

**Catholic Charities,
Diocese of Fort Worth, Inc.**

Financial Report

December 31, 2016

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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, 2016, 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.

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, 2016, and the changes in its net assets

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

and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited Catholic Charities' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 30, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent in all material respects with the audited financial statements from which it has been derived.

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 7, 2017, 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 7, 2017

Catholic Charities, Diocese of Fort Worth, Inc.

Statements of Financial Position

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 1,199,488
Accounts and grants receivable, net of allowance \$39,248 for 2016; and \$37,027 for 2015	3,136,262	2,329,745
Due from related parties	940,482	1,071,594
Prepaid expenses	162,220	249,506
Capital campaign receivables	2,335,867	499,820
Interest in net assets of endowment	3,836,305	3,189,788
Ownership interest in a privately held company	2,201,508	2,673,307
Property and equipment, net	13,595,098	14,237,272
	<u>26,207,742</u>	<u>25,450,520</u>
Total assets	<u>\$ 26,207,742</u>	<u>\$ 25,450,520</u>
LIABILITIES AND NET ASSETS		
Checks in excess of cash	\$ 79,384	\$ -
Accounts payable and accrued expenses	1,477,578	1,599,547
Due to related parties	1,000	5,000
Deferred revenue	147,525	90,861
Note payable	100,000	296,405
	<u>1,805,487</u>	<u>1,991,813</u>
Total liabilities	1,805,487	1,991,813
NET ASSETS		
Unrestricted		
Undesignated	21,006,913	21,156,972
Temporarily restricted	3,395,342	2,301,735
	<u>24,402,255</u>	<u>23,458,707</u>
Total net assets	<u>24,402,255</u>	<u>23,458,707</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 26,207,742</u>	<u>\$ 25,450,520</u>

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, 2016 with Comparative Totals
For Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
REVENUE AND OTHER SUPPORT				
Contributions	\$ 7,036,458	\$ 1,194,115	\$ 8,230,573	\$ 6,450,096
Capital campaign contributions	82,665	2,088,965	2,171,630	993,870
United Way	655,724	-	655,724	736,941
Fees and grants from governmental agencies	10,714,728	-	10,714,728	10,016,370
Program service fees	6,795,516	-	6,795,516	7,423,171
Gain (loss) on disposal of assets	(24,609)	-	(24,609)	1,736
Gain on interest in other entities	646,517	-	646,517	421,269
Other revenue (expense)	(41,760)	-	(41,760)	358,484
Net assets released from restrictions				
Satisfaction of program restrictions	1,917,973	(1,917,973)	-	-
Satisfaction of time restrictions	271,500	(271,500)	-	-
Total revenue and other support	28,054,712	1,093,607	29,148,319	26,401,937
EXPENSES				
Program services				
Child and family services	517,416	-	517,416	621,807
Homeless services	274,494	-	274,494	279,761
Financial stabilization services	3,890,571	-	3,890,571	3,404,571
Emergency shelter services	1,211,704	-	1,211,704	1,330,642
Veteran services	1,231,269	-	1,231,269	1,070,127
Health services	839,176	-	839,176	1,452,498
Mental health services	417,704	-	417,704	302,505
Refugee services	4,543,054	-	4,543,054	3,777,998
International foster care	2,832,659	-	2,832,659	2,476,845
Workforce and education	1,565,949	-	1,565,949	1,452,828
Transportation services	2,930,735	-	2,930,735	2,682,807
Immigration services	725,609	-	725,609	920,717
Social enterprise	2,580,941	-	2,580,941	2,365,364
Supportive programs	1,975,757	-	1,975,757	2,113,793
Total program services	25,537,038	-	25,537,038	24,252,263

