CARITAS OF AUSTIN
(A Nonprofit Corporation)
FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION AND INDEPENDENT AUDITORS' REPORT

September 30, 2015 and 2014

CARITAS OF AUSTIN
(A Nonprofit Corporation)

Contents

	Page
Financial Section	
Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities	
Year ended September 30, 2015	4
Year ended September 30, 2014	5
Statements of Functional Expenses	
Year ended September 30, 2015	6
Year ended September 30, 2014	8
Statements of Cash Flows	10
Notes to Financial Statements	11
Supplemental Information	
Independent Auditors' Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*	18
Independent Auditors' Report On Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	20
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	24
Schedule of Findings And Questioned Costs	25
Summary Schedule of Prior Audit Findings	26

FINANCIAL SECTION

ATCHLEY & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

Board of Directors
Caritas of Austin
Austin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Caritas of Austin, which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 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 audits 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 auditors' 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 auditors consider 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.

6850 Austin Center Boulevard, Suite 180 • Austin, Texas 78731-3129
512-346-2086/877-977-6850 • Fax: 512-338-9883 • www.atchleycpas.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caritas of Austin as of September 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2016, on our consideration of Caritas of Austin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Caritas of Austin's internal control over financial reporting and compliance.

Atchley & Associates, LLP

Austin, Texas
February 19, 2016

CARITAS OF AUSTIN
STATEMENTS OF FINANCIAL POSITION
September 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 205,066	$ 506,661
Pledges receivables	65,967	147,715
Grants and other receivables	1,723,747	1,269,370
Prepaid expenses and other assets	60,040	31,282
Property and equipment, net	1,597,599	1,294,297
Total assets	$ 3,652,419	$ 3,249,325
LIABILITIES AND NET ASSETS		
Accounts payable	$ 334,976	$ 244,229
Accrued expenses and other current liabilities	279,050	258,607
Total liabilities	614,026	502,836
Net assets		
Unrestricted	2,575,058	2,378,590
Unrestricted, board designated	180,502	140,000
Temporarily restricted	282,833	227,899
Total net assets	3,038,393	2,746,489
Total liabilities and net assets	$ 3,652,419	$ 3,249,325

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

CARITAS OF AUSTIN
STATEMENT OF ACTIVITIES
Year ended September 30, 2015

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
Support and revenue			
Governmental grant revenue	$ 9,138,162	$ -	$ 9,138,162
Contribution revenue	1,383,278	502,109	1,885,387
In-kind revenue	280,384	-	280,384
Special events income	407,085	-	407,085
Clients' rent	199,225	-	199,225
Interest income	6,000	-	6,000
Other revenue	35,483	-	35,483
Net assets released from restrictions	447,175	(447,175)	-
Total revenues and net assets released from restrictions	11,896,792	54,934	11,951,726
Expenses			
Program services:			
Best Single Source Plus collaboration	3,649,815	-	3,649,815
Refugee resettlement	1,780,762	-	1,780,762
Supportive housing	1,686,984	-	1,686,984
Employment services	1,737,032	-	1,737,032
Other program support	620,743	-	620,743
Food services	412,538	-	412,538
Veterans services	661,218	-	661,218
Education	84,824	-	84,824
Total program services	10,633,916	-	10,633,916
Support services:			
Fundraising	762,259	-	762,259
General and administrative	263,647	-	263,647
Total support services	1,025,906	-	1,025,906
Total expenses	11,659,822	-	11,659,822
Change in net assets	236,970	54,934	291,904
Net assets at beginning of year	2,518,590	227,899	2,746,489
Net assets at end of year	$ 2,755,560	$ 282,833	$ 3,038,393

The accompanying notes are an integral part of this financial statement.

