

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.

FINANCIAL REPORT

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Catholic Charities, Diocese of Fort Worth, Inc.
Fort Worth, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities, Diocese of Fort Worth, Inc. (Catholic Charities), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. 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 auditor's 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 auditor considers 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.

To the Board of Directors
Catholic Charities, Diocese of Fort Worth, Inc.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Catholic Charities' 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 19, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent in all material respects with the audited financial statements from which it has been derived.

Other Matters

Other 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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the 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 Schedule of Expenditures of Federal Awards 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 June 30, 2016, on our consideration of Catholic Charities' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
June 30, 2016

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,199,488	\$ 1,486,930
Accounts receivable, net of allowance \$37,027 for 2015; and \$69,337 for 2014	2,329,745	2,413,456
Due from related parties	1,071,594	1,221,512
Prepaid expenses	249,506	122,302
Assets restricted for campaigns	499,820	666,961
Interest in net assets of endowment	3,189,788	2,768,519
Ownership interest in a privately held company	2,673,307	2,590,235
Property and equipment, net	14,237,272	14,086,194
Total assets	\$ 25,450,520	\$ 25,356,109
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 1,599,547	\$ 1,418,744
Due to related parties	5,000	5,000
Deferred revenue	90,861	112,496
Note payable	296,405	405,000
Total liabilities	1,991,813	1,941,240
NET ASSETS		
Unrestricted		
Undesignated	21,156,972	20,732,785
Temporarily restricted	2,301,735	2,682,084
Total net assets	23,458,707	23,414,869
TOTAL LIABILITIES AND NET ASSETS	\$ 25,450,520	\$ 25,356,109

The Notes to Financial Statements are an integral part of these statements.

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS
FOR YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
REVENUE AND OTHER SUPPORT				
Contributions	\$ 4,540,682	\$ 1,909,414	\$ 6,450,096	\$ 9,449,062
Campaign contributions	6,336	987,534	993,870	512,543
United Way	736,941	-	736,941	1,153,397
Fees and grants from governmental agencies	10,016,370	-	10,016,370	9,958,004
Program service fees	7,423,171	-	7,423,171	6,852,584
Gain (loss) on disposal of assets	1,736	-	1,736	(23,996)
Gain on interest in other entities	421,269	-	421,269	1,029,593
Other revenue	358,484	-	358,484	134,609
Net assets released from restrictions				
Satisfaction of program restrictions	2,116,287	(2,116,287)	-	-
Satisfaction of time restrictions	1,161,010	(1,161,010)	-	-
Total revenue and other support	26,782,286	(380,349)	26,401,937	29,065,796
EXPENSES				
Program services				
Child and family services	621,807	-	621,807	1,159,617
Homeless services	279,761	-	279,761	411,713
Financial stabilization services	3,404,571	-	3,404,571	2,291,248
Emergency shelter services	1,330,642	-	1,330,642	1,624,361
Veteran services	1,070,127	-	1,070,127	1,331,534
Health services	1,452,498	-	1,452,498	1,510,227
Mental health services	302,505	-	302,505	293,068
Refugee services	3,777,998	-	3,777,998	4,036,357
International foster care	2,476,845	-	2,476,845	2,110,948
Workforce and education	1,452,828	-	1,452,828	1,091,376
Transportation services	2,682,807	-	2,682,807	2,389,294
Immigration services	920,717	-	920,717	915,598
Social enterprise	2,365,364	-	2,365,364	2,402,837
Supportive programs	2,113,793	-	2,113,793	1,774,822
Total program services	24,252,263	-	24,252,263	23,343,000

The Notes to Financial Statements are an integral part of these statements.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
STATEMENT OF ACTIVITIES – CONTINUED
YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS
FOR YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
Supporting services				
Development and fundraising	1,033,474	-	1,033,474	978,298
Management and general	1,072,362	-	1,072,362	975,402
Total supporting services	2,105,836	-	2,105,836	1,953,700
Total expenses	26,358,099	-	26,358,099	25,296,700
Change in net assets	424,187	(380,349)	43,838	3,769,096
NET ASSETS, beginning of year	20,732,785	2,682,084	23,414,869	19,645,773
NET ASSETS, end of year	<u>\$ 21,156,972</u>	<u>\$ 2,301,735</u>	<u>\$ 23,458,707</u>	<u>\$ 23,414,869</u>

The Notes to Financial Statements are an integral part of these statements.

