

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.

FINANCIAL REPORT

DECEMBER 31, 2014

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statement of Activities	4
Statements of Cash Flows	6
Statement of Functional Expenses	7
Notes to Financial Statements	11
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	25
Notes to the Schedule of Expenditures of Federal Awards.....	28
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 <i>Government Auditing Standards</i>	29
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by OMB Circular A-133.....	31
Schedule of Findings and Questioned Costs	33



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 statement of financial position of Catholic Charities, Diocese of Fort Worth, Inc. (Catholic Charities) as of December 31, 2014, and the related statements of activities, cash flows, and functional expenses 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 the 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 reasonable basis for our opinion.

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

Page 2

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, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Catholic Charities' 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 19, 2015, 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 19, 2015

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 1,486,930	\$ 1,991,743
Accounts receivable, net of allowance \$69,337 for 2014; and \$114,285 for 2013	2,413,456	2,574,207
Due from related parties	1,221,512	761,549
Prepaid expenses	122,302	92,935
Assets restricted for campaigns	666,961	532,926
Interest in net assets of endowment	2,768,519	1,916,187
Ownership interest in a privately held company	2,590,235	-
Property and equipment, net	14,086,194	14,521,346
Total assets	\$ 25,356,109	\$ 22,390,893
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 1,418,744	\$ 1,753,164
Due to related parties	5,000	40,000
Deferred revenue	112,496	276,956
Note payable	405,000	675,000
Total liabilities	1,941,240	2,745,120
NET ASSETS		
Unrestricted		
Undesignated	20,732,785	16,765,330
Temporarily restricted	2,682,084	2,880,443
Total net assets	23,414,869	19,645,773
TOTAL LIABILITIES AND NET ASSETS	\$ 25,356,109	\$ 22,390,893

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, 2014 WITH COMPARATIVE TOTALS
FOR YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
REVENUE AND OTHER SUPPORT				
Contributions	\$ 7,436,359	\$ 2,012,703	\$ 9,449,062	\$ 6,261,267
Campaign contributions	2,543	510,000	512,543	16,772
United Way	1,152,547	850	1,153,397	1,460,810
Fees and grants from governmental agencies	9,958,004	-	9,958,004	9,071,437
Program service fees	6,852,584	-	6,852,584	5,943,940
Loss on disposal of assets	(23,996)	-	(23,996)	(12,436)
Gain on interest in other entities	1,029,593	-	1,029,593	239,868
Other revenue	134,609	-	134,609	90,290
Net assets released from restrictions				
Satisfaction of program restrictions	2,344,754	(2,344,754)	-	-
Satisfaction of time restrictions	377,158	(377,158)	-	-
Total revenue and other support	29,264,155	(198,359)	29,065,796	23,071,948
EXPENSES				
Program services				
Child and family services	1,159,617	-	1,159,617	1,518,218
Homeless services	411,713	-	411,713	357,222
Financial stabilization services	2,291,248	-	2,291,248	1,968,868
Emergency shelter services	1,624,361	-	1,624,361	1,194,330
Veteran services	1,331,534	-	1,331,534	780,394
Health services	1,510,227	-	1,510,227	1,390,642
Mental health services	293,068	-	293,068	501,494
Refugee services	4,036,357	-	4,036,357	3,979,036
International foster care	2,110,948	-	2,110,948	2,172,384
Workforce and education	1,091,376	-	1,091,376	709,938
Transportation services	2,389,294	-	2,389,294	2,301,612
Immigration services	915,598	-	915,598	747,027
Social enterprise	2,402,837	-	2,402,837	2,554,439
Supportive programs	1,774,822	-	1,774,822	1,303,257
Total program services	23,343,000	-	23,343,000	21,478,861