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, 2016 With Comparative Totals
For Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2016</u>	<u>2015</u>
Supporting services				
Development and fundraising	1,456,062	-	1,456,062	1,033,474
Management and general	1,211,671	-	1,211,671	1,072,362
Total supporting services	2,667,733	-	2,667,733	2,105,836
Total expenses	28,204,771	-	28,204,771	26,358,099
Change in net assets	(150,059)	1,093,607	943,548	43,838
NET ASSETS, beginning of year	<u>21,156,972</u>	<u>2,301,735</u>	<u>23,458,707</u>	<u>23,414,869</u>
NET ASSETS, end of year	<u>\$ 21,006,913</u>	<u>\$ 3,395,342</u>	<u>\$ 24,402,255</u>	<u>\$ 23,458,707</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, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 943,548	\$ 43,838
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	992,308	859,511
Donation of capitalized equipment	(387,998)	(613,976)
Loss/(gain) on disposal of fixed assets	24,609	(1,736)
Changes in operating assets and liabilities		
Accounts receivable	(806,517)	83,711
Due from related parties	131,112	149,918
Prepaid expenses	87,286	(127,204)
Assets restricted for campaigns	(1,836,047)	167,141
Accounts payable and accrued expenses	(121,969)	180,803
Checks in excess of cash	79,384	-
Due to related parties	(4,000)	-
Deferred revenue	56,664	(21,635)
	(841,620)	720,371
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(39,430)	(424,467)
Proceeds from disposal of property and equipment	52,685	29,590
Additions to interest in other entities	(646,517)	(421,269)
Interest in a privately held company	471,799	(83,072)
	(161,463)	(899,218)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes on line of credit and note payable	(196,405)	(108,595)
	(196,405)	(108,595)
Net change in cash and cash equivalents	(1,199,488)	(287,442)
CASH AND CASH EQUIVALENTS, beginning of year	1,199,488	1,486,930
CASH AND CASH EQUIVALENTS, end of year	\$ -	\$ 1,199,488
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 8,371	\$ 5,581
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donation of capitalized equipment	\$ 387,998	\$ 613,976
Interest in a privately held company	\$ (471,799)	\$ 83,072

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, 2016 with Comparative Totals
For Year Ended December 31, 2015

	Program Services				
	Child and Family Services	Homeless Services	Financial Stabilization Services	Emergency Shelter Services	Veteran Services
Salaries	\$ 319,114	\$ 92,035	\$ 1,980,802	\$ 634,970	\$ 329,288
Employee benefits	52,553	19,354	332,094	91,614	54,494
Payroll taxes	25,418	6,983	159,686	55,418	26,291
 Total employee compensation	 397,085	 118,372	 2,472,582	 782,002	 410,073
Professional fees	953	347	-	16,704	653
Supplies	10,864	765	22,683	42,503	3,754
Telephone	3,843	1,741	28,438	4,823	8,388
Postage	141	84	551	187	1,037
Occupancy	9,782	1,693	37,809	91,620	9,883
Outside printing	307	381	5,652	-	471
Travel and transportation	10,248	2,065	58,829	9,284	19,222
Conferences and conventions	1,920	446	11,240	4,719	4,302
Subscriptions and publications	-	-	2,363	-	17
Specific assistance	7,659	115,111	785,256	45,909	640,829
Membership dues	361	51	1,203	1,441	-
Equipment - rentals, repair, and maintenance	9,947	4,647	40,525	17,865	11,841
Miscellaneous	1	25	253	1,009	101
Liability insurance	1,556	980	12,815	3,594	3,877
Interest expense	-	4	33	-	-
Depreciation expense	17,409	3,077	55,558	87,447	5,397
Bad debt expense	-	-	3,290	-	-
Proration of support services	45,340	24,705	351,491	102,597	111,424
 Total expenses	 \$ 517,416	 \$ 274,494	 \$ 3,890,571	 \$ 1,211,704	 \$ 1,231,269