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 43,838	\$ 3,769,096
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	859,511	883,566
Donation of equipment	(613,976)	-
Loss/(gain) on disposal of fixed assets	(1,736)	23,996
Changes in operating assets and liabilities		
Accounts receivable	83,711	160,751
Due from related parties	149,918	(459,963)
Prepaid expenses	(127,204)	(29,367)
Assets restricted for campaigns	167,141	(134,035)
Accounts payable and accrued expenses	180,803	(334,420)
Due to related parties	-	(35,000)
Deferred revenue	(21,635)	(164,460)
	<u>720,371</u>	<u>3,680,164</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(424,467)	(514,647)
Proceeds from disposal of property and equipment	29,590	42,237
Additions to interest in other entities	(421,269)	(852,332)
Interest in a privately held company	(83,072)	(2,590,235)
	<u>(899,218)</u>	<u>(3,914,977)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes on line of credit and note payable	(108,595)	(270,000)
	<u>(108,595)</u>	<u>(270,000)</u>
Net cash used in financing activities		
Net change in cash and cash equivalents	(287,442)	(504,813)
CASH AND CASH EQUIVALENTS, beginning of year	1,486,930	1,991,743
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,199,488</u>	<u>\$ 1,486,930</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 5,581	\$ 11,999
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donation of equipment	\$ 613,976	\$ -
Interest in a privately held company	\$ 83,072	\$ 2,590,235

The Notes to Financial Statements are
an integral part of these statements.

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS
FOR YEAR ENDED DECEMBER 31, 2014

	Program Services				
	Child and Family Services	Homeless Services	Financial Stabilization Services	Emergency Shelter Services	Veteran Services
Salaries	\$ 378,058	\$ 112,237	\$ 1,479,789	\$ 713,817	\$ 344,216
Employee benefits	67,239	21,743	242,837	106,729	55,194
Payroll taxes	31,515	8,992	116,857	60,670	28,749
Total employee compensation	476,812	142,972	1,839,483	881,216	428,159
Professional fees	802	149	203,363	7,427	724
Supplies	12,159	1,101	26,605	43,800	6,356
Telephone	4,753	2,967	27,569	4,327	9,976
Postage	598	64	1,066	380	509
Occupancy	11,099	2,028	25,424	96,222	9,685
Outside printing	446	524	6,370	321	628
Travel and transportation	12,677	3,159	66,490	16,016	20,849
Conferences and conventions	7,637	466	10,023	6,776	1,071
Subscriptions and publications	2,242	50	4,573	94	789
Specific assistance	6,946	92,345	802,593	55,643	474,223
Membership dues	457	-	1,159	1,121	-
Equipment - rentals, repair, and maintenance	6,089	3,518	46,439	12,184	10,806
Miscellaneous	3	2	208	999	1
Liability insurance	1,819	1,011	10,128	3,812	3,291
Interest expense	-	-	29	-	-
Depreciation expense	21,224	4,022	36,225	87,008	6,632
Bad debt expense	1,230	-	555	-	-
Proration of support services	54,814	25,383	296,269	113,296	96,428
Total expenses	\$ 621,807	\$ 279,761	\$ 3,404,571	\$ 1,330,642	\$ 1,070,127

The Notes to Financial Statements are an integral part of these statements.

Program Services

Health Services	Mental Health Services	Refugee Services	International Foster Care	Workforce and Education	Transportation Services
\$ 679,437	\$ 183,489	\$ 1,255,552	\$ 904,073	\$ 709,925	\$ 1,259,268
121,051	22,747	229,593	125,096	119,718	202,749
53,963	15,154	101,457	74,454	58,927	101,774
<u>854,451</u>	<u>221,390</u>	<u>1,586,602</u>	<u>1,103,623</u>	<u>888,570</u>	<u>1,563,791</u>
45,325	14,633	92,934	551,815	203,447	14,627
31,962	1,617	24,141	72,122	11,428	7,301
11,171	4,519	21,085	17,279	12,011	19,094
1,058	181	749	1,382	739	217
32,986	6,460	17,773	44,120	6,462	18,657
548	711	1,058	17,429	1,494	480
6,217	7,525	40,725	92,048	15,008	454,855
315	1,734	5,409	20,619	912	905
453	69	823	10,922	2,179	46
224,251	1,723	1,560,219	239,438	142,744	-
-	-	315	1,257	337	-
10,570	3,900	28,134	21,973	17,287	43,315
6	4	57	208	39	57,287
8,226	914	13,779	6,949	4,607	7,709
-	-	-	-	1	9
100,272	9,416	36,489	51,691	14,164	263,978
-	-	6,001	500	-	16,792
<u>124,687</u>	<u>27,709</u>	<u>341,705</u>	<u>223,470</u>	<u>131,399</u>	<u>213,744</u>
<u>\$ 1,452,498</u>	<u>\$ 302,505</u>	<u>\$ 3,777,998</u>	<u>\$ 2,476,845</u>	<u>\$ 1,452,828</u>	<u>\$ 2,682,807</u>

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES – CONTINUED
YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS
FOR YEAR ENDED DECEMBER 31, 2014

