

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.

FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2009 and 2008

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.

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Lockart, Atchley & Associates, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

RSM McGladrey Network
An Independently Owned Member

James E. Lockart, CPA
Karen E. Atchley, CPA
Nancy E. Boyd, CPA
Dan A. Shaner, CPA
Evonne G. Jones, CPA
Joyce J. Smith, CPA
Harold F. Ingersoll, CPA
Ronny Armstrong, CPA

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board Of Directors
Catholic Charities of Central Texas, Inc.
1817 East 6th Street
Austin, Texas 78702

We have audited the accompanying statements of financial position of Catholic Charities of Central Texas, Inc. (Catholic Charities) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Catholic Charities' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of Central Texas, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lockart, Atchley & Associates, LLP

Austin, Texas
November 19, 2009

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Assets:		
Current Assets		
Cash and Cash Equivalents	\$ 517,181	\$ 770,074
Grants Receivable	194,915	81,847
Other Receivables	5,216	7,619
Prepaid Expenses	<u>10,599</u>	<u>1,745</u>
Total Current Assets	727,911	861,285
Vehicles and Equipment, Net of Accumulated Depreciation of \$33,241 and \$28,663	<u>12,361</u>	<u>16,939</u>
Total Assets	<u><u>\$ 740,272</u></u>	<u><u>\$ 878,224</u></u>
 Liabilities:		
Current Liabilities		
Accounts Payable	\$ 14,857	\$ 68,190
Payroll Taxes and Benefits	<u>84,215</u>	<u>104,504</u>
Total Current Liabilities	<u>99,072</u>	<u>172,694</u>
 Net Assets:		
Unrestricted	307,895	269,880
Temporarily Restricted	<u>333,305</u>	<u>435,650</u>
Total Net Assets	<u>641,200</u>	<u>705,530</u>
Total Liabilities and Net Assets	<u><u>\$ 740,272</u></u>	<u><u>\$ 878,224</u></u>

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Diocesan Grants	\$ 545,610	\$ -	\$ 545,610
Foundation Grants	10,539	498,942	509,481
Governmental Grants	148,520	262,276	410,796
Special Collections	-	46,350	46,350
Contributions	108,778	45,893	154,671
Special Events	93,480	-	93,480
In Kind Contributions	84,000	-	84,000
Client Fees	70,564	-	70,564
Conferences/Education/Workshops	1,549	-	1,549
Interest Income	9,005	-	9,005
Other	164	-	164
	<hr/>	<hr/>	<hr/>
Total Revenues	1,072,209	853,461	1,925,670
Net Assets Released from Restrictions	955,806	(955,806)	-
	<hr/>	<hr/>	<hr/>
Total Revenues and Net Assets Released from Restrictions	2,028,015	(102,345)	1,925,670
	<hr/>	<hr/>	<hr/>
Expenses:			
Immigrant Legal Services	430,474	-	430,474
Parish Social Ministry	25,234	-	25,234
Emergency Services & Disaster Relief	701,845	-	701,845
Community Outreach & Education	350,660	-	350,660
Food Pantry	84,402	-	84,402
Catholic Campaign for Human Development	39,327	-	39,327
Criminal Justice	52,225	-	52,225
	<hr/>	<hr/>	<hr/>
Total Program Expenses	1,684,167	-	1,684,167
Management & General	138,485	-	138,485
Fundraising	167,348	-	167,348
	<hr/>	<hr/>	<hr/>
Total Expenses	1,990,000	-	1,990,000
	<hr/>	<hr/>	<hr/>
Change in Net Assets	38,015	(102,345)	(64,330)
Net Assets at Beginning of Year	269,880	435,650	705,530
	<hr/>	<hr/>	<hr/>
Net Assets at End of Year	\$ 307,895	\$ 333,305	\$ 641,200
	<hr/>	<hr/>	<hr/>

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Diocesan Grants	\$ 545,610	\$ -	\$ 545,610
Foundation Grants	4,803	253,900	258,703
Governmental Grants	386,420	235,856	622,276
Special Collections	-	103,308	103,308
Contributions	76,067	31,745	107,812
Special Events	131,242	-	131,242
In Kind Contributions	84,400	-	84,400
Client Fees	61,161	-	61,161
Conferences/Education/Workshops	7,255	-	7,255
Interest Income	32,514	-	32,514
Other	111	-	111
	<u>1,329,583</u>	<u>624,809</u>	<u>1,954,392</u>
Net Assets Released from Restrictions	<u>1,036,849</u>	<u>(1,036,849)</u>	<u>-</u>
Total Revenues and Net Assets Released from Restrictions	<u>2,366,432</u>	<u>(412,040)</u>	<u>1,954,392</u>
Expenses:			
Immigrant Legal Services	442,411	-	442,411
Parish Social Ministry	8,821	-	8,821
Emergency Services & Disaster Relief	1,014,090	-	1,014,090
Community Outreach & Education	425,503	-	425,503
Food Pantry	99,608	-	99,608
Catholic Campaign for Human Development	33,528	-	33,528
Criminal Justice	53,007	-	53,007
	<u>2,076,968</u>	<u>-</u>	<u>2,076,968</u>
Management & General	102,910	-	102,910
Fundraising	181,851	-	181,851
	<u>2,361,729</u>	<u>-</u>	<u>2,361,729</u>
Change in Net Assets	4,703	(412,040)	(407,337)
Net Assets at Beginning of Year	<u>265,177</u>	<u>847,690</u>	<u>1,112,867</u>
Net Assets at End of Year	<u>\$ 269,880</u>	<u>\$ 435,650</u>	<u>\$ 705,530</u>