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 Services	Transportation Services
\$ 397,788	\$ 228,740	\$ 1,384,187	\$ 972,641	\$ 823,483	\$ 1,334,158
68,213	32,872	284,423	167,719	152,782	224,786
32,819	18,305	110,452	80,419	66,120	109,229
498,820	279,917	1,779,062	1,220,779	1,042,385	1,668,173
70,782	35,863	225,239	751,100	134,323	15,919
32,072	1,771	28,203	91,845	8,532	6,357
6,925	5,872	20,264	23,589	12,941	34,351
572	163	536	1,187	2,060	155
32,892	18,944	18,514	74,049	7,360	16,232
53	1,119	639	6,511	1,393	4,787
1,378	11,117	46,637	89,183	17,568	433,649
622	2,538	2,937	9,990	6,451	619
-	13	420	262	5,605	320
4,170	4,028	1,933,635	216,143	144,060	-
-	104	291	1,818	673	353
18,778	5,776	32,972	20,540	18,067	78,962
775	4	67	15,028	610	30,055
6,763	1,221	13,977	8,442	5,036	7,573
-	-	-	2	62	93
96,318	12,580	36,596	48,935	16,552	402,265
-	10	-	-	-	3,300
68,256	36,664	403,065	253,256	142,271	227,572
<u>\$ 839,176</u>	<u>\$ 417,704</u>	<u>\$ 4,543,054</u>	<u>\$ 2,832,659</u>	<u>\$ 1,565,949</u>	<u>\$ 2,930,735</u>

Catholic Charities, Diocese of Fort Worth, Inc.
Statement Of Functional Expenses
Year Ended December 31, 2016 with Comparative Totals
For Year Ended December 31, 2015

	Program Services			Total Program Services
	Immigration Services	Social Enterprise	Supportive Programs	
Salaries	\$ 402,772	\$ 587,163	\$ 1,075,040	\$ 10,562,181
Employee benefits	90,039	92,334	154,357	1,817,634
Payroll taxes	30,723	46,482	84,645	852,990
Total employee compensation	<u>523,534</u>	<u>725,979</u>	<u>1,314,042</u>	<u>13,232,805</u>
Professional fees	19,786	1,457,257	20,209	2,749,135
Supplies	11,224	29,944	12,920	303,437
Telephone	5,160	11,603	16,731	184,669
Postage	7,326	1,652	566	16,217
Occupancy	21,821	13,192	69,198	422,989
Outside printing	1,133	12,441	2,475	37,362
Travel and transportation	664	23,112	41,760	764,716
Conferences and conventions	805	3,712	4,565	54,866
Subscriptions and publications	12,250	5,812	1,260	28,322
Specific assistance	2,850	250	215,563	4,115,463
Membership dues	1,261	1,057	1,909	10,522
Equipment - rentals, repair and maintenance	20,278	27,513	20,883	328,594
Miscellaneous	3,325	119	170	51,542
Liability insurance	4,074	12,489	9,955	92,352
Interest expense	-	-	23	217
Depreciation expense	26,869	15,637	68,762	893,402
Bad debt expense	-	7,477	-	14,077
Proration of support services	63,249	231,695	174,766	2,236,351
Total expenses	<u>\$ 725,609</u>	<u>\$ 2,580,941</u>	<u>\$ 1,975,757</u>	<u>\$ 25,537,038</u>

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	2016	2015
\$ 668,912	\$ 2,139,272	\$ 2,808,184	\$ 13,370,365	\$ 12,686,635
107,217	242,413	349,630	2,167,264	2,013,435
52,340	158,182	210,522	1,063,512	1,017,577
828,469	2,539,867	3,368,336	16,601,141	15,717,647
265,972	447,217	713,189	3,462,324	3,064,762
30,808	76,652	107,460	410,897	375,621
6,880	23,254	30,134	214,803	198,046
6,413	11,024	17,437	33,654	35,671
83,004	64,742	147,746	570,735	497,867
24,716	25,119	49,835	87,197	96,071
21,895	40,685	62,580	827,296	861,528
3,789	67,449	71,238	126,104	114,970
4,136	28,376	32,512	60,834	43,397
94	4,112	4,206	4,119,669	3,666,747
860	34,271	35,131	45,653	46,072
19,289	106,259	125,548	454,142	460,928
1,278	-	1,278	52,820	156,161
7,537	13,813	21,350	113,702	107,978
-	8,154	8,154	8,371	5,581
15,902	83,004	98,906	992,308	859,511
5,083	3,961	9,044	23,121	49,541
129,937	(2,366,288)	(2,236,351)	-	-
<u>\$ 1,456,062</u>	<u>\$ 1,211,671</u>	<u>\$ 2,667,733</u>	<u>\$ 28,204,771</u>	<u>\$ 26,358,099</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

Hope Center – Provides the first point of entry for individuals and families in need of help. Hope Center 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. Offers emergency rental, utility, and other assistance to Tarrant County residents and residents of surrounding counties in the Diocese.