	Program Services			
	Immigration Services	Social Enterprise	Supportive Programs	Total Program Services
Salaries	\$ 546,687	\$ 545,881	\$ 1,254,717	\$ 10,367,146
Employee benefits	98,346	81,744	181,242	1,676,028
Payroll taxes	43,274	44,386	98,755	838,927
Total employee compensation	688,307	672,011	1,534,714	12,882,101
Professional fees	21,642	1,338,192	32,687	2,527,767
Supplies	15,360	8,894	18,106	280,952
Telephone	5,037	11,046	17,644	168,478
Postage	8,941	3,081	1,185	20,150
Occupancy	17,837	18,323	74,012	381,088
Outside printing	122	13,214	5,259	48,604
Travel and transportation	8,443	27,330	43,569	814,911
Conferences and conventions	1,465	3,370	9,840	70,542
Subscriptions and publications	1,654	3,976	611	28,481
Specific assistance	1,755	1,487	60,214	3,663,581
Membership dues	1,313	1,625	1,180	8,764
Equipment - rentals, repair and maintenance	22,039	17,849	38,299	282,402
Miscellaneous	5,757	211	264	65,046
Liability insurance	4,723	11,142	11,616	89,726
Interest expense	-	-	-	39
Depreciation expense	34,300	17,661	80,233	763,315
Bad debt expense	1	-	-	25,079
Proration of support services	82,021	215,952	184,360	2,131,237
Total expenses	\$ 920,717	\$ 2,365,364	\$ 2,113,793	\$ 24,252,263

The Notes to Financial Statements are an integral part of these statements.

Supporting Services			Total Program and Supporting Services	
Development and Fundraising	Management and General	Total Supporting Services	2015	2014
\$ 535,179	\$ 1,784,310	\$ 2,319,489	\$ 12,686,635	\$ 11,688,090
77,031	260,376	337,407	2,013,435	1,858,839
41,622	137,028	178,650	1,017,577	932,420
<u>653,832</u>	<u>2,181,714</u>	<u>2,835,546</u>	<u>15,717,647</u>	<u>14,479,349</u>
75,997	460,998	536,995	3,064,762	2,649,269
31,816	62,853	94,669	375,621	365,699
8,904	20,664	29,568	198,046	207,753
11,289	4,232	15,521	35,671	38,703
59,924	56,855	116,779	497,867	452,841
30,124	17,343	47,467	96,071	146,223
17,519	29,098	46,617	861,528	975,098
1,466	42,962	44,428	114,970	80,904
4,990	9,926	14,916	43,397	33,133
-	3,166	3,166	3,666,747	4,044,819
923	36,385	37,308	46,072	53,904
20,039	158,487	178,526	460,928	373,073
2,725	88,390	91,115	156,161	336,466
6,377	11,875	18,252	107,978	98,408
-	5,542	5,542	5,581	11,999
15,610	80,586	96,196	859,511	883,566
-	24,462	24,462	49,541	65,493
<u>91,939</u>	<u>(2,223,176)</u>	<u>(2,131,237)</u>	<u>-</u>	<u>-</u>
<u>\$ 1,033,474</u>	<u>\$ 1,072,362</u>	<u>\$ 2,105,836</u>	<u>\$ 26,358,099</u>	<u>\$ 25,296,700</u>

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

A general description of the programs at Catholic Charities, Diocese of Fort Worth, Inc. (Catholic Charities) follows:

Child and Family Services

Families First (TFTS) – The program offers free assessment, parenting education, and support services to strengthen families using an evidence-based curriculum.

School-based Services – Provides services and treatments that assist severely emotionally disturbed children achieve academic success and personal growth within the public school environment. Movement to a less restrictive educational environment and improved academic achievement are the ultimate goals for all students receiving services.

Homeless Services

Street Outreach Services (SOS) – Addresses the immediate needs of the unsheltered homeless population in Fort Worth through provision of basic needs, case management, advocacy, and links to other community services. This includes the Master Lease Program, which provides supportive housing for chronically homeless, disabled individuals and families.

Financial Stabilization Services

Financial Assistance – Offers emergency rental, utility, and other assistance to Tarrant County residents and residents of surrounding counties in the Diocese. Clients are required to complete a financial education course and may also be eligible to access one-on-one credit counseling.

Volunteer Income Tax Assistance (VITA) – Provides free tax preparation assistance for low income families. IRS-certified volunteers prepare taxes at multiple different sites across Tarrant County. Provided as part of the United Way Income Initiative with some support provided by the Department of Treasury - Internal Revenue Service.

Financial Education – Provides information and skills through classes and one-on-one coaching to enable individuals and families to manage their financial resources wisely, build positive relationships with financial institutions, and make informed decisions regarding their personal finances.

Enrollment Solutions – Provides outreach and application assistance for state benefits including CHIP, Medicaid, and SNAP.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – CONTINUED**

Nature of Activities – Continued

Financial Stabilization Services - Continued

Disaster Response Services – Equips staff to respond to and assist in disaster response nationwide through comprehensive training.

Padua Pilot – Pilot program that incorporates intensive case management, an individualized strengths-based asset plan, and national community support systems. The program addresses the needs of the whole person, not based off of funding parameters, but by working to build and grow the strengths of each individual. This program is expected to serve approximately 200 families over the course of three to five years.