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

Expenses	Immigrant Legal Services	Parish Social Ministry	Emergency Services & Disaster Relief	Community Outreach & Education	Food Pantry	Catholic Campaign for Human Development	Criminal Justice	Management & General	Fundraising	Total
Salaries & Benefits	\$ 361,321	\$ 21,977	\$ 479,648	\$ 281,254	\$ 47,675	\$ 15,199	\$ 32,416	\$ 61,672	\$ 99,584	\$ 1,400,746
Direct Assistance to Individuals	54	-	82,929	200	27,743	-	1,400	-	-	112,326
Facilities Maintenance	5,510	17	16,313	4,638	1,082	1,013	1,040	3,791	1,994	35,398
Furniture, Equipment, & Equipment Maintenance	18,052	1,467	12,862	3,921	1,857	575	901	6,264	2,000	47,899
Rent & Utilities	19,254	49	51,917	16,584	2,262	2,889	2,931	15,291	6,168	117,345
Conferences & Travel	9,681	786	22,442	23,087	313	1,298	6,120	9,663	414	73,804
Professional Services	7,587	38	11,207	5,726	375	103	162	4,103	5,233	34,534
Gifts & Donations	86	300	-	-	-	-	150	-	-	536
Grants	-	-	-	-	-	17,800	6,000	-	-	23,800
Office Supplies	1,782	189	6,959	1,944	1,572	125	347	611	1,273	14,802
Telephone	3,487	5	11,405	6,012	242	25	314	5,776	53	27,319
Meetings & Hospitality	81	27	2,373	602	84	205	211	12,188	27,397	43,168
Dues & Subscriptions	1,178	11	709	43	65	-	119	5,133	1,733	8,991
Printing	158	52	(32)	25	108	-	(6)	1,468	11,755	13,528
Postage & Shipping	1,057	5	(179)	762	(36)	-	16	835	1,835	4,295
Depreciation	801	51	2,051	716	80	95	103	483	198	4,578
Publicity	15	260	364	3,117	801	-	3	647	2,121	7,328
Special Programs	378	-	858	1,956	162	-	-	439	5,592	9,385
Fees, Penalties, & Service Charges	(8)	-	(21)	(9)	(2)	-	(2)	7,418	(2)	7,374
Miscellaneous	-	-	40	82	19	-	-	2,703	-	2,844
Total Expenses	\$ 430,474	\$ 25,234	\$ 701,845	\$ 350,660	\$ 84,402	\$ 39,327	\$ 52,225	\$ 138,485	\$ 167,348	\$ 1,990,000

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

Expenses	Immigrant Legal Services	Parish Social Ministry	Emergency Services & Disaster Relief	Community Outreach & Education	Food Pantry	Catholic Campaign for Human Development	Criminal Justice	Management & General	Fundraising	Total
Salaries & Benefits	\$ 353,267	\$ 187	\$ 704,963	\$ 318,748	\$ 48,256	\$ 12,000	\$ 32,604	\$ 28,307	\$ 81,959	\$ 1,580,291
Direct Assistance to Individuals	-	-	152,149	-	31,997	-	150	-	-	184,296
Facilities Maintenance	5,112	216	9,015	5,059	2,096	-	872	2,813	662	25,845
Furniture, Equipment, & Equipment Maintenance	23,462	695	11,816	6,412	4,038	-	895	10,440	2,312	60,070
Rent & Utilities	22,041	117	48,603	22,612	4,076	-	3,591	26,777	4,460	132,277
Conferences & Travel	11,403	1,556	29,870	30,313	431	-	6,985	7,454	3,288	91,300
Professional Services	2,754	796	6,903	5,629	635	100	217	3,809	58,846	79,689
Gifts & Donations	18	1,867	50	22	24	-	3,629	219	4	5,833
Grants	-	-	-	-	-	21,350	-	-	-	21,350
Office Supplies	4,975	296	7,691	8,477	3,065	-	343	2,011	1,159	28,017
Telephone	5,394	601	26,883	11,211	2,086	-	496	3,490	95	50,256
Meetings & Hospitality	712	219	1,210	3,707	1,229	-	413	3,617	643	11,750
Dues & Subscriptions	2,254	335	600	532	316	-	150	3,110	324	7,621
Printing	2,487	525	4,670	3,814	321	-	623	689	4,054	17,183
Postage & Shipping	3,653	544	4,844	3,051	360	-	1,165	158	2,738	16,513
Depreciation	1,596	8	2,966	1,455	183	78	88	852	344	7,570
Publicity	1,208	283	878	2,947	100	-	99	456	2,497	8,468
Special Programs	2,008	572	853	1,431	345	-	683	77	18,462	24,431
Fees, Penalties, & Service Charges	17	-	45	50	33	-	4	5,638	4	5,791
Miscellaneous	50	4	81	33	17	-	-	2,993	-	3,178
Total Expenses	\$ 442,411	\$ 8,821	\$ 1,014,090	\$ 425,503	\$ 99,608	\$ 33,528	\$ 53,007	\$ 102,910	\$ 181,851	\$ 2,361,729