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, 2014 WITH COMPARATIVE TOTALS
FOR YEAR ENDED DECEMBER 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Supporting services				
Development and fundraising	978,298	-	978,298	689,685
Management and general	975,402	-	975,402	838,624
Total supporting services	1,953,700	-	1,953,700	1,528,309
Total expenses	25,296,700	-	25,296,700	23,007,170
Change in net assets	3,967,455	(198,359)	3,769,096	64,778
NET ASSETS, beginning of year	16,765,330	2,880,443	19,645,773	19,580,995
NET ASSETS, end of year	<u>\$ 20,732,785</u>	<u>\$ 2,682,084</u>	<u>\$ 23,414,869</u>	<u>\$ 19,645,773</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, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,769,096	\$ 64,778
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	883,566	836,463
Donation of equipment	-	(266,500)
Loss on disposal of fixed assets	23,996	12,437
Interest in a privately held company	(2,590,235)	-
Changes in operating assets and liabilities		
Accounts receivable	160,751	(335,820)
Due from related parties	(459,963)	(47,518)
Prepaid expenses	(29,367)	5,056
Assets restricted for campaigns	(134,035)	937,011
Accounts payable and accrued expenses	(334,420)	455,952
Due to related parties	(35,000)	20,000
Deferred revenue	(164,460)	90,631
Net cash provided by operating activities	1,089,929	1,772,490
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(514,647)	(325,930)
Proceeds from disposal of property and equipment	42,237	8,265
Additions to interest in other entities	(852,332)	(814,141)
Net cash used in investing activities	(1,324,742)	(1,131,806)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes on line of credit and note payable	(270,000)	(558,701)
Net cash used in financing activities	(270,000)	(558,701)
Net change in cash and cash equivalents	(504,813)	81,983
CASH AND CASH EQUIVALENTS, beginning of year	1,991,743	1,909,760
CASH AND CASH EQUIVALENTS, end of year	\$ 1,486,930	\$ 1,991,743
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 11,999	\$ 23,831
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated assets	\$ -	\$ 266,500
Interest in a privately held company	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, 2014 WITH COMPARATIVE TOTALS
FOR YEAR ENDED DECEMBER 31, 2013

	Program Services				
	Child and Family Services	Homeless Services	Financial Stabilization Services	Emergency Shelter Services	Veteran Services
Salaries	\$ 686,583	\$ 159,067	\$ 860,291	\$ 809,598	\$ 335,716
Employee benefits	128,139	28,217	128,683	116,256	52,702
Payroll taxes	58,036	13,103	75,497	73,499	29,612
Total employee compensation	872,758	200,387	1,064,471	999,353	418,030
Professional fees	11,677	1,379	123,233	33,401	1,231
Supplies	19,126	3,734	19,702	71,097	4,881
Telephone	13,827	4,106	21,119	6,991	10,368
Postage	694	107	953	701	720
Occupancy	17,740	2,177	21,039	102,228	7,091
Outside printing	879	632	1,202	66	715
Travel and transportation	27,085	8,595	34,953	57,383	21,949
Conferences and conventions	4,096	698	11,231	6,807	1,387
Subscriptions and publications	-	72	808	532	1,175
Specific assistance	27,059	143,404	720,013	53,358	723,525
Membership dues	885	150	604	1,043	150
Equipment - rentals, repair, and maintenance	18,403	1,568	28,528	42,275	8,610
Miscellaneous	29	17	79	13	21
Liability insurance	3,179	1,161	6,408	4,353	3,673
Interest expense	-	-	-	5	-
Depreciation expense	36,367	6,851	38,302	106,929	7,827
Bad debt expense	3,157	-	-	-	-
Proration of support services	102,656	36,675	198,603	137,826	120,181
Total expenses	\$ 1,159,617	\$ 411,713	\$ 2,291,248	\$ 1,624,361	\$ 1,331,534

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
\$ 712,186	\$ 172,336	\$ 1,231,877	\$ 784,158	\$ 474,280	\$ 1,105,018
122,815	16,499	220,944	114,982	72,088	169,848
59,081	15,767	106,124	67,705	38,801	92,512
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
894,082	204,602	1,558,945	966,845	585,169	1,367,378
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
58,586	20,713	159,207	447,443	231,800	20,525
34,826	2,308	19,215	20,990	3,431	9,862
14,568	5,205	25,176	19,418	9,763	19,379
1,179	235	1,427	981	556	267
32,327	5,646	27,319	32,091	4,066	9,226
652	320	928	15,094	563	349
9,308	7,000	44,282	83,954	8,301	514,627
1,272	1,987	1,169	9,462	714	149
228	246	851	6,801	853	704
203,351	250	1,742,416	230,068	133,979	-
189	69	-	1,584	225	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
13,336	4,806	36,764	32,694	7,498	14,456
25	2	24	537	71	36,526
7,529	787	12,989	6,409	3,226	6,744
-	-	-	29	33	9
111,917	12,358	47,406	49,361	12,165	183,543
-	903	-	-	-	301
126,852	25,631	358,239	187,187	88,963	205,249
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 1,510,227</u>	<u>\$ 293,068</u>	<u>\$ 4,036,357</u>	<u>\$ 2,110,948</u>	<u>\$ 1,091,376</u>	<u>\$ 2,389,294</u>