CARITAS OF AUSTIN
STATEMENT OF ACTIVITIES
Year ended September 30, 2014

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
Support and revenue			
Governmental grant revenue	$ 9,454,798	$ -	$ 9,454,798
Contribution revenue	1,425,424	374,409	1,799,833
In-kind revenue	231,513	-	231,513
Special events income	360,098	-	360,098
Clients' rent	193,242	-	193,242
Interest income	3,264	-	3,264
Other revenue	86,629	-	86,629
Net assets released from restrictions	248,546	(248,546)	-
Total revenues and net assets released from restrictions	12,003,514	125,863	12,129,377
Expenses			
Program services:			
Best Single Source Plus collaboration	4,241,415	-	4,241,415
Refugee resettlement	1,662,911	-	1,662,911
Supportive housing	1,680,920	-	1,680,920
Employment services	1,826,328	-	1,826,328
Other program support	428,857	-	428,857
Food services	365,950	-	365,950
Veterans services	552,492	-	552,492
Education	63,468	-	63,468
Total program services	10,822,341	-	10,822,341
Support services:			
Fundraising	759,121	-	759,121
General and administrative	347,792	-	347,792
Total support services	1,106,913	-	1,106,913
Total expenses	11,929,254	-	11,929,254
Change in net assets	74,260	125,863	200,123
Net assets at beginning of year	2,444,330	102,036	2,546,366
Net assets at end of year	$ 2,518,590	$ 227,899	$ 2,746,489

The accompanying notes are an integral part of this financial statement.

CARITAS OF AUSTIN
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2015

	Best Single Source Plus Collaboration	Refugee Resettlement	Supportive Housing	Employment Services
Direct client assistance				
Rent	$ 1,462,504	$ 421,036	$ 1,025,800	$ -
Utility	435,359	48,898	23,428	-
Financial assistance	-	294,748	-	933,305
Food	-	6,590	1,358	1,800
Other	229,515	175,149	14,452	40,782
Total direct client assistance	2,127,378	946,421	1,065,038	975,887
Program supporting services				
Salaries	465,750	482,146	415,194	438,037
Payroll taxes and benefits	94,675	107,811	89,812	98,859
Printing, postage, and supplies	82,485	9,336	10,660	13,813
Communication	7,332	7,985	8,124	7,118
Professional and contract services	794,664	81,707	30,763	140,280
Occupancy costs	40,909	55,527	14,911	44,730
Travel and vehicle expenses	9,000	12,794	4,781	3,015
Fundraising expenses	-	-	-	-
Insurance	4,584	4,683	3,905	4,439
Depreciation	4,270	4,585	2,420	4,346
In kind	18,487	67,641	41,267	6,421
Other expenses	281	126	109	87
Total expenses	$ 3,649,815	$ 1,780,762	$ 1,686,984	$ 1,737,032

The accompanying notes are an integral part of this financial statement.

Other Program Support	Food Services	Veterans Services	Education	Fundraising	General and Administrative	Total
$ 1,509	$ -	$ 150,373	$ -	$ -	$ -	$ 3,061,222
7,603	-	14,280	-	-	-	529,568
-	746	-	-	-	-	1,228,799
222	53,010	-	-	-	-	62,980
88,829	-	54,896	-	-	-	603,623
98,163	53,756	219,549	-	-	-	5,486,192
223,428	148,985	286,802	39,877	344,904	118,635	2,963,758
48,326	34,435	60,824	8,019	70,619	25,573	638,953
21,057	24,969	10,962	5,461	43,475	9,396	231,614
9,860	2,402	5,135	376	3,928	2,025	54,285
113,713	4,259	10,505	10,270	94,542	16,091	1,296,794
64,304	33,674	32,904	3,254	25,662	10,813	326,688
4,384	3,570	19,598	7,838	40,402	21,881	127,263
-	-	-	-	105,235	-	105,235
3,271	1,590	3,977	321	2,471	784	30,025
32,532	1,557	3,017	315	2,428	46,189	101,659
1,435	103,332	7,762	9,000	18,000	7,041	280,386
270	9	183	93	10,593	5,219	16,970
$ 620,743	$ 412,538	$ 661,218	$ 84,824	$ 762,259	$ 263,647	$ 11,659,822

