



COLEMAN & WILLIAMS, LTD.
A Professional Services Firm

CARITAS FOR CHILDREN, INC.

**REPORT ON FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**



COLEMAN & WILLIAMS, LTD.
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CARITAS FOR CHILDREN, INC.
YEAR ENDED June 30, 2016

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COLEMAN & WILLIAMS, LTD.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
CARITAS For Children, Inc.

We have audited the accompanying financial statements of CARITAS For Children, Inc. ("CARITAS"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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. 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.

316 North Milwaukee Street, Suite 402 • Milwaukee, Wisconsin 53202
7127 North Green Bay Avenue • Milwaukee, Wisconsin 53209
Telephone 414.278.0170
Facsimile 414.278.1169
www.candwmilw.com



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CARITAS as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses 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.

Coleman & Williams, Ltd.

Milwaukee, Wisconsin
January 4, 2017



CARITAS For Children, Inc.
STATEMENTS OF FINANCIAL POSITION
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 102,706	\$ 170,337
Accounts receivable	49	651
Total current assets	<u>102,755</u>	<u>170,988</u>
NON-CURRENT ASSETS		
Equipment	17,703	15,993
Less: accumulated depreciation	<u>(7,593)</u>	<u>(4,223)</u>
Net non-current assets	<u>10,110</u>	<u>11,770</u>
TOTAL ASSETS	<u>\$ 112,865</u>	<u>\$ 182,758</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 203	\$ 1,779
Deferred revenue	46,752	34,232
Due to related party	<u>162,851</u>	<u>131,226</u>
Total Liabilities	<u>209,806</u>	<u>167,237</u>
NET ASSETS		
Accumulated Deficit/ Unrestricted net assets	(96,941)	15,521
Total Net Assets	<u>(96,941)</u>	<u>15,521</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 112,865</u>	<u>\$ 182,758</u>

See notes to financial statements



CARITAS For Children, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT:			
Sponsorship	\$ -	\$ 386,848	\$ 386,848
Other	-	15,700	15,700
Fund raising	147,444	-	147,444
Net assets released from restrictions	402,548	(402,548)	-
Total support and revenue	<u>549,992</u>	<u>-</u>	<u>549,992</u>
EXPENSES:			
Program services			
K Through College	488,973	-	488,973
Assistive/Supporting Programs	48,190	-	48,190
Total program services	<u>537,163</u>	<u>-</u>	<u>537,163</u>
Supporting services			
Management & general	114,707	-	114,707
Fund raising	10,584	-	10,584
Total supporting services	<u>125,291</u>	<u>-</u>	<u>125,291</u>
Total expenses	<u>662,454</u>	<u>-</u>	<u>662,454</u>
Change in net assets	(112,462)	-	(112,462)
NET ASSETS, beginning of year	<u>15,521</u>	<u>-</u>	<u>15,521</u>
NET ASSETS, end of year	<u>\$ (96,941)</u>	<u>\$ -</u>	<u>\$ (96,941)</u>

See notes to financial statements



CARITAS For Children, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT:			
Sponsorship	\$ -	\$ 368,549	\$ 368,549
Other	-	19,799	19,799
Fund raising	159,822	-	159,822
Net assets released from restrictions	388,348	(388,348)	-
Total support and revenue	<u>548,170</u>	<u>-</u>	<u>548,170</u>
EXPENSES:			
Program services			
K Through College	390,442	-	390,442
Assistive/Supporting Programs	36,204	-	36,204
Total program services	<u>426,646</u>	<u>-</u>	<u>426,646</u>
Supporting services			
Management & general	85,099	-	85,099
Fund raising	12,212	-	12,212
Total supporting services	<u>97,311</u>	<u>-</u>	<u>97,311</u>
Total expenses	<u>523,957</u>	<u>-</u>	<u>523,957</u>
Change in net assets	24,213	-	24,213
NET ASSETS, beginning of year	<u>(8,692)</u>	<u>-</u>	<u>(8,692)</u>
NET ASSETS, end of year	<u>\$ 15,521</u>	<u>\$ -</u>	<u>\$ 15,521</u>

