Products	74,903	-
Gift Cards	20,000	-
	<u>\$ 431,173</u>	<u>\$ 336,270</u>

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Catholic Charities

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Charities of Central Texas, Inc. (Catholic Charities), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities internal controls over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Charities financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Austin, Texas

March 6, 2024



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Directors
Catholic Charities

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Catholic Charities of Central Texas, Inc. (Catholic Charities), a non-profit organization, compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Catholic Charities major federal programs for the year ended June 30, 2023. Catholic Charities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Catholic Charities complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Catholic Charities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Catholic Charities compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Catholic Charities federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Catholic Charities compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Catholic Charities compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Catholic Charities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Catholic Charities internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Austin, Texas

March 6, 2024

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor Program Title	Federal AL Number	Grant/ Contract Number	Federal Expenditures	Pass Through to Subrecipients
U.S. Department of Housing and Urban Development: Passthrough				
City of College Station	14.218	22300618	\$ 80,203	\$ -
COVID 19 Response				
City of Bryan,				
Brazos Valley Financial Stability Program	14.218	B-21-MC-48-0006	10,106	-
Brazos Valley Financial Stability Program	14.218	B-22-MC-48-0006	35,626	-
Total U.S. Department of Housing and Urban Development			125,934	-
Department of Veteran's Affairs				
Direct				
Supportive Services for Veteran Families	64.033	23-TX-452	144,156	-
Total Department of Veteran's Affairs			144,156	-
U.S. Department of Health and Human Services				
Pass Through				
International Rescue Committee / Texas Office for Refugees West				
Refugee Cash and Medical Assistance Program	93.566	FFY2023-27927C-CMA	238,503	-
Refugee Supportive Services Program	93.566	FFY2023-27927C-RSS	167,637	-
Refugee Supportive Services Program - Afghanistan	93.566	FFY2023-27927C-RSS ASA	74,984	-
United States Conference of Catholic Bishops				
Refugee Support Services Program	93.566	2302TXRSSS	110,183	-
Total U.S. Department of Health and Human Services			591,308	-

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor Program Title	Federal AL Number	Grant/ Contract Number	Federal Expenditures	Pass Through to Subrecipients
Corporation for National and Community Service Passthrough Catholic Charities USA	94.006	SGPPP Health Care Navigator	\$ 12,918	\$ -
Total Corporation for National and Community Service			<u>12,918</u>	<u>-</u>
U.S. Department of Homeland Security: Direct Citizenship Education and Training	97.01	20CICET00141-01-00	34,084	20,404
Passthrough Austin and Williamson County Emergency Food and Shelter National Board Program	97.024	Phase ARPA-R Housing	15,682	-
United Way of the Brazos Valley Emergency Food and Shelter National Board Program Emergency Food and Shelter National Board Program	97.024 97.024	Phase ARPA-R Housing Phase 39	16,670 9,166	- -
Total U.S. Department of Homeland Security			<u>75,602</u>	<u>20,404</u>
Total Expenditures of Federal Awards			<u>\$ 949,918</u>	<u>\$ 20,404</u>

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Catholic Charities of Central Texas, Inc. (Catholic Charities) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Catholic Charities, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Catholic Charities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATES

Catholic Charities has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>AL No.</u>	<u>Name of Federal Program</u>
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes No

II. Financial Statement Findings

No matters were reported

III. Findings and Questioned Costs for Federal Awards

No matters were reported

**CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

There were no prior year findings.