CARITAS OF AUSTIN
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2014

	Best Single Source Plus Collaboration	Refugee Resettlement	Supportive Housing	Employment Services
Direct client assistance				
Rent	$ 1,874,581	$ 308,857	$ 1,009,765	$ 83
Utility	631,207	40,496	23,184	-
Financial assistance	-	303,509	272	1,139,895
Food	10	4,694	55	-
Other	239,716	172,547	12,183	32,202
Total direct client assistance	2,745,514	830,103	1,045,459	1,172,180
Program supporting services				
Salaries	501,296	482,111	434,149	397,038
Payroll taxes and benefits	103,840	104,274	80,473	86,065
Printing, postage, and supplies	13,719	7,876	8,865	9,881
Communication	9,267	9,138	10,318	6,896
Professional and contract services	772,416	77,029	25,370	91,777
Occupancy costs	50,948	53,067	20,292	42,493
Travel and vehicle expenses	9,695	20,813	5,681	5,763
Fundraising expenses	-	-	-	-
Insurance	7,104	5,820	5,218	5,377
Depreciation	4,842	3,945	3,540	3,659
In kind	19,870	68,703	36,128	5,169
Other expenses	2,904	32	5,427	30
Total expenses	$ 4,241,415	$ 1,662,911	$ 1,680,920	$ 1,826,328

The accompanying notes are an integral part of this financial statement.

Other Program Support	Food Services	Veterans Services	Education	Fundraising	General and Administrative	Total
$ 1,864	$ -	$ 149,030	$ -	$ -	$ -	$ 3,344,180
3,300	-	10,510	-	-	-	708,697
-	339	-	-	-	-	1,444,015
920	54,025	-	112	-	-	59,816
94,257	-	18,073	190	341	-	569,509
100,341	54,364	177,613	302	341	-	6,126,217
142,338	155,801	252,876	34,504	315,541	144,341	2,859,995
30,448	35,415	51,757	7,060	59,781	24,598	583,711
3,218	21,034	6,274	931	28,386	12,535	112,719
2,253	2,574	5,098	349	4,211	2,694	52,798
131,769	4,203	8,341	5,164	99,632	73,195	1,288,896
14,000	28,125	28,063	3,236	25,683	10,738	276,645
1,491	1,388	6,900	780	41,346	24,597	118,454
-	-	-	-	153,138	-	153,138
1,757	2,016	3,357	402	3,144	1,050	35,245
1,191	1,367	2,269	278	2,132	42,635	65,858
-	59,662	9,904	10,440	16,933	4,704	231,513
51	1	40	22	8,853	6,705	24,065
$ 428,857	$ 365,950	$ 552,492	$ 63,468	$ 759,121	$ 347,792	$ 11,929,254

CARITAS OF AUSTIN
STATEMENTS OF CASH FLOWS
Years ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ 291,904	$ 200,123
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation expense	101,659	65,858
Changes in operating assets and liabilities:		
Pledges receivable	81,748	(55,181)
Grants and other receivables	(454,377)	(224,798)
Prepaid expenses and other assets	(28,758)	42,209
Accounts payable	90,747	(70,804)
Accrued expenses and other current liabilities	20,443	62,730
Net cash provided (used) by operating activities	103,366	20,137
Cash flows from investing activities:		
Purchase of property and equipment	(404,961)	(40,063)
Net cash provided (used) by investing activities	(404,961)	(40,063)
Cash flows from financing activities:		
Net cash provided (used) by financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(301,595)	(19,926)
Beginning cash and cash equivalents	506,661	526,587
Ending cash and cash equivalents	$ 205,066	$ 506,661
Cash paid for interest and taxes:		
Interest	$ -	$ -
Taxes	$ -	$ -

The accompanying notes are an integral part of this financial statement.