Emergency Shelter Services

Assessment Center of Tarrant County (ACT) – A 24 hour, 40-bed facility that provides a safe, nurturing, and temporary home for children (ages 0-17) placed in the care of Child Protective Services (CPS). Catholic Charities then recommends appropriate placements.

Unaccompanied Children (UC) – A contract through USCCB to provide temporary shelter and care for Unaccompanied Children (UC). CCFW staff provide the children with all of their basic needs, food, clothing, shelter, medical care and educational services, while working to reunite them with a sponsor in the United States.

Veteran Services

Veteran Services – Promotes stable housing among low-income veterans and their families who are at risk of or are currently homeless. This program links clients to public and Veteran's Assistance benefits, providing short-term assistance to set up long-term veteran households.

Health Services

St. Joseph Healthcare – Strives to connect the uninsured and underinsured to one time subsidized health care services in order to detect and treat illnesses at the earliest stages. Health Systems Navigators assist clients with connecting to medical care providers to diagnose and treat illness. This includes the Prevent Blindness Adult Eye Clinic run by Prevent Blindness.

Bishop Kevin Vann Dental Clinic – The Dental Clinic addresses the needs of low income, uninsured individuals and families seeking dental care, ensuring that all members of our community have access to quality, affordable dental care.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – CONTINUED**

Nature of Activities – Continued

Health Services – Continued

Project Access – Project Access Tarrant County (PATC) works to expand health care access and improve health outcomes for low income, uninsured residents of Tarrant County, utilizing the charitable gifts of a network of existing voluntary providers and collaborative partnerships.

Mental Health Services

Clinical Counseling – Licensed professionals provide high quality mental health services for children, adolescents, adults, couples, and families to help with life's challenges. Financial assistance is available to assist with the cost of services. Counseling is available on-site and at several parishes in the diocese.

Refugee Mental Health – A community support group based counseling program for refugees, which is facilitated by Cultural Ambassadors that is intended to address trauma associated with refugee experiences.

Refugee Services

Refugee Match Grant – Encourages early economic self-sufficiency by incorporating employment services, case management, financial assistance, and community involvement to secure employment and preclude accessing public cash assistance.

Refugee Employment Services – Offers one-on-one employment training, coaching and placement services for refugees, asylees, Special Immigrant Visas (SIVs), victims of trafficking, and Cuban parolees.

Resettlement and Placement – Encourages refugees to achieve economic self-sufficiency and promotes cultural integration.

Refugee Educational Services – Provides English as a Second Language (ESL) classes. Specialized ESL classes are available in literacy and citizenship preparation.

Refugee Cash Assistance – Provides direct cash assistance to refugees for housing, utilities, and basic needs.

Refugee Case Management – Helps refugees integrate into the community through health care assistance, counseling, and connections to state resources.

Refugee Services School Impact – Offers services for refugee children and their families to promote effective integration, education, and a successful transition to the U.S. public school system. Services include tutoring, volunteer mentors, group counseling, and parent orientation workshops.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – CONTINUED**

Nature of Activities – Continued

Refugee Services – Continued

Older Refugee Grant – Offers assistance for refugee clients over the age of 60, including intensive case management, education, and referrals to community services that are appropriate to addressing the specific needs of the elderly.

UNT Health Science Center Medical Case Management – Provides medical case management to ensure follow up care for refugee women who have received an abnormal health screening and ensure they are connected to a medical home where they can receive ongoing access to preventative health screening and medical care.

International Foster Care

International Foster Care – Provides foster care for unaccompanied minors who do not have adult caregivers by partnering with foster families to provide a safe, nurturing, and culturally sensitive environment. The program includes the Unaccompanied Refugee Minors, Safe Passages and DUCS programs.

Workforce and Education Services

Vocation Program – Provides individuals with the resources and opportunities needed to obtain a living wage employment, including educational opportunities in targeted industries, and job placement services.

Stay the Course - Provides comprehensive support services to low income students with the goal of helping them persist in school and obtain their degree. Services are targeted at helping students overcome obstacles outside of the classroom which might otherwise result in the student having to drop out of college.

Embark - The Embark program promotes client engagement in the workforce by addressing personal and workplace competencies, removal of workplace barriers, as well as job readiness preparation and opportunities for higher skills training. This program provides the foundation for individuals to enter and remain in the workplace.

Transportation Services

Transportation Services – Provides a short-term transportation solution to help clients succeed financially by removing the transportation barrier to employment, medical appointments, and public benefit offices.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – CONTINUED**

Nature of Activities – Continued

Immigration Services

Immigration Consultation Services – Offers legal assistance to individuals and families eligible to apply for immigration benefits, with a focus on family reunification. Includes Citizenship and Integration Services, Humanitarian Relief, Temporary Protected Status, as well as services for victims of domestic violence and human trafficking.

Citizenship and Integration – Provides both education and application preparation services to promote citizenship among lawful permanent residents in the Tarrant County area.

Social Enterprise

Translation and Interpreter Network (TIN) – A social enterprise of Catholic Charities that provides in-person, video and telephone interpretation, 24/7, in over 70 languages to schools, hospitals, courts and companies. TIN also provides document translation services and professional development courses to the community.