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES – CONTINUED
YEAR ENDED DECEMBER 31, 2014 WITH COMPARATIVE TOTALS
FOR YEAR ENDED DECEMBER 31, 2013

	Program Services			
	Immigration Services	Social Enterprise	Supportive Programs	Total Program Services
Salaries	\$ 532,373	\$ 599,390	\$ 1,033,340	\$ 9,496,213
Employee benefits	74,237	81,105	138,906	1,465,421
Payroll taxes	43,888	48,860	83,194	805,679
Total employee compensation	650,498	729,355	1,255,440	11,767,313
Professional fees	34,440	1,175,590	22,144	2,341,369
Supplies	16,503	27,011	21,052	273,738
Telephone	4,997	8,155	14,547	177,619
Postage	9,081	4,144	1,144	22,189
Occupancy	15,826	12,949	59,565	349,290
Outside printing	1,282	71,235	4,835	98,752
Travel and transportation	14,826	46,676	39,128	918,067
Conferences and conventions	5,283	4,253	5,235	53,743
Subscriptions and publications	7,274	4,236	109	23,889
Specific assistance	-	530	65,081	4,043,034
Membership dues	1,341	2,013	576	8,829
Equipment - rentals, repair and maintenance	22,953	17,458	29,381	278,730
Miscellaneous	1,958	-	42	39,344
Liability insurance	4,395	10,060	11,284	82,197
Interest expense	-	-	5	81
Depreciation expense	46,335	23,785	93,404	776,550
Bad debt expense	-	56,660	-	61,021
Proration of support services	78,606	208,727	151,850	2,027,245
Total expenses	\$ 915,598	\$ 2,402,837	\$ 1,774,822	\$ 23,343,000

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	2014	2013
\$ 509,171	\$ 1,682,706	\$ 2,191,877	\$ 11,688,090	\$ 10,602,185
87,413	306,005	393,418	1,858,839	1,600,117
40,046	86,695	126,741	932,420	791,125
636,630	2,075,406	2,712,036	14,479,349	12,993,427
62,784	245,116	307,900	2,649,269	2,753,014
18,443	73,518	91,961	365,699	294,711
9,668	20,466	30,134	207,753	188,067
7,733	8,781	16,514	38,703	39,124
57,649	45,902	103,551	452,841	426,447
24,712	22,759	47,471	146,223	125,467
21,017	36,014	57,031	975,098	989,522
976	26,185	27,161	80,904	67,058
3,662	5,582	9,244	33,133	37,223
-	1,785	1,785	4,044,819	2,842,728
2,955	42,120	45,075	53,904	56,126
18,567	75,776	94,343	373,073	339,588
2,244	294,878	297,122	336,466	52,060
5,978	10,233	16,211	98,408	81,843
-	11,918	11,918	11,999	23,836
18,435	88,581	107,016	883,566	836,463
-	4,472	4,472	65,493	860,466
86,845	(2,114,090)	(2,027,245)	-	-
\$ 978,298	\$ 975,402	\$ 1,953,700	\$ 25,296,700	\$ 23,007,170

**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

Healthy Start Initiative – The program promotes positive parent involvement and educates the community about infant mortality to ensure that children reach their first birthday.

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.

Hand in Hand – Offers family-centered, community-based and culturally competent mental health services for children ages birth to 6 years.

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.

Homeless Prevention Rapid Re-Housing – Provides homeless prevention to persons facing homelessness and rapid re-housing services to homeless persons living in places not meant for human habitation in the form of rental assistance, utility assistance, and case management.

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.

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

Volunteer Income Tax Assistance (VITA) – Provides free tax preparation assistance for families with an annual income of \$50,000 or less. RS-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.