1. ORGANIZATION

Caritas of Austin (Caritas), a nonprofit organization incorporated in 1977, was founded in 1964 with the vision that all people deserve to have their basic needs met. Today Caritas of Austin intersects with thousands of people who are experiencing poverty and homelessness. Services focused on housing, food, education, and employment enable people to move toward stability and self-sufficiency. The following is an overview of Caritas' programs:

Best Single Source Plus (BSS Plus) program is a collaboration among thirteen of the Austin and Travis County area's leading nonprofit service providers, trading competition for collaboration to benefit those most in need. Participating agencies include: Aids Services of Austin, Any Baby Can, The Arc of the Capital Area, Caritas of Austin, Catholic Charities of Central Texas, Family Eldercare, Foundation for the Homeless, Front Steps, Goodwill Industries of Central Texas, Meals on Wheels and More, Safeplace, Salvation Army, and The Wright House Wellness Center. The BSS Plus program provides comprehensive case management and basic needs (rent, mortgage, utility assistance and housing supports) services to eligible individuals and families in the Travis County and Austin area. The program's primary purpose is establishing housing stability, preventing, and ending homelessness. Caritas of Austin is the fiscal and administrative agent for BSS Plus and houses a dedicated Program Coordinator for the project.

Resettlement services for documented refugees begins with their arrival in Austin and includes housing, cultural orientation, employment assistance, and connection to other community resources. The goal of these services is to help refugees transition to life in the United States and achieve self-sufficiency within their first six months of arrival. Refugees served are approved for resettlement by the United States government.

Supportive Housing programs provide permanent housing and onsite supportive services for individuals who have experienced long-term homelessness and who are recovering from the trauma they have experienced while being homeless.

Employment Services program provides clients opportunities to find and keep jobs in order to support themselves and their families. Clients receive assistance with short-term job placement as well as long-term career development. Services include: pre-employment preparation such as job readiness training, vocational certification, ESL classes, and assistance with professional recertification; referral and placement; work authorization; logistical support; new hire paperwork assistance; and post-hire support.

Other program support includes classes for highly trained volunteers that mentor persons experiencing poverty and newly-arrived documented refugees as these persons move from crisis-driven lives to stable, self-sufficient lives. It also includes program eligibility screening, scheduling appointments with program staff, and referring individuals to community resources.

1. ORGANIZATION - CONTINUED

Food services consist of the Caritas Community Kitchen and Food Pantry. Each weekday the Caritas Community Kitchen serves a hot, nutritious lunch to over 300 people, no questions asked. The Food Pantry provides groceries and hygiene items to individuals and families already receiving services from Caritas of Austin.

The Supportive Services for Veteran Families program is designed to increase housing stability for veteran families that are at-risk of homelessness or experiencing homelessness. Supportive services include outreach, case management, help in obtaining VA benefits, emergency financial assistance, and assistance obtaining and coordinating other public benefits.

Education classes provide clients with opportunities to enrich their lives and support their path to self-sufficiency. The program takes a holistic approach by teaching the participants the tools they will need to achieve their personal and financial goals. Caritas' education classes focus on three areas: life skills, money management, and workforce development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board Accounting Standards Codification.

Classification of Net Assets - The financial statements report information regarding Caritas' financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Caritas and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of Caritas and/or the passage of time or the occurrence of a specific event.

Permanently restricted net assets - Net assets whose amounts are not currently available for use in the operations of Caritas and whose limitations neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Caritas. There were no permanently restricted net assets at September 30, 2015 and 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents - Cash equivalents are considered to be investments purchased with original maturities of three months or less.

Pledges and Grants Receivable - Management has determined that the pledges and grants receivables are fully collectible; therefore, no allowance for uncollectible pledges or grants receivable was considered necessary at September 30, 2015 and 2014.

Property and Equipment - Property and equipment valued at $1,000 or greater are recorded at cost when purchased. Donated property and equipment is recorded at the fair market value as of the date of the gift. Acquisitions valued at less than $1,000 are expensed. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets, generally 5 years for furniture and fixtures and 39 years for buildings. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations for the current period. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized.