WORN – A social enterprise of Catholic Charities that sells scarves and accessories knit by refugees. The mission is to provide refugee women living in the United States an opportunity to utilize the traditional skill of knitting to increase their families' household income, thus empowering them to rise above poverty.

Supportive Programs

Central Intake – Provides the first point of entry for individuals and families in need of help. Central Intake Specialists provide compassionate services by doing the initial needs assessment of a client and linking them to the appropriate Catholic Charities program or other community resources.

Program Operations – Provides program oversight, strategic planning, and community connections for operation of Catholic Charities.

In-Kind Donation and Volunteer Coordination – Provides support to programs by ensuring that in-kind donation and volunteer needs are met by donors.

Parish Relations – Works with diocesan parishes on their disaster planning and preparedness and works to strengthen the relationship between Catholic Charities and the parishes throughout the diocese.

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

Cash and Cash Equivalents

Catholic Charities considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Catholic Charities maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. Catholic Charities has not experienced any losses in such accounts and believe they are not exposed to any significant credit risk on cash and cash equivalents.

Accounts and Grants Receivable

Accounts receivable represent government grant receivables and program service fees billed but uncollected at year end. Catholic Charities uses the allowance method to account for uncollectible accounts receivable. The allowance is based on experience, third-party contracts, and other circumstances. Management periodically reviews accounts receivable and charges off uncollectible accounts when they determine the receivable will not be collected.

Property and Equipment

Property and equipment that are purchased are recorded at cost. Donations of property and equipment are recorded as contributions at their fair value at the time of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Catholic Charities reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Catholic Charities reclassifies temporarily restricted net assets to unrestricted net assets at that time. Ownership of certain assets purchased under grant contracts reverts back to the grantor prior to sale or disposal.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – CONTINUED**

Impairment of Long-lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes

Catholic Charities is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(a) of the Code.

Catholic Charities recognizes in its financial statements the financial effects of a tax position, if that position is more likely than not, of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Tax positions taken by Catholic Charities have been reviewed, and management is of the opinion that material tax positions taken by Catholic Charities would more likely than not be sustained by examination. Accordingly, Catholic Charities has not recorded an income tax liability for uncertain tax positions.

Fair Value of Financial Instruments

Catholic Charities' financial instruments consist of cash and cash equivalents, receivables, gain on interest in net assets of endowment, ownership interest in a privately held business and notes payable. The recorded values of cash and cash equivalents, receivables, interest in net assets of endowment and accounts payable approximate their fair values based on their short-term nature. The recorded value of the notes payable approximates its fair value, as interest approximates market rates.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – CONTINUED**

Allocated Expenses

Expenses have been allocated among program and supporting service classifications on the basis of estimates made by Catholic Charities' management.

Donated Materials and Services

Donated materials are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. During 2015 and 2014, Catholic Charities benefited from services which were valued at \$31,834 and \$32,200, respectively. These amounts have been reported as both in-kind contribution revenue and expenses on the statement of activities. Catholic Charities only recognizes donated services which create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of time to Catholic Charities' activities; however, these services do not meet the criteria for financial statement recognition.

Prior Year Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Catholic Charities' financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Revenue Recognition

Catholic Charities records grant revenue as the related expenditure is incurred or on a per capita basis in accordance with the grant agreement, contributions as they are received or unconditionally pledged, special event revenue at the time of the event, and program fees in the period to which they relate.

Catholic Charities participates in various grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Catholic Charities has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2015 may be impaired.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Advertising Expense

Catholic Charities expenses advertising costs as incurred. Expenses incurred were approximately \$24,400 and \$73,600 for 2015 and 2014, respectively.

Subsequent Events

Management evaluated all events or transactions that occurred after December 31, 2015 through June 30, 2016, which is the date these financial statements were available to be issued.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

	2015	2014
Land	\$ 306,738	\$ 306,738
Construction in progress	88,312	103,617
Land improvements	612,172	536,570
Building	13,816,015	13,811,887
Equipment	1,073,611	1,007,925
Furniture	886,917	882,503
Software	155,604	124,104
Vehicles	1,789,025	980,269
	18,728,394	17,753,613
Less accumulated depreciation	(4,491,122)	(3,667,419)
	\$ 14,237,272	\$ 14,086,194

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. ASSETS RESTRICTED FOR CAMPAIGNS

Catholic Charities started a capital campaign in 2006 to build a new facility. In 2012, Catholic Charities started a new campaign for the building of a dental clinic within the new facility and a new building in Arlington, Texas. In 2014, Catholic Charities started a new campaign for a multi-year research project. Assets restricted to the campaigns consist of the following:

	2015	2014
Contribution receivable, net of discount	\$ 499,820	\$ 666,961

Contributors to the capital campaign, dental clinic, Arlington building and research project have made unconditional promises to give of \$987,534 and \$510,000 during the years ended December 31, 2015 and 2014, respectively, on which management has determined no allowance for uncollectible contributions is necessary. These promises to give are scheduled to be paid at various times in the future and, accordingly, have been discounted to the present value of the future cash payments using a discount rate of 1.93%, resulting in an unamortized discount of \$4,763 in 2015 and \$11,099 in 2014.