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

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

Arlington Community Connections – Collaborates with the Arlington deanery to provide guidance and access to available Catholic Charities services & community resources.

Emergency Solution Grant with Safe Haven – Provides outreach and temporary housing assistance for six to nine months while teaching life skills to help clients remain in permanent long term housing.

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 Alien Children (UAC) – A contract through USCCB to provide temporary shelter and care for Unaccompanied Alien Children (UAC). CCFW 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.

**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

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.

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.

**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

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.

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.

Refugee Services Human Trafficking (Victims of Trafficking) – Educates our community, social service providers, and law enforcement about human trafficking. Raises awareness to promote identification of and assistance to victims of labor and/or sexual trafficking.

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.

**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

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.

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.

**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

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.

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.

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

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

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.

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,

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

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

Income Taxes – Continued

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. As of December 31, 2014, Catholic Charities' tax years 2011 and thereafter remain subject to examination.

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.

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 2014, Catholic Charities benefited from services which were valued at \$32,200. 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, 2013, from which the summarized information was derived.

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

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

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, 2014 may be impaired.

Advertising Expense

Catholic Charities expenses advertising costs as incurred. Expenses incurred were approximately \$73,600 and \$50,600 for 2014 and 2013, respectively.

Reclassifications

Certain accounts relating to the prior period have been restated to conform to the current year's presentation. The reclassifications had no effect on prior period change in net position or net position.

Subsequent Events

Management evaluated all events or transactions that occurred after December 31, 2014 through June 19, 2015, which is the date these financial statements were available to be issued.

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

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

	<u>2014</u>	<u>2013</u>
Land	\$ 306,738	\$ 290,738
Construction in progress	103,617	41,755
Land improvements	536,570	536,570
Building	13,811,887	13,537,538
Equipment	1,007,925	1,065,552
Furniture	882,503	865,553
Software	124,104	145,128
Vehicles	980,269	906,846
	<u>17,753,613</u>	<u>17,389,680</u>
Less accumulated depreciation	<u>(3,667,419)</u>	<u>(2,868,334)</u>
	<u>\$ 14,086,194</u>	<u>\$ 14,521,346</u>

NOTE 3. ASSETS RESTRICTED FOR CAPITAL CAMPAIGN

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:

	<u>2014</u>	<u>2013</u>
Contribution receivable, net of discount	<u>\$ 666,961</u>	<u>\$ 532,926</u>

Contributors to the capital campaign, dental clinic, Arlington building and research project have made unconditional promises to give of \$510,000 and \$365,000 during the years ended December 31, 2014 and 2013, 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 \$11,099 in 2014 and \$11,208 in 2013.

Collection of the receivables is expected through 2017 as follows:

2015	\$ 271,846
2016	218,415
2017	<u>176,700</u>
	<u>\$ 666,961</u>

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

NOTE 4. LINE OF CREDIT AND NOTE PAYABLE

Catholic Charities has executed a revolving line of credit note agreement with the Diocese of Fort Worth under which Catholic Charities may draw up to \$500,000 from time to time during the term of the note. The note has an interest rate equal to the Diocese loan rate (5.5% at December 31, 2014 and 2013). Such line is unsecured and has been extended for an indefinite period of time. No balance is outstanding at December 31, 2014 or 2013.

Catholic Charities also has available a \$700,000 bank line of credit with interest at the lender's prime rate plus 0.75% (4.0% at December 31, 2014 and 2013), which matures on September 2, 2015. No balance was outstanding at December 31, 2014 or 2013.

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 (1.53% at December 31, 2014 and 2013). Such note payable is secured by a bank account and capital campaign pledges and matures on January 31, 2016. The balance at December 31, 2014 and 2013 was \$305,000 and \$575,000, 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, 2014 and 2013 was \$100,000.

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:

	<u>2014</u>	<u>2013</u>
Property and equipment	\$ 45,000	\$ 50,000
Program expenses	1,970,123	2,297,517
Campaigns	<u>666,961</u>	<u>532,926</u>
	<u>\$ 2,682,084</u>	<u>\$ 2,880,443</u>

NOTE 6. LEASED FACILITIES

Catholic Charities leases equipment under non-cancelable operating lease agreements with terms varying from one to five years. Lease expense approximates \$120,000 in 2014 and \$107,000 in 2013. Future minimum lease payments at December 31, 2014, are as follows:

2015	\$ 87,358
2016	82,694
2017	79,766
2018	<u>71,979</u>
	<u>\$ 321,797</u>

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

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 \$336,940 and \$246,218 for the years ended December 31, 2014 and 2013, respectively.