Board Designated Net Assets - As of September 30, 2015 and 2014, Caritas' Board of Directors designated unrestricted net assets in the amount $180,502 and $140,000, respectively, to acquire, expand, equip, maintain, repair, or enhance the physical property or building systems located at 611 Neches and for the purchase reserve of Caritas North facility.

Government Grant Revenue - Caritas considers all government grants and contracts to be exchange contracts and not contributions. Caritas recognizes revenue from these transactions as services are rendered and expenses are incurred.

Contribution Revenue - Contributions received including unconditional promises to give are recorded as unrestricted, temporarily restricted or permanently restricted support in the period pledged depending on the existence and nature of any donor restrictions. Contributions received with donor-imposed restrictions that are satisfied in the same reporting period are reported as temporarily restricted revenue and released from restrictions. Conditional promises to give are recognized when the conditions on which they are dependent are substantially met.

Donated Services and Materials - Donated services and materials are reflected in the statement of activities as in-kind revenue at their fair value on the date of receipt. Donated services are recognized by Caritas if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation of Expenses - The costs of providing Caritas' various programs and supporting services have been reported on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs benefited and supporting services based on estimates provided by management.

Federal Income Tax Status - Caritas is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, except for any unrelated business activities. The Organization is subject to routine examinations of its returns; however, there are no examinations currently in progress. The September 30, 2012 and subsequent tax years remain subject to examination by the Internal Revenue Service.

Caritas has adopted ASC 740-10, *Accounting for Uncertainty in Income Taxes.* That standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in financial statements. It also provided guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Subsequent Events - Management of Caritas has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30:

	2015	2014
Land	$ 220,800	$ 220,800
Buildings	2,022,626	1,692,133
Furniture and fixtures	354,444	302,557
Total	2,597,870	2,215,490
Less accumulated depreciation	(1,000,271)	(921,193)
Property and equipment, net	$ 1,597,599	$ 1,294,297

4. LINE OF CREDIT

At September 30, 2014, Caritas had available a line of credit with a financial institution. Maximum borrowings available under this line of credit were $200,000. Interest on the line is based on the lender’s prime rate plus 1.750% (4.50% at September 30, 2014). The line matured on August 2, 2015 and was not renewed.

5. ENDOWMENT FUNDS

During the 2006 fiscal year, Caritas established the Caritas of Austin Endowment Fund (the "Fund"), a permanent endowment fund, at the Austin Community Foundation ("the Foundation"). The assets are irrevocably held by the Foundation and are managed to accomplish Caritas' designated charitable purpose. The Fund's assets are not recorded in the statement of financial position of Caritas as the Foundation reserves the power to modify any condition or restriction on the distributions from the Fund. The balance in the Fund as of September 30, 2015, and 2014 was $112,756 and $131,096, respectively. There were no transfers from Caritas to the Fund during the years ended September 30, 2015 and 2014.

Annually the Foundation's Board of Governors makes a determination of the amount to grant to Caritas, based on the Foundation's spending policy. The Foundation's current spending policy is that five percent of the Fund's value as of December 31 each year shall be the available for distribution in the following year. Such distribution will be available to Caritas pursuant to a letter of instruction from Caritas, but subject to the Foundation's Board of Governors approval. If the amount available to grant is not distributed in a single year, any remaining balance available to grant will carry over to subsequent years. During the years ended September 30, 2015 and 2014, the Fund provided $6,000 and $5,000, respectively, in grant revenue to Caritas.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purposes at September 30:

	2015	2014
Supportive Housing	$ 109,635	$ -
Housing Stability	71,118	-
Food Services	46,213	-
Resettlement	41,571	-
Employment	13,050	-
Veteran Services	1,246	-
Caritas North	-	200,000
Supportive Housing BSS+	-	25,000
Supportive services for veterans	-	2,899
	$ 282,833	$ 227,899

7. DONATED SERVICES AND MATERIALS

Donated services and materials that have been recognized and reported as in-kind revenue in the financial statements consisted of the following at September 30:

	2015	2014
Donated materials	$ 163,027	$ 126,752
Donated services	117,359	104,761
	$ 280,386	$ 231,513

Donated materials included clothing, food, and household assistance. Donated services included office rent, bus passes, and instructional services provided to various programs. Additional donated services to various programs were received by Caritas but did not meet the criteria for recognition in the financial statements.