See notes to financial statements



CARITAS For Children, Inc.
STATEMENTS OF CASH FLOWS
June 30,

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (112,462)	\$ 24,213
Adjustments to reconcile net income to net cash provided/(used) by operating activities :		
Accounts receivable	602	(51)
Depreciation	3,370	2,911
Accounts payable	(1,576)	263
Due to related party	31,625	35,188
Deferred Revenue	12,520	8,452
Net cash provided by operating activities	<u>(65,921)</u>	<u>70,976</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash payments for the purchase of property	<u>(1,710)</u>	<u>(2,869)</u>
Net cash flows from investing activities	<u>(1,710)</u>	<u>(2,869)</u>
Net decrease in cash and cash equivalents	(67,631)	68,107
CASH AND CASH EQUIVALENTS, beginning of year	<u>170,337</u>	<u>102,230</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 102,706</u>	<u>\$ 170,337</u>

See notes to financial statements



CARITAS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED June 30, 2016

NOTE 1 – ORGANIZATION

CARITAS For Children, Inc (“CARITAS”) is a not-for-profit organization located in the City of Milwaukee, Wisconsin and is incorporated under the State of Wisconsin statutes.

The Relationship of our Material Stewardship to our Mission and Purpose

CARITAS is organized and structured as a layperson administered Catholic global apostolate. As such the entire purpose of the material revenues it receives and expends as goods and services relates to the scope, operations, development, and expansion of our mission activity. Because we are Roman Catholic in character and identity, our mission activities are centered in our belief in Christ. We are further distinguished in our evangelizing purposes and our embrace of Christ’s scriptural exhortation to *Love One Another* (John 13:34) unifying our efforts across our ministry endeavors.

CARITAS strives to achieve Christ-centered goals for missionary purposes. We believe in the dignity and worth of every man, woman and child. We seek the fullest development of the whole person to reach their fullest potential in God’s plan. We achieve this by providing for the material, spiritual and emotional well-being of those we are privileged to serve.

Living out Christ’s imperative to *love one another*, we share God’s love providing financial assistance to deliver life’s basic necessities of food, clothing, medical care, education, safety and shelter to orphaned and vulnerable children worldwide. In every location where we are a presence, our children are provided a strong spiritual, emotional, and educational foundation under the guidance and care of our ministry partners of Catholic religious communities.

CARITAS provides the following programs:

Child sponsorship programs – The program provides financial assistance for the health, education and general welfare of orphaned and disadvantaged children in Kenya, Nigeria and Uganda in Africa. Through child sponsorship CARITAS provides children with the opportunity for quality education, daily meals, clothing and medical care. Sponsored children attend a Catholic school run by the local religious indigenous men and women who understand the particular needs related to the child. There are two components to the child sponsorship program (*Boarding or Day School Program*).



CARITAS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED June 30, 2016

NOTE 1 – ORGANIZATION (Continued)

Boarding School Program - Many of the children in the Boarding School Program are orphans. Children with no place to live require a higher level of services. The CARITAS Boarding School Program provides 24-hour, 365 days of care for these children. CARITAS provides all the possible needs – personal and spiritual, including all of the benefits listed below: Annual Tuition, School Supplies, All personal and incidental expenses, Transportation, Medical services, all clothing expenses, etc. As well as ongoing catechesis of Catholic Teaching.

Day School Program - This program provides for all the costs necessary for a Catholic day-school education, as well as providing: Daily nurturing guidance from the Nuns, their Lay Associates and staff, two meals per day, school uniform and other available clothing, books and educational supplies, basic medical support, clean drinking water, counseling, as well as ongoing catechesis of Catholic Teaching.

Our Core Mission and Vision

Our *core mission* engages individuals and families with the children we serve in twenty two mission sites in Nigeria, Kenya, Uganda, Poland, Dominican Republic and Haiti. Our *fundamental vision* is to create a worldwide community of sponsors, children, families and supporters, in continuing relationships of love and care, to cultivate true charity by *living caritas* globally and impacting faith locally.