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., Casa Brendan, and Casa II, Inc. (the Properties), which are separate entities that maintain housing projects for the elderly and handicapped 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 \$256,631 in 2014 and \$211,233 in 2013 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 \$1,221,512 and \$761,549 reported as due from related parties at December 31, 2014 and 2013, 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 and \$40,000 reported as due to related parties at December 31, 2014 and 2013, 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 statement of activities includes gain on interest in net assets of endowment as an increase in unrestricted net assets of \$852,332 and \$239,868 during the years ended December 31, 2014 and 2013, 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 \$2,768,519 and \$1,916,187 at December 31, 2014 and 2013, respectively. The following table reconciles the changes in Endowment assets for the years ended December 31:

	2014	2013
Endowment assets, beginning	\$ 1,916,187	\$ 1,102,046
Gifts	671,672	574,273
Interest and dividend income	97,887	42,797
Unrealized gain	82,773	197,071
	\$ 2,768,519	\$ 1,916,187

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, 2014 and 2013.

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, 2014, the ownership interest in the company was \$2,590,235 and is reflect in the statement of financial position. 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.

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, 2014 and the results of operations for the year then ended of the privately held company interest reported under the equity method are as follows:

Current assets	\$ 5,915,958
Non current assets	<u>79,692</u>
Total assets	5,995,650
Total liabilities	<u>533,255</u>
Total equity	<u>\$ 5,462,395</u>
Sales	\$ 8,947,282
Cost of sales	<u>6,834,158</u>
Gross profit	2,113,124
Operating expenses	1,700,560
Operating income	412,564
Other income	<u>37,418</u>
Net income	<u>\$ 449,982</u>

SUPPLEMENTARY INFORMATION

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

<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>
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	\$ 22,350
Refugee and Entrant Assistance - Refugee Employment Services	93.566	529-08-0181-00003E	81,450
Refugee and Entrant Assistance - Refugee Employment Services	93.566	529-14-0096-00010	131,660
Refugee and Entrant Assistance - Refugee Employment Services	93.566	529-14-0096-0001AFEB	36,946
Refugee and Entrant Assistance - Refugee Education Services	93.566	529-08-0181-00014D	40,198
Refugee and Entrant Assistance - Refugee Education Services	93.566	529-14-0009-00027	186,372
Refugee and Entrant Assistance - Refugee Education Services	93.566	529-14-0009-00027A	58,238
Refugee and Entrant Assistance - Refugee Cash Assistance	93.566	529-14-0009-00025	627,034
Refugee and Entrant Assistance - Refugee Cash Assistance	93.566	529-14-0009-00025A	195,854
Refugee and Entrant Assistance - Refugee Case Management	93.566	529-08-0181-00018E	27,191
Refugee and Entrant Assistance - Refugee Social Adjustment	93.566	529-13-0021-00005A	175,179
Refugee and Entrant Assistance - Refugee Social Adjustment	93.566	529-13-0021-00005B	62,197
Refugee and Entrant Assistance - Refugee School Impact	93.566	529-13-0049-00006A	91,278
Refugee and Entrant Assistance - Refugee School Impact	93.566	529-15-0063-00004	48,884
Refugee and Entrant Assistance - RSS Integration	93.566	529-14-0009-00014A	71,750
Refugee and Entrant Assistance - RSS Employment	93.566	529-14-0096-00038A	49,628
Refugee and Entrant Assistance - RSS Employment	93.566	529-14-0096-00038A	13,472
U.S. Catholic Conference			
Refugee and Entrant Assistance - Unaccompanied Refugee Minor	93.566	23508201	1,282,219
Refugee and Entrant Assistance - Unaccompanied Refugee Minor	93.566	24057426	447,893
			<u>3,649,793</u>
Texas Department of Family and Protective Services			
Promoting Safe and Stable Families	93.556	24111342	498,777
Mosaic Family Services			
Victims of Trafficking - Rescue and Restore	93.598	90ZV0093-03	8,119
U.S. Catholic Conference			
Refugee Reception and Placement Program	19.510	SPRMCO14CA1002	941,777
Refugee Reception and Placement Program	19.510	SPRMCO15CA1006	278,942
Refugee and Entrant Assistance/Preferred Communities	19.510	90RP0100/01	79,830
Refugee and Entrant Assistance/Preferred Communities	19.510	90RP0100/02	22,293
Unaccompanied Refugee Minors - R&P Funding	19.510	N/A	12,896
			<u>1,335,738</u>
Refugee and Entrant Assistance, Voluntary Program - Match Grant	93.567	N/A	626,433
Unaccompanied Alien Children Program	93.676	90ZU0090	824,170
Unaccompanied Alien Children Program	93.676	90ZU0090	137,600
Unaccompanied Alien Children Program - DUCS	93.676	90ZU0090	313,938
			<u>1,275,708</u>