8. CONTINGENCIES

Caritas receives government grants for specific purposes that are subject to review and audit by government agencies. Such audits could result in a request for reimbursement for expenditures disallowed under terms and conditions of the appropriate agency. In the opinion of Caritas' management, such disallowances, if any, would not be significant.

Caritas also has rental agreements with area apartment complexes for placement of those in need of housing assistance. As of September 30, 2015, Caritas is contingently liable for rental payments of approximately $226,857. This contingency will be covered by using grant funds for housing assistance.

9. CONCENTRATIONS

Financial instruments that potentially subject Caritas to credit risk consist of cash and cash equivalents and receivables. Caritas places its cash and cash equivalents with a limited number of high quality financial institutions and at times may exceed the amount of insurance provided on such deposits. At September 30, 2015, Caritas held $145,052 in deposits in excess of FDIC insurance coverage. Management believes no significant risk exists with respect to cash and cash equivalents. Caritas does not maintain collateral for its receivables and does not believe significant risk exists at September 30, 2015 and 2014.

For the year ended September 30, 2015, Caritas received grant funding from three government entities which, combined, accounted for 49% of total revenue and 47% grants receivable. For the year ended September 30, 2014, Caritas received grant funding from three government entities which, combined, accounted for 47% of total revenue and 47% grants receivable.

10. OPERATING LEASE COMMITMENTS

Caritas has entered into several non-cancelable operating leases for office equipment and office space. Total rent expense was $18,816 and $18,816 during the years ended September 30, 2015 and 2014, respectively. Future minimum lease payments as of September 30, 2015, are as follows:

Year Ending	
2016	$ 76,800
2017	78,672
2018	80,544
2019	82,416
2020	27,680
Total	$ 346,112

11. RELATED PARTY TRANSACTIONS

Certain members of the Board of Directors of Caritas contributed $89,130 and $79,852 to Caritas during the years ended September 30, 2015 and 2014, respectively. Caritas disbursed $145,157 and $14,060 for services from vendors owned by members of the Board of Directors during the years ended September 30, 2015 and 2014, respectively.

12. RETIREMENT PLAN

Caritas maintains a 401(k) retirement plan that allows employee elective deferrals up to the maximum amount allowed by law. Participants may make a separate election to defer up to 90% of any bonus compensation. Caritas makes matching contributions equal to 50% of the participant's elective deferrals up to 6% of a participants compensation. Caritas made matching contributions of $35,047 and $33,762 for the years ended September 30, 2015 and 2014, respectively.

SUPPLEMENTAL INFORMATION

ATCHLEY & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

Board of Directors
Caritas of Austin

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 Caritas of Austin, which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2016.

Internal Control Over Financial Reporting

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

6850 Austin Center Boulevard, Suite 180 • Austin, Texas 78731-3129
512-346-2086/877-977-6850 • Fax: 512-338-9883 • www.atchleycpas.com

Compliance and Other Matters

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

Purpose of this Report

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

Ackley & Associates, LLP

Austin, Texas
February 19, 2016

ATCHLEY & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Caritas of Austin

Report on Compliance for Each Major Federal Program

We have audited Caritas of Austin's, a non-profit organization, 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 Caritas of Austin's major federal programs for the year ended September 30, 2015. Caritas of Austin's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the compliance for each of Caritas of Austin's 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 are 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 Organization. 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 Caritas of Austin's 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 on Caritas of Austin's compliance.