Other Special Programs – CARITAS has in varying degrees developed additional financial and spiritual support and assistive supporting programs including: *Adopt-A-Nun* support and ongoing formation. A community based support program, called: *White Rose Program*.

Our Mission Goals

We engage *servant leadership* in our principal mission and vital ministry to achieve focused outcomes. We recruit, form and engage young adult volunteers. We establish strategic partnerships with religious communities to deliver transformative resources to the children we serve. We form the minds and hearts of these children in Catholic education, doctrine, and the truth of Christ. We evangelize faith communities to inspire greater commitment, service and discipleship.



**CARITAS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED June 30, 2016**

NOTE 1 – ORGANIZATION (Continued)

What Distinguishes Us

Our character and culture is distinct from other organizations with related missions. We are intrinsically Catholic in our identity, brand, doctrine, values and policies across the culture of our internal and external mission. We center our efforts on *The New Evangelization* as a tool of formation for those who engage in our work and ministry. We build continuing relationships that form community for those who partner in our mission. We employ ongoing messaging to our supporters to grow their spirituality and capacity for prayer and formation as disciples in Christ.

The Structure of our Ecclesial Governance

Under Roman Catholic Church Canon Law, we are structured as a *private juridic person*, having been granted this canonical status in 2008 by the Archdiocese of Chicago, recognized as an official ministry within the diocese since 2002, organized as a Catholic Lay Apostolate with formal listing in the *P. J. Kennedy, Official Catholic Directory*.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION - Net assets and 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 and reported as follows:

Unrestricted net assets –Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of and/or the passage of time. 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 restricted net assets.



CARITAS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

ACCOUNTING ESTIMATES – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PROPERTY AND EQUIPMENT – Property and equipment are valued at cost or if donated, market value at date of donation. CARITAS policy is to capitalize expenses of \$500 or greater. Items less than \$500 are charged to operations in the year of purchase. Depreciation is computed on the straight-line basis over the following estimated useful lives of the respective assets. Estimated useful life is five to fifteen years for software and equipment.

Maintenance and repair costs are charged to expense as incurred. Fully depreciated assets are retained in the accounts until such assets are physically retired.

REVENUE – Contributions are recognized upon receipt. Gifts, other than cash, are recognized at fair market value at the date received. Contracts for services revenue are recognized to the extent of expense incurred. Sponsorship revenue is recognized when earned. Contributions received are recorded as unrestricted and temporarily restricted support, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

DEFERRED REVENUE – Deferred revenue is recorded for contributions received, but not yet earned.



CARITAS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

ALLOCATION OF EXPENSES – Direct program expenses are charged to program services. Supporting service expenses are allocated to program services based on the direct program expenses of each program.

DATE OF MANAGEMENT’S REVIEW – Management has evaluated subsequent events through January 4, 2017, the date which the financial statements were available to be issued.

USE OF ESTIMATES – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 those estimates.

CASH AND CASH EQUIVALENTS – For purposes of the statement of cash flows, CARITAS classifies cash on hand, checking accounts and money market accounts as cash equivalents. On June 30, 2016 and 2015 all cash balances for each bank account, in aggregate, were covered by the Federal Deposit Insurance Corporation.

RECLASSIFICATIONS – Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

NOTE 3 – INCOME TAXES

CARITAS is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. It is also exempt from Wisconsin income taxes and therefore, has made no provision for federal or state income taxes.

Tax returns for years subsequent to June 30, 2012 are subject to examination by federal and state tax authorities.