Collection of the receivables is expected through 2017 as follows:

2016	\$ 297,083
2017	202,737
	\$ 499,820

NOTE 4. LINE OF CREDIT AND NOTE PAYABLE

Catholic Charities also has available a \$700,000 bank line of credit with interest at the lender's prime rate plus 0.75% (4.25% and 4.00% at December 31, 2015 and 2014, respectively), which matures on September 29, 2017. No balance was outstanding at December 31, 2015 or 2014.

Catholic Charities also has a note payable with a financial institution. The interest rate is 65% of the monthly LIBOR plus 1.43%, adjusted monthly (1.70% and 1.53% at December 31, 2015 and 2014, respectively). Such note payable is secured by a bank account and capital campaign pledges and matures on January 31, 2016. The balance at December 31, 2015 and 2014 was \$196,405 and \$305,000, respectively. The balance matures and is payable in full in 2016.

Catholic Charities also has a note payable with a governmental agency. The note is secured by a deed of trust. The note is structured as a forgivable deferred payment loan. Principal will only be required if Catholic Charities does not comply with terms of the loan. Interest rate is 0%. If principal is not forgiven interest rate on the unpaid principal will be 6%. The balance at December 31, 2015 and 2014 was \$100,000.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets relate to funds contributed to Catholic Charities for future property and equipment acquisitions, program expenses, and capital campaign, as follows:

	2015	2014
Property and equipment	\$ 45,000	\$ 45,000
Program expenses	493,595	1,970,123
Campaigns	1,763,140	666,961
	\$ 2,301,735	\$ 2,682,084

NOTE 6. LEASED FACILITIES

Catholic Charities leases equipment under non-cancelable operating lease agreements with terms varying from one to five years. In 2015, Catholic Charities entered into a lease with the Diocese of Fort Worth, which required the full rent of \$135,000 to be paid in advance recorded as a prepaid expense. Under the terms of the lease agreement, Catholic Charities will recognize expenses evenly over the term of the lease. Rental expense related to this lease for the year ended December 31, 2015 was \$13,500. Total lease expense approximates \$133,000 in 2015 and \$120,000 in 2014. Future minimum lease payments at December 31, 2015, are as follows:

2016	\$ 134,018
2017	111,158
2018	109,694
2019	98,979
2020	13,500
	\$ 467,349

NOTE 7. PENSION PLAN

On April 1, 2011, Catholic Charities established a 403(b) plan which covers substantially all employees regardless of tenure or position and has no minimum age requirement. Catholic Charities' matching contributions are dollar for dollar for the first 6% of salaries. Contributions made to employees totaled \$331,972 and \$336,940 for the years ended December 31, 2015 and 2014, respectively.

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8. RELATED-PARTY TRANSACTIONS

Catholic Charities receives a management fee (based on a percentage of gross monthly receipts of the properties) for its activity as the managing agent for Casa, Inc., Nuestro Hogar, Inc. and Casa Brendan (the Properties), which are separate entities that maintain housing projects for the elderly and disabled and are subsidized by the United States Department of Housing and Urban Development. Catholic Charities also receives a management fee for its activity as the managing agent for Urban Manor, which is a separate entity that maintains housing projects for low-income individuals and families. The management fees were \$276,904 in 2015 and \$256,631 in 2014 and are included in program service fees in the statements of activities.

Catholic Charities also pays payroll expenses and other miscellaneous expenses for the Properties for which Catholic Charities is reimbursed. The Properties and Urban Manor owed Catholic Charities a total of \$1,071,594 and \$1,221,512 reported as due from related parties at December 31, 2015 and 2014, respectively.

In 2011, Catholic Charities, Diocese of Fort Worth Endowment, Inc. (the Endowment) was created as a separate entity for the sole purpose of holding contributions and earning interest on those contributions. At times, Catholic Charities may receive contributions for the Endowment. The contributions are transferred to the Endowment when received. Catholic Charities owed the Endowment Corporation a total of \$5,000 reported as due to related parties at December 31, 2015 and 2014.