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Cash Flows from Operating Activities		
Change in Net Assets	\$ (64,330)	\$ (407,337)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,578	7,570
Changes in Current Assets:		
Grants Receivable	(113,068)	94,751
Other Receivables	2,403	(6,056)
Prepaid Expenses	(8,854)	-
Changes in Current Liabilities:		
Accounts Payable	(53,333)	40,608
Payroll Taxes and Benefits	(20,289)	61,029
Total Cash Provided (Used) by Operating Activities	(252,893)	(209,435)
Cash Flows from Investing Activities		
Purchase of Equipment	-	(11,062)
Total Cash Used by Investing Activities	-	(11,062)
Net Change in Cash and Cash Equivalents	(252,893)	(220,497)
Cash and Cash Equivalents, Beginning of Year	770,074	990,571
Cash and Cash Equivalents, End of Year	\$ 517,181	\$ 770,074

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 and 2008

(1) Organization

Catholic Charities of Central Texas, Inc. (Catholic Charities), incorporated on March 8, 1999, is a not-for-profit organization with programs serving the needs of the poor and vulnerable within the 25 counties of the Diocese of Austin. Catholic Charities achieves its mission through the provision of direct services, collaboration with other organizations and ministries as well as advocacy and promoting social justice. Catholic Charities is guided by principles which celebrate diversity and cherish the dignity and potential of every person.

Although it is a separate legal entity, Catholic Charities is closely affiliated with the Diocese of Austin. The Bishop of the Diocese of Austin is the sole member of Catholic Charities and approves all members of the Board of Directors.

During the fiscal years ended June 30, 2009 and 2008, Catholic Charities operated the following major programs:

Immigrant Legal Services

Assists the immigrant community to further develop awareness of current federal immigration laws in order to promote self-sufficiency, independence, and to pursue their legal rights and benefits as outlined by the federal government. The office provides information, legal counsel, and legal representation before the Immigration and Naturalization Service and Board of Immigration Appeals.

Parish Social Ministry

Supports the establishment of a structured social ministry in each parish; provides information and referral to existing social services; promotes networking between parishes for mutual support and information sharing; provides ongoing support and spiritual renewal for parish coordinators; works closely with other diocesan offices to integrate the social teachings of the church into all diocesan activities; and works with local, state and national social action organizations.

Emergency Services & Disaster Relief

This program works to strengthen families through case management and direct financial assistance. Long-term case management assists families in developing and maintaining a recovery plan to stabilize their households with the goal of economic self-sufficiency. Families and individuals are also eligible to receive one-time financial assistance to meet basic needs such as rent and utilities. In the event of a disaster, Catholic Charities works with the Bishop to coordinate provision of aid to disaster affected areas.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 and 2008

(1) Organization (Continued)

Community Outreach & Education

Educational programs are offered throughout the Diocese to help individuals and families achieve increased self-sufficiency. In addition, Catholic Charities participates in a number of community outreach events throughout the Diocese in order to increase knowledge and awareness of Catholic Charities programs. Catholic Charities also began an outreach program in 2008 thanks to a grant from the Texas Department of Health and Human Services to help families sign up for Federal and State benefits programs, such as CHIP, Medicaid, TANF, Food Stamps, and Long-Term Care.

Food Pantry

Initially started as part of the services provided to hurricane survivors, and other internal clients of Catholic Charities of Central Texas; the food pantry has expanded to provide emergency food assistance, free of charge, to anyone in need, especially those within the 78702 zip code of Austin. The food pantry also raises public awareness on the issues of hunger, health and nutrition, and provides opportunities for neighbors to help neighbors through donations of food and/or volunteer hours or monetary donations.