Volunteer Income Tax Assistance (VITA) – Provides free tax preparation assistance for families with an annual income of \$50,000 or less. IRS-certified volunteers prepare taxes at nine different sites across Tarrant County. Provided as part of the United Way Income Initiative; support is 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.

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.

Catholic Charities, Diocese of Fort Worth, Inc.

Notes to Financial Statements

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). Catholic Charities staff provides 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.

Counseling – Licensed professionals provide high quality mental health services for veterans and their families to help with life's challenges.

Health Services

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.

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.

Catholic Charities, Diocese of Fort Worth, Inc.

Notes to Financial Statements

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.

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 and DUCS programs.

Workforce and Education Services

Vocation Program – Provides individuals with the resources and opportunities needed to obtain 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

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

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 donations 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.

Financial Statement Presentation

The financial statements of Catholic Charities have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Catholic Charities is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted includes funds that represent resources over which the Board of Directors has discretionary control to carry out operations in accordance with its bylaws.

Temporarily Restricted includes funds that represent resources expendable only for those operating purposes specified by the donor.

Permanently Restricted includes funds which have been accepted with donor stipulations that the principal be maintained intact in perpetuity with only the income to be utilized. As of December 31, 2016 and 2015, Catholic Charities had not received any permanently restricted funds.

Catholic Charities, Diocese of Fort Worth, Inc.

Notes to Financial Statements

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, Grants and Capital Campaign Receivables

Accounts and grant receivable represent government grant receivables and program service fees billed but uncollected at year end. Capital campaign receivables represent pledges that have not been collected 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 receivables and charges off uncollectible accounts when they determine the receivable will not be collected. Management considered all capital campaign receivables to be fully collectible therefore no allowance has been recorded.

Property and Equipment

Purchased property and equipment 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.

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.

Catholic Charities, Diocese of Fort Worth, Inc.

Notes to Financial Statements

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.

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 and non-capitalized equipment in the amount of \$33,217 is reflected as contributions in the accompanying financial statements at the estimated fair values at the date of receipt for 2016. No amounts were received during 2015.

During 2016 and 2015, Catholic Charities benefited from services which were valued at \$29,523 and \$31,834, respectively. These amounts have been reported as both in-kind contribution revenue and expenses on the statements 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, 2015, from which the summarized information was derived.

Catholic Charities, Diocese of Fort Worth, Inc.

Notes to Financial Statements

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, 2016 may be impaired.

Advertising Expense

Catholic Charities expenses advertising costs as incurred. Expenses incurred were approximately \$15,100 and \$24,400 for 2016 and 2015, respectively.

Subsequent Events

Management evaluated all events or transactions that occurred after December 31, 2016 through June 7, 2017, 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:

	2016	2015
Land	\$ 306,738	\$ 306,738
Construction in progress	-	88,312
Land improvements	612,172	612,172
Building	13,818,343	13,816,015
Equipment	1,113,381	1,073,611
Furniture	886,917	886,917
Software	312,545	155,604
Vehicles	1,775,678	1,789,025
	18,825,774	18,728,394
Less accumulated depreciation	(5,230,676)	(4,491,122)
	\$ 13,595,098	\$ 14,237,272

Catholic Charities, Diocese of Fort Worth, Inc.

Notes to Financial Statements

Note 3. Capital Campaign Receivables

Catholic Charities has launched four separate capital campaigns over the past ten years. In 2006, the campaign was initiated for the purpose of building a new facility. In 2012, another campaign was launched to build a dental clinic within the new facility and a new building in Arlington, Texas. In 2014, Catholic Charities began a campaign to fund a multi-year research project. Most recently, in 2016, Catholic Charities started the kNOw Poverty campaign to raise money to assist in programs and services with the intent to move 10,000 families out of poverty over 10 years.

Receivables related to these campaigns are as follows:

	<u>2016</u>	<u>2015</u>
Contribution receivable, net of discount	<u>\$ 2,335,867</u>	<u>\$ 499,820</u>

Contributors to the capital campaigns have made unconditional promises to give of \$2,525,000 and \$987,534 during the years ended December 31, 2016 and 2015, 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 \$68,604 in 2016 and \$4,763 in 2015.