NOTE 9. INTEREST IN NET ASSETS OF ENDOWMENT

Catholic Charities, Diocese of Fort Worth Endowment, Inc. (the Endowment) was created as a separate and distinct legal entity during 2011 to receive and maintain a fund and to use the whole or any part of the income to support Catholic Charities. Catholic Charities records its interest in the assets held by the Endowment and adjusts that interest for changes in its share of the net assets of the Endowment. The assets of the Endowment are managed solely by their board and consist of mutual funds and cash. The Endowment's board determines the timing of transfers to Catholic Charities. The accompanying statement of activities includes gain on interest in net assets of endowment as an increase in unrestricted net assets of \$421,269 and \$852,332 during the years ended December 31, 2015 and 2014, respectively.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. INTEREST IN NET ASSETS OF ENDOWMENT – CONTINUED

The interest in the Endowment is reflected at fair value on the statement of financial position as interest in net assets of endowment in the amounts of \$3,189,788 and \$2,768,519 at December 31, 2015 and 2014, respectively. The following table reconciles the changes in Endowment assets for the years ended December 31:

	2015	2014
Endowment assets, beginning	\$ 2,768,519	\$ 1,916,187
Gifts	109,246	671,672
Interest and dividend income	136,983	97,887
Unrealized gain	175,040	82,773
	\$ 3,189,788	\$ 2,768,519

For assets and liabilities measured at fair value on a recurring basis, accounting principles generally accepted in the United States of America establish a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are described below:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Mutual Funds: Valued at the net asset value (NAV) of shares held. The NAV is based on the value of underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding.

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. INTEREST IN NET ASSETS OF ENDOWMENT – CONTINUED

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Catholic Charities believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

All amounts held by the Endowment for the benefit of Catholic Charities are considered Level 2 within the hierarchy.

NOTE 10. OWNERSHIP INTEREST IN A PRIVATELY HELD COMPANY

In March 2014, Catholic Charities inherited a 44.5% ownership interest in a privately held company. At December 31, 2015 and 2014, the ownership interest in the company was \$2,673,307 and \$2,590,235, respectively, and is reflect in the statement of financial position. In 2014, the value of the initial donation in the amount of \$2,412,974 as well as Catholic Charities' share of the company's earnings totaling \$177,261 and related tax expense of \$17,500 have been reflected in the statement of activities. In 2015, Catholic Charities' share of the company's earnings totaling \$227,827 and related tax expense of \$79,259 has been reflected in the statement of activities.

The interest in the company has been reported under the equity method. Catholic Charities does not have control of the company, as defined by U.S. generally accepted accounting principles, and therefore it is not consolidated in the accompanying financial statements.

A summary of the financial position as of December 31, 2015 and 2014 and the results of operations for the years then ended of the privately held company interest reported under the equity method are as follows:

	2015	2014
Current assets	\$ 5,875,902	\$ 5,915,958
Non current assets	79,647	79,692
Total assets	5,955,549	5,995,650
Total liabilities	496,750	533,255
Total equity	\$ 5,458,799	\$ 5,462,395
Sales	\$ 7,315,886	\$ 8,947,282
Cost of sales	5,081,840	6,834,158
Gross profit	2,234,046	2,113,124
Operating expenses	1,765,202	1,700,560
Operating income	468,844	412,564
Other income	27,560	37,418
Net income	\$ 496,404	\$ 449,982

SUPPLEMENTARY INFORMATION

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
FEDERAL AWARDS			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Texas Health and Human Services Commission			
Refugee and Entrant Assistance - Older Refugee Grant	93.566	529-13-0067-00001B	\$ 26,025
Refugee and Entrant Assistance - Refugee Employment Services	93.566	529-14-0096-00010B	181,279
Refugee and Entrant Assistance - Refugee Education Services	93.566	529-14-0009-00027	204,119
Refugee and Entrant Assistance - Refugee Education Services	93.566	529-14-0009-00025B	76,957
Refugee and Entrant Assistance - Refugee Cash Assistance	93.566	529-13-0021-00005B	421,668
Refugee and Entrant Assistance - Refugee Cash Assistance	93.566	529-13-0021-00005C	228,151
Refugee and Entrant Assistance - Refugee Social Adjustment	93.566	529-14-0009-00025A	223,878
Refugee and Entrant Assistance - Refugee Social Adjustment	93.566	529-14-0009-00025B	83,272
Refugee and Entrant Assistance - Refugee School Impact	93.566	529-15-0063-00004	106,705
Refugee and Entrant Assistance - Refugee School Impact	93.566	529-15-0063-00004A	46,055
Refugee and Entrant Assistance - RSS Integration	93.566	529-14-0009-00014A	58,131
Refugee and Entrant Assistance - RSS Integration	93.566	529-14-0009-00025B	16,513
Refugee and Entrant Assistance - RSS Employment	93.566	529-14-0096-00038A	68,705
Refugee and Entrant Assistance - RSS Employment	93.566	529-14-0009-00025B	16,626
U.S. Catholic Conference			
Refugee and Entrant Assistance - Unaccompanied Refugee Minor	93.566	24057426	1,553,477
Refugee and Entrant Assistance - Unaccompanied Refugee Minor	93.566	24057426	542,666
			3,854,227
Texas Department of Family and Protective Services			
Promoting Safe and Stable Families	93.556	24111342	294,670
Promoting Safe and Stable Families	93.556	24111342	149,810
			444,480
U.S. Catholic Conference			
Refugee Reception and Placement Program	19.510	SPRMCO15CA1006	914,478
Refugee Reception and Placement Program	19.510	SPRMCO16CA1003	186,633
Unaccompanied Refugee Minors - R&P Funding	19.510	N/A	43,450
			1,144,561
Refugee and Entrant Assistance, Voluntary Program - Match Grant	93.567	90RV0070-01	516,925
Refugee and Entrant Assistance, Voluntary Program - Match Grant	93.567	90RV0070-02	192,674
			709,599
Refugee and Entrant Assistance/Preferred Communities	93.576	90RP0100/02	101,327
Unaccompanied Alien Children Program	93.676	90ZU0090	410,502
Unaccompanied Alien Children Program	93.676	90ZU0090	158,716
Unaccompanied Alien Children Program - DUCS	93.676	90ZU0090	262,933
Unaccompanied Alien Children Program - DUCS	93.676	90ZU0090	71,501
			903,652