6850 Austin Center Boulevard, Suite 180 • Austin, Texas 78731-3129
512-346-2086/877-977-6850 • Fax: 512-338-9883 • www.atchleycpas.com

Opinion on Each Major Federal Program

In our opinion Caritas of Austin 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 September 30, 2015.

Report on Internal Control Over Compliance

Management of Caritas of Austin 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 Caritas of Austin's 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 our 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 Caritas of Austin's 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 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.

Purpose of this Report

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.

Atchley & Associates, LLP

Austin, Texas
February 19, 2016

CARITAS OF AUSTIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2015

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Grant/ Contract Number	Federal Expenditures
Veteran's Administrations			
Supportive Services for Veteran Families	64.033	12-TX-072	$ 526,093
Supportive Services for Veteran Families	64.033	C15-TX-503A	51,250
Total Veteran's Administration			577,343
U.S. Department of Homeland Security:			
Direct programs:			
Emergency Food and Shelter National Board Program	97.024	Phase 32	36,712
Pass-through programs from:			
United States Conference of Catholic Bishops:			
Cuban and Haitian Entrant Resettlement Program	97.009	N/A	239,398
Total U.S. Department of Homeland Security			276,110
U.S. Department of State:			
Pass-through programs from:			
United States Conference of Catholic Bishops:			
Reception and Placement Program	19.510	N/A	866,443
Total U.S. Department of State			866,443
U.S. Department of Health and Human Services:			
Pass-through programs from:			
United States Conference of Catholic Bishops:			
Match Grant Program	93.567	N/A	397,479
Texas Health and Human Services Commission			
Office of Immigration and Refugee Affairs:			
Refugee Social Services Employment Program	93.566	529-14-0009-00030A	57,129
Refugee Social Services Employment Program	93.584	529-14-0009-00030A	24,484
Refugee Cash Assistance Program	93.566	529-13-0021-00004B	1,144,003
Cuban-Haitian Discretionary	93.576	529-13-0066-00003B	149,523
Refugee Cash Assistance Employment	93.566	529-14-0096-00009A	204,897
Refugee Cash Assistance Employment	93.584	529-14-0096-00009A	66,366
			1,646,402
Total U.S. Department of Health and Human Services			2,043,881

CARITAS OF AUSTIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2015

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Grant/ Contract Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Direct programs:			
Supportive Housing Program (My Home)	14.235	TX0030L6J031305	243,399
Supportive Housing Program (My Home)	14.235	TX0030L6J031406	83,515
			326,914
Permanent Supportive Housing	14.235	TX0040L6J031205	2,845
Permanent Supportive Housing	14.235	TX0040L6J031306	199,200
			202,045
Partnership Housing - Downtown Court	14.235	TX0281L6J031201	28,996
Partnership Housing - Downtown Court	14.235	TX0281L6J031302	168,896
			197,892
Supportive Housing Program (My Home Too)	14.235	TX0031L6J031304	180,225
Supportive Housing Program (Terraza)	14.235	TX0317L6J031302	449,845
Total U.S. Department of Housing and Urban Development			1,356,921
Total Expenditures of Federal Awards			$ 5,120,698

CARITAS OF AUSTIN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Caritas of Austin 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.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

CARITAS OF AUSTIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2015

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting

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

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ 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 section 510(a) of Circular A-133? ____ Yes __X__ No

Identification of major programs:

CFDA No.	Name of Federal Program
93.567	United States Conference of Catholic Bishop: Match Grant Program
93.566	Refugee Social Services Employment Program, Refugee Cash Assistance Program, Refugee Cash Assistance Employment

Dollar threshold used to distinguish between Type A and Type B programs $ 300,000

Auditee qualified as low-risk auditee? __X__ Yes ____ No

II. Financial Statement Findings

No matters were reported

III. Findings and Questioned Costs for Federal Awards

No matters were reported

CARITAS OF AUSTIN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2015

None reported