Collection of the receivables is expected through 2021 as follows:

2017	\$ 733,971
2018	490,533
2019	481,245
2020	472,133
2021	<u>157,985</u>
	<u>\$ 2,335,867</u>

Note 4. Line of Credit and Note Payable

Catholic Charitie has a \$1,500,000 line of credit available with interest at the lender's prime rate plus 0.75% (4.50% and 4.25% at December 31, 2016 and 2015, respectively), which matures on May 30, 2018. No balance was outstanding at December 31, 2016 or 2015.

Catholic Charities also had a note payable with a financial institution which matured and was closed in February 2016. The interest rate was 65% of the monthly LIBOR plus 1.43%, adjusted monthly (1.70% at December 31, 2015). Such note payable was secured by a bank account and capital campaign pledges. No balance was outstanding at December 31, 2016 and the balance at December 31, 2015 was \$196,405.

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, 2016 and 2015 was \$100,000.

Catholic Charities, Diocese of Fort Worth, Inc.

Notes to Financial Statements

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets have been restricted for either a specified purpose or stipulated time. These amounts relate to funds contributed to Catholic Charities for future property and equipment acquisitions, program expenses, and capital campaign, as follows:

	2016	2015
Property and equipment	\$ 8,250	\$ 45,000
Program expenses	1,076,226	1,763,140
Capital campaigns	2,310,866	493,595
	\$ 3,395,342	\$ 2,301,735

Note 6. Leased Facilities

Catholic Charities leases equipment under non-cancelable operating lease agreements with terms varying from one to five years. Total lease expense approximates \$215,800 in 2016 and \$133,000 in 2015. Future minimum lease payments at December 31, 2016, are as follows:

2017	\$ 158,486
2018	143,602
2019	64,477
2020	13,500
	\$ 380,065

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. Under the terms of the lease agreement, Catholic Charities will recognize expenses evenly over the term of the lease with the remaining recorded as prepaid expenses. Rental expense related to this lease for the years ended December 31, 2016 and 2015 was \$27,000 and \$13,500, respectively.

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 \$448,112 and \$331,972 for the years ended December 31, 2016 and 2015, 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 \$285,924 in 2016 and \$276,904 in 2015 and are included in program service fees in the statements of activities.

Catholic Charities also pays payroll expenses and other miscellaneous expenses on behalf of the Properties for which Catholic Charities is reimbursed. The Properties and Urban Manor owed Catholic Charities a total of \$940,482 and \$1,071,594 reported as due from related parties at December 31, 2016 and 2015, 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 \$1,000 and \$5,000 reported as due to related parties at December 31, 2016 and 2015, respectively.

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 statements of activities include gain on interest in net assets of endowment as an increase in unrestricted net assets of \$646,517 and \$421,269 during the years ended December 31, 2016 and 2015, respectively.

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 \$3,836,305 and \$3,189,788 at December 31, 2016 and 2015, respectively. The following table reconciles the changes in Endowment assets for the years ended December 31:

	2016	2015
Endowment assets, beginning	\$ 3,189,788	\$ 2,768,519
Gifts	454,069	109,246
Interest and dividend income	166,090	136,983
Unrealized gain	26,358	175,040
	<u>\$ 3,836,305</u>	<u>\$ 3,189,788</u>

Catholic Charities, Diocese of Fort Worth, Inc.

Notes to Financial Statements

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, 2016 and 2015.

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.

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, 2016 and 2015, the ownership interest in the company was \$2,201,508 and \$2,673,307, respectively, and is reflect in the statement of financial position. In 2016 and 2015, Catholic Charities' share of the company's earnings/(losses) totaling \$(106,173) and \$227,827, respectively, have been reported as other revenue/(expense) in the accompanying statements of activities. The related tax expense/(benefit) for 2016 and 2015 in the amounts of \$(28,363) and \$79,259, respectively, have been reflected as miscellaneous expense with the management and general category 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 accounting principles generally accepted in the United States of America, and therefore it is not consolidated in the accompanying financial statements.