See Notes to Schedule.

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
FEDERAL AWARDS - CONTINUED			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Cont.)			
The Parenting Center of Fort Worth & Tarrant County			
Community Centered Healthy Marriage and Relationships	93.086	N/A	144,539
FACT Refugee and Immigration Employment Project	93.086	15-FACT-HHS-001 A1	108,685
			253,224
United Way of Tarrant County			
AAA - Income Support	93.044	N/A	36,745
			36,745
Total U.S. Department of Health and Human Services			7,447,815
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
City of Fort Worth			
Emergency Solutions Grant Program	14.231	S-14-MC-48-0006	75,099
Tarrant County Homeless Coalition			
Emergency Solutions Grant Program	14.231	42140002071	103,765
Emergency Solutions Grant Program	14.231	42150002317	34,089
			212,953
City of Arlington			
Community Development Block Grant	14.218	N/A	40,011
Catholic Charities USA			
Housing Counseling Assistance Program	14.169	N/A	24,913
Support Housing Program - Master Lease			
Support Housing Program - Master Lease	14.235	TX0289L6011301	91,746
Support Housing Program - Master Lease	14.235	TX0289B6T011000	9,971
			101,717
Total U.S. Department of Housing and Urban Development			379,594

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
FEDERAL AWARDS - CONTINUED			
U.S. DEPARTMENT OF HOMELAND SECURITY			
Emergency Food and Shelter Board of Tarrant County Emergency Food and Shelter Program	97.024	N/A	154,024
Direct Funding			
Citizenship and Integration Direct Services	97.010	2013-CS-010-000014	87,162
Citizenship and Integration Direct Services	97.010	2015-CS-010-000004	28,981
			<u>116,143</u>
Total U.S. Department of Homeland Security			270,167
U.S. DEPARTMENT OF VETERAN AFFAIRS			
Direct Funding			
SSVF - Veteran Services	64.033	12-TX-075	815,217
SSVF - Veteran Services	64.033	12-TX-075	223,287
			<u>1,038,504</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Fort Worth Transportation Authority			
Ladders of Opportunity - Noncash	20.514	Vehicles	445,644
Transit Services Programs Cluster:			
Tarrant County			
Tarrant Riders Network	20.513	N/A	109,577
North Central Texas Council of Governments			
Job Access and Reverse Commute Program - Noncash	20.516	Vehicles	168,332
Job Access and Reverse Commute Program	20.516	TRN1934	134,470
			<u>412,379</u>
Total U.S. Department of Transportation			<u>858,023</u>
Total federal awards			<u>\$ 9,994,103</u>

See Notes to Schedule.

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Catholic Charities, Diocese of Fort Worth, Inc. (Catholic Charities) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Catholic Charities provided \$93,019 in federal awards to a subrecipient as part of the Refugee Services program, Federal CFDA number 93.566.

NOTE 3. NON-CASH ASSISTANCE

Catholic Charities received \$613,976 in non-cash assistance donated vehicles from federal awards for the year ended December 31, 2015.



INDEPENDENT AUDITOR'S 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
Diocese of Fort Worth, Inc.
Fort Worth, Texas

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 Diocese of Fort Worth, Inc. (Catholic Charities), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

Board of Directors
Catholic Charities
Diocese of Fort Worth, Inc.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Charities' financial statements are free from 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 matters that are 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 Catholic Charities' internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

Fort Worth, Texas
June 30, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Directors
Catholic Charities,
Diocese of Fort Worth, Inc.
Fort Worth, Texas

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities, Diocese of Fort Worth, Inc.'s (Catholic Charities) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Catholic Charities' major federal programs for the year ended December 31, 2015. Catholic Charities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Catholic Charities' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catholic Charities' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Catholic Charities' compliance.

Opinion on Each Major Federal Program

In our opinion, Catholic Charities complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of Catholic Charities is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catholic Charities' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities' 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Weaver and Tidwell, L.L.P.

Fort Worth, Texas
June 30, 2016

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that is not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that is not considered to be material weaknesses? 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 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
19.510	U.S. Refugee Admissions Program
64.033	SSVF – Veteran Services Program

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

Auditee qualified as low-risk auditee? Yes No

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED DECEMBER 31, 2015**

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None