Catholic Campaign for Human Development

Initiated by the United States Conference of Catholic Bishops in 1971, the Catholic Campaign for Human Development (CCHD) monitors national grants within the Diocese and makes local grants to groups organizing grassroots programs to help poor and low income people break the cycle of poverty. CCHD also works to educate Catholics on Catholic Social Teachings, especially those relating to poverty.

Criminal Justice

The Criminal Justice department coordinates pastoral care to Catholics in prisons and jails; works to ensure the dignity of all persons in the criminal justice system; and works to implement the plan of the Texas Bishops for Criminal Justice.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 and 2008

(2) Summary of Significant Accounting Policies (Continued)

(b) Cash and Cash Equivalents

Cash and cash equivalents include all funds held in depository accounts and highly liquid investments with initial maturities of less than 90 days.

(c) Contributions

Contributions and bequests, including unconditional promises to give, are recorded as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions are recorded as increases in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(d) Fixed Assets

Donated or purchased items with an individual value of over \$5,000 are recorded as fixed assets and depreciated evenly over their useful lives. Purchased items are recorded at cost and donated items are recorded at estimated fair value on the date of donation.

(e) Volunteer Services

Catholic Charities makes extensive use of volunteers in its ministries. There were approximately 5,632 and 10,178 non-specialized volunteer hours contributed to Catholic Charities in the fiscal years ended June 30, 2009 and 2008, respectively. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made. The estimated dollar value of a volunteer hour published by Independent Sector for 2008 (the most recent published value) is \$20.25. Based on this rate, the dollar value of the volunteer hours contributed to Catholic Charities for fiscal years 2009 and 2008 are \$114,048 and \$206,105, respectively.

(f) Income Taxes

Catholic Charities is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes and is eligible to receive tax-deductible contributions in accordance with Internal Revenue Code Section 170.

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 and 2008

(2) Summary of Significant Accounting Policies (Continued)

(g) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

(h) Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

(3) Cash Concentration

Financial instruments, which potentially subject Catholic Charities to concentration of credit risk, consist principally of temporary cash investments and certificates of deposit. Catholic Charities places its temporary cash and other investments with high-credit, quality financial institutions and securities dealers, which may exceed federally and privately insured amounts at times. Catholic Charities does not believe that it is exposed to any significant credit risk on uninsured amounts.

(4) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Campaign for Human Development	\$ 126,327	\$ 109,279
Hurricanes and Other Disasters Relief	119,316	125,166
Community Outreach and Education	49,180	38,270
Immigrant Legal Services	38,482	95,039
Season of Caring Funding	-	36,589
ESL Courses, Citizenship Classes, Naturalization Workshops	-	21,307
Welcoming the Stranger Program	-	10,000
	<u>\$ 333,305</u>	<u>\$ 435,650</u>

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 and 2008

(4) Temporarily Restricted Net Assets (Continued)

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

	<u>2009</u>	<u>2008</u>
Hurricanes and Other Disasters Relief	\$ 466,777	\$ 428,123
Community Outreach and Education	204,079	295,753
Immigrant Legal Services	160,020	121,850
Season of Caring Funding	35,589	18,311
ESL Courses, Citizenship Classes, Naturalization Workshops	33,748	17,693
Campaign for Human Development	29,303	33,450
Food Pantry Costs	14,587	59,334
Development Funds	8,853	56,545
Other Programs	1,350	-
Criminal Justice - Ex Offender Aid	1,000	-
Parish Social Ministries activities	500	-
Family Strengthening Initiative	-	3,790
Client Database and Workshops	-	2,000
	<u>\$ 955,806</u>	<u>\$ 1,036,849</u>

(5) Retirement Benefits

Catholic Charities of Central Texas has a defined contribution plan covering all full-time employees. Employees may make contributions to the plan upon employment. A 6% of salary employer contribution also becomes effective upon employment. After one year of employment, employee contributions are matched up to 4% of salary. These benefits vest evenly over a 5-year period. Total expense for the years ended June 30, 2009 and 2008 was \$35,653 and \$59,940, respectively.

(6) Related Party

In the fiscal years ended June 30, 2009 and 2008, the Diocese contributed 28% of Catholic Charities' total funding. The Diocese also provided accounting, payroll and human resources services and office space to Catholic Charities without charge. These contributions have been recognized as revenue in the financial statements in accordance with SFAS 116 as "In Kind Contributions."

CATHOLIC CHARITIES OF CENTRAL TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 and 2008

(7) Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(8) Subsequent Event Note

Management of Catholic Charities has evaluated subsequent events for potential disclosure through November 19, 2009, the date the financial statements were available to be issued.