Catholic Charities, Diocese of Fort Worth, Inc.

Notes to Financial Statements

Following is a summary of the financial position as of December 31, 2016 and 2015 and the results of operations for the years then ended of the privately held company interest as follows:

	2016	2015
Current assets	\$ 4,799,923	\$ 5,875,902
Non current assets	198,757	79,647
Total assets	4,998,680	5,955,549
Total liabilities	547,549	496,750
Total equity	\$ 4,451,131	\$ 5,458,799
Sales	\$ 8,200,256	\$ 7,315,886
Cost of sales	6,770,280	5,081,840
Gross profit	1,429,976	2,234,046
Operating expenses	1,681,095	1,765,202
Operating income (loss)	(251,119)	468,844
Other income	43,451	27,560
Net income (loss)	\$ (207,668)	\$ 496,404

Supplementary Information

Catholic Charities, Diocese of Fort Worth, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

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 - Refugee Employment Services	93.566	529-14-0096-00010B	\$ 136,655
Refugee and Entrant Assistance - Refugee Employment Services	93.566	529-14-0096-00011D	52,672
Refugee and Entrant Assistance - Refugee Education Services	93.566	529-14-0009-00027B	241,015
Refugee and Entrant Assistance - Refugee Education Services	93.566	529-14-0009-00027C	94,834
Refugee and Entrant Assistance - Refugee Cash Assistance	93.566	529-13-0021-00005C	668,743
Refugee and Entrant Assistance - Refugee Cash Assistance	93.566	529-13-0021-00005D	154,077
Refugee and Entrant Assistance - Refugee Social Adjustment	93.566	529-14-0009-00025B	285,167
Refugee and Entrant Assistance - Refugee Social Adjustment	93.566	529-14-0009-00025D	60,521
Refugee and Entrant Assistance - Refugee School Impact	93.566	529-15-0063-00004A	111,753
Refugee and Entrant Assistance - Refugee School Impact	93.566	1702TXRSOC	7,249
Refugee and Entrant Assistance - RSS Integration	93.566	529-14-0009-00025B	71,537
Refugee and Entrant Assistance - RSS Integration	93.566	529-14-0009-00025D	23,592
Refugee and Entrant Assistance - RSS Employment	93.566	529-14-0009-00025B	84,084
Refugee and Entrant Assistance - RSS Employment	93.566	529-14-0009-00025D	21,231
Texas Department of Family and Protective Services			
Refugee and Entrant Assistance - Unaccompanied Refugee Minor	93.566	24057426	1,797,064
Refugee and Entrant Assistance - Unaccompanied Refugee Minor	93.566	24057426	<u>536,432</u>
			4,346,626
Texas Department of Family and Protective Services			
Promoting Safe and Stable Families	93.556	24111342	375,732
Promoting Safe and Stable Families	93.556	24111342	<u>110,160</u>
			485,892
U.S. Catholic Conference			
Refugee Reception and Placement Program	19.510	SPRMCO16CA1006	998,208
Refugee Reception and Placement Program	19.510	SPRMCO16CA1006	224,505
Refugee Reception and Placement Program	19.510	SPRMCO16CA1006	134,653
Refugee Reception and Placement Program	19.510	SPRMCO16CA1006	20,700
Unaccompanied Refugee Minors - R&P Funding	19.510	N/A	<u>34,875</u>
			1,412,941
Refugee and Entrant Assistance, Voluntary Program - Match Grant			
Refugee and Entrant Assistance, Voluntary Program - Match Grant	93.567	90RV0070-02	681,785
Refugee and Entrant Assistance, Voluntary Program - Match Grant	93.567	90RV0070-03	<u>159,765</u>
			841,550
Refugee and Entrant Assistance/Preferred Communities			
Refugee and Entrant Assistance/Preferred Communities	93.576	90RP0100/02	118,639
Refugee and Entrant Assistance/Preferred Communities	93.576	90RP0100/03	<u>38,904</u>
			157,543
Unaccompanied Alien Children Program			
Unaccompanied Alien Children Program	93.676	90ZU0090	403,139
Unaccompanied Alien Children Program	93.676	90ZU0090	163,019
Unaccompanied Alien Children Program - DUCS	93.676	90ZU0090	293,190
Unaccompanied Alien Children Program - DUCS	93.676	90ZU0090	<u>99,594</u>
			958,942