CARITAS FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED June 30, 2016

NOTE 4 – RISK AND UNCERTAINTIES

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 5 – DEFERRED REVENUE

Deferred revenue represents revenues collected but not earned as of June 30. This is primarily composed of receipts for sponsorship which has not been paid to the beneficiaries. Below is a summary of the deferred revenue as at June 30,

<u>Description</u>	<u>2016</u>	<u>2015</u>
Haiti Sponsorship	\$ 14,263	\$ 10,206
MKCC Sponsorship	8,060	4,952
Nigeria Sponsorship	1,003	6,028
Stella Maris Sponsorship	19,810	12,268
Dominican Rep Sponsor	3,213	840
Kenya	403	(62)
Total	\$ 46,752	\$ 34,232

NOTE 6 – RELATED PARTY

Fleet Services, Inc. is a related party to CARITAS through common control. Related party transactions include the payment for goods and services on behalf of CARITAS. The following is the outstanding balance to Fleet Services, Inc. as at June 30,

<u>Description</u>	<u>2016</u>	<u>2015</u>
Due to Fleet Services, Inc.	\$ 127,893	\$ 96,038
Due to Christopher Hoar	34,958	34,958
Total	\$ 162,851	\$ 131,226



COLEMAN & WILLIAMS, LTD.
A Professional Services Firm

ADDITIONAL INFORMATION



CARITAS For Children, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR END JUNE, 30 2016

	K Through College	Assistive/ Supporting Programs	Total Program Service Expense	Management and General Expense		Fundraising Expense	Total Expenses
				Non US			
Program Payments	\$ 195,580	\$ 19,275	\$ 214,855	\$ 8,982	\$ -	\$ -	\$ 223,837
Salaries and Wages	203,875	20,093	223,968	47,635	-	-	271,603
Payroll Taxes	15,009	1,479	16,488	3,507	-	-	19,995
Other Employee Benefits	25,902	2,553	28,455	6,052	-	-	34,507
Advertising and Promotion	-	-	-	-	10,084	-	10,084
Office Expenses	12,238	1,206	13,444	15,369	-	-	28,813
Information Technology	24,531	2,418	26,949	8,097	-	-	35,046
Travel	-	-	-	9,190	500	-	9,690
Conferences, Conventions and Meetings	5,821	574	6,395	3,227	-	-	9,622
Depreciation	-	-	-	3,370	-	-	3,370
Other Expenses:							
Fees for professional services	207	20	227	2,063	-	-	2,290
Training and Education	-	-	-	166	-	-	166
Postage/Mailing	1,800	177	1,977	468	-	-	2,445
Telephone	1,696	167	1,863	2,019	-	-	3,882
Miscellaneous	2,314	228	2,542	4,562	-	-	7,104
Total Functional Expenses	\$ 488,973	\$ 48,190	\$ 537,163	\$ 114,707	\$ 10,584	\$ -	\$ 662,454



CARITAS For Children, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR END JUNE, 30 2015

	K	Assistive/ Supporting Programs	Total Program Service Expense	Management and General Expense	Fundraising Expense	Total Expenses
	Through College					
Program Payments	\$ 238,460	\$ 22,111	\$ 260,571	\$ 30,763	\$ -	\$ 291,334
Salaries and Wages	98,426	9,127	107,553	31,499	-	139,052
Other Employee Benefits	10,455	970	11,425	3,346	-	14,771
Advertising and Promotion	-	-	-	-	10,162	10,162
Office Expenses	1,109	102	1,211	816	-	2,027
Information Technology	25,573	2,372	27,945	2,337	-	30,282
Travel	-	-	-	113	2,050	2,163
Conferences, Conventions and Meetings	2,472	229	2,701	4,198	-	6,899
Depreciation	-	-	-	2,911	-	2,911
Other Expenses:						
Fees for professional services	7,163	664	7,827	655	-	8,482
Training and Education	-	-	-	2,675	-	2,675
Postage/Mailing	1,629	151	1,780	363	-	2,143
Telephone	1,928	179	2,107	2,459	-	4,566
Miscellaneous	3,227	299	3,526	2,964	-	6,490
Total Functional Expenses	\$ 390,442	\$ 36,204	\$ 426,646	\$ 85,099	\$ 12,212	\$ 523,957