See Notes to Schedule.

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014
(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>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Cont.)			
Maternal and Child Health Bureau Healthy Start Initiative	93.926	H49MC00114-13-03	272,098
City of Fort Worth, Department of Health MHMR Hand-in-Hand Program	93.104	E121891	54,734
The Parenting Center of Fort Worth & Tarrant County Community Centered Healthy Marriage and Relationships	93.086	N/A	187,217
FACT Refugee and Immigration Employment Project	93.086	15-FACT-HHS-001 - A1	25,600
FACT Refugee and Immigration Employment Project	93.086	14-FACT-HHS-001 - A1	105,744
			<u>318,561</u>
United Way of Tarrant County AAA - Income Support	93.044	N/A	<u>38,218</u>
Total U.S. Department of Health and Human Services			8,078,179
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
City of Fort Worth Emergency Solutions Grant Program	14.231	S-13-MC-48-0006	22,626
Emergency Solutions Grant Program	14.231	S-14-MC-48-0006	28,309
Tarrant County Homeless Coalition Emergency Solutions Grant Program	14.231	42140002071	20,288
SaveHaven of Tarrant County Emergency Solutions Grant Program	14.231	42130001758	65,319
			<u>136,542</u>
City of Arlington Community Development Block Grant	14.218	B-13-MC-48-0008	47,704
Catholic Charities USA Housing Counseling Assistance Program	14.169	N/A	2,899
Support Housing Program - Master Lease	14.235	TX0289L6011301	8,169
Support Housing Program - Master Lease	14.235	TX0289B6T011000	98,232
			<u>106,401</u>
Total U.S. Department of Housing and Urban Development			293,546

See Notes to Schedule.

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u></u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Emergency Food and Shelter Board of Tarrant County ARRA - Emergency Food and Shelter Program	97.114	N/A	124,814
Direct Funding			
Citizenship Education and Training	97.010	DHS-13-CIS-010-002	<u>101,170</u>
Total U.S. Department of Homeland Security			225,984
U.S. DEPARTMENT OF VETERAN AFFAIRS			
Direct Funding			
SSVF - Veteran Services	64.003	14-TX-075	951,654
SSVF - Veteran Services	64.003	12-TX-075	<u>321,292</u>
			1,272,946
U.S. INTERNAL REVENUE SERVICE			
United Way of Tarrant County Volunteer Income Tax Assistance	21.009	N/A	17,000
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Funding			
Job Access and Reverse Commute Program	20.516	TRN1934	<u>70,349</u>
Total U.S. Department of Transportation			<u>70,349</u>
Total federal awards			<u>\$ 9,958,004</u>

CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, 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 \$108,824 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 did not receive any non-cash assistance from federal awards for the year ended December 31, 2014.

NOTE 4. LOANS

At December 31, 2014, Catholic Charities had no loans or loan guarantees outstanding with federal awarding agencies.



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, 2014, 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 19, 2015.

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.

Page 2

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.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
June 19, 2015



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Catholic Charities' major federal programs for the year ended December 31, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

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 to determine the 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
June 19, 2015

**CATHOLIC CHARITIES, DIOCESE OF FORT WORTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014**

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 section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
19.510	U.S. Refugee Admissions Program
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants
93.556	Promoting Safe and Stable Families
93.567	Refugee and Entrance Assistance, Voluntary Program – Match Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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, 2014**

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None