See Notes to the Schedule
of Expenditures of Federal Awards

Catholic Charities, Diocese of Fort Worth, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

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	33,944
Community Centered Healthy Marriage and Relationships	93.086	N/A	33,192
			<u>67,136</u>
United Way of Tarrant County			
AAA - Income Support	93.044	N/A	27,386
Total U.S. Department of Health and Human Services			<u>8,298,016</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Tarrant County Homeless Coalition			
Emergency Solutions Grant Program	14.231	42150002317	125,929
Emergency Solutions Grant Program	14.231	42160002540	28,626
			<u>154,555</u>
City of Arlington			
Community Development Block Grant	14.218	N/A	29,059
Catholic Charities USA			
Housing Counseling Assistance Program	14.169	N/A	4,460
Support Housing Program - Master Lease	14.235	TX0289L6T011402	98,155
Support Housing Program - Master Lease	14.235	TX0289L6T011503	9,405
			<u>107,560</u>
Total U.S. Department of Housing and Urban Development			<u>295,634</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Funding			
Citizenship and Integration Direct Services	97.010	2015-CS-010-000004	130,512
Total U.S. Department of Homeland Security			<u>130,512</u>
U.S. DEPARTMENT OF VETERAN AFFAIRS			
Direct Funding			
SSVF - Veteran Services	64.033	12-TX-075	913,222
SSVF - Veteran Services	64.033	12-TX-075	295,898
Total U.S. Department of Veteran Affairs			<u>1,209,120</u>
U.S. DEPARTMENT OF LABOR			
Tarrant County Workforce Development Board			
WIOA Youth Services	17.259	17-YC-WIOA-001	29,303
Total U.S. Department of Labor			<u>29,303</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Catholic Charities USA			
AmeriCorps National Direct Program - Refugee Resettlement	94.006	16NDHVA001	6,473
Total Corporation for National and Community Service			<u>6,473</u>

See Notes to the Schedule
of Expenditures of Federal Awards

Catholic Charities, Diocese of Fort Worth, Inc.
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
FEDERAL AWARDS - CONTINUED			
U.S. DEPARTMENT OF TRANSPORTATION			
Fort Worth Transportation Authority			
Ladders of Opportunity - Noncash	20.514	N/A	421,215
Transit Services Programs Cluster:			
Tarrant County			
Tarrant Riders Network	20.513	N/A	100,850
North Central Texas Council of Governments			
Job Access and Reverse Commute Program	20.516	TRN1934	136,787
Total Transit Services Programs Cluster			<u>237,637</u>
Total U.S. Department of Transportation			<u>658,852</u>
Total federal awards			<u>\$ 10,627,910</u>

Catholic Charities, Diocese of Fort Worth, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

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 \$89,628 in federal awards to a subrecipient as part of the Refugee and Entrant Assistance program, CFDA number 93.566.

Note 3. Non-Cash Assistance

Catholic Charities received \$421,215 in non-cash assistance donated vehicles and software from federal awards for the year ended December 31, 2016.



**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, 2016, 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 7, 2017.

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.

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 7, 2017



Independent Auditor's 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,
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, 2016. 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.

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

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, 2016.

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 7, 2017

Catholic Charities, Diocese of Fort Worth, Inc.

Schedule of Findings and Questioned Costs Year Ended December 31, 2016

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 X No
- Significant deficiencies identified that is not considered to be material weaknesses? ___ Yes X None Reported
- Noncompliance material to financial statements noted? ___ Yes X No

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiencies identified that is not considered to be material weaknesses? ___ Yes X 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 X No

Identification of major federal programs:

CFDA Numbers

Name of Federal Program or Cluster

93.566
93.676

Refugee and Entrant Assistance Program
Unaccompanied Alien Children Program

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee? X Yes ___ No

Catholic Charities, Diocese of Fort Worth, Inc.

Schedule Of Findings and Questioned Costs

Year Ended December 31, 2016

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None