

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Catholic Charities of the Archdiocese  
of St. Paul and Minneapolis  
Minneapolis, Minnesota

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Catholic Charities of St. Paul and Minneapolis (Catholic Charities), which comprise the consolidated balance sheets as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Catholic Charities' preparation and fair presentation of the consolidated 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 Catholic Charities' 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 consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated balance sheets of Catholic Charities as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2, *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 December 19, 2018 on our consideration of Catholic Charities' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Catholic Charities' 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.



**CliftonLarsonAllen LLP**

St. Cloud, Minnesota  
December 19, 2018

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATED BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 22,184,008	\$ 13,386,031
Accounts and Contracts Receivable, Net	5,545,692	3,371,393
Accounts and Contracts Receivable - Related Party	3,836,346	6,144,115
Pledges Receivable	7,503,281	7,579,508
Prepaid Expenses and Other Assets	1,913,024	1,291,838
Investments	43,073,660	44,066,603
Interest in Split Interest Agreements	3,999,900	3,553,832
Loans Receivable	25,121,040	9,694,000
Loans Receivable - Related Party	10,273,076	1,265,337
Land, Building, and Equipment - Net	39,033,432	36,460,599
Land and Buildings Held for Sale	42,697	137,697
	<b>\$ 162,526,156</b>	<b>\$ 126,950,953</b>
<b>Total Assets</b>	<b>\$ 162,526,156</b>	<b>\$ 126,950,953</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 2,901,144	\$ 1,502,754
Accrued Payroll and Payroll Expenses	3,470,207	3,458,584
Other Accrued Liabilities	720,885	881,641
Obligations of Split-Interest Agreements	1,537,556	1,795,998
Accrued Pension Liability	2,256,900	3,493,941
Notes and Mortgages Payable	42,094,736	17,144,181
Total Liabilities	52,981,428	28,277,099
<b>NET ASSETS</b>		
Unrestricted	76,223,009	60,177,305
Temporarily Restricted	27,252,172	32,468,211
Permanently Restricted	6,069,547	6,028,338
Total Net Assets	109,544,728	98,673,854
Total Liabilities and Net Assets	\$ 162,526,156	\$ 126,950,953

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT</b>								
Revenue:								
Government Fees and Grants	\$ 22,881,668	\$ -	\$ -	\$ 22,881,668	\$ 28,912,281	\$ -	\$ -	\$ 28,912,281
Program Service Fees	10,530,248	-	-	10,530,248	10,829,264	-	-	10,829,264
Other Revenues	2,615,494	-	-	2,615,494	520,294	-	-	520,294
Total Revenue	36,027,410	-	-	36,027,410	40,261,839	-	-	40,261,839
Support:								
Contributions and Private Grants, Net	17,476,819	7,261,070	21,653	24,759,542	15,384,456	7,158,113	2,500	22,545,069
United Way	-	877,500	-	877,500	-	930,000	-	930,000
Total Support	17,476,819	8,138,570	21,653	25,637,042	15,384,456	8,088,113	2,500	23,475,069
Net Assets Released from Restrictions	14,890,941	(14,881,941)	(9,000)	-	8,551,541	(8,543,501)	(8,040)	-
Total Revenue and Support	68,395,170	(6,743,371)	12,653	61,664,452	64,197,836	(455,388)	(5,540)	63,736,908
<b>EXPENSES</b>								
Program Service	43,847,674	-	-	43,847,674	41,422,483	-	-	41,422,483
Management and General	9,325,233	-	-	9,325,233	9,326,857	-	-	9,326,857
Fundraising	2,727,620	-	-	2,727,620	2,838,081	-	-	2,838,081
Total Expenses	55,900,527	-	-	55,900,527	53,587,421	-	-	53,587,421
<b>CHANGES NET ASSETS FROM OPERATIONS</b>	12,494,643	(6,743,371)	12,653	5,763,925	10,610,415	(455,388)	(5,540)	10,149,487
<b>NONOPERATING ACTIVITY</b>								
Net Pension Gains and Losses:								
Net Periodic Pension (Cost) Benefit	191,084	-	-	191,084	(7,027)	-	-	(7,027)
Other Changes in Plan Assets and Benefit Obligations	1,045,957	-	-	1,045,957	1,578,171	-	-	1,578,171
Total Net Pension Gains	1,237,041	-	-	1,237,041	1,571,144	-	-	1,571,144
Changes in Split-Interest Agreements and Annuities	18,688	530,039	405	549,132	154,763	(101,474)	4,132	57,421
Gain on Fixed Assets	592	-	-	592	50	-	-	50
Investment Gain	2,294,740	997,293	28,151	3,320,184	2,242,107	1,595,941	39,631	3,877,679
Fund Transfer	-	-	-	-	-	(52,230)	52,230	-
Total Nonoperating Activity	3,551,061	1,527,332	28,556	5,106,949	3,968,064	1,442,237	95,993	5,506,294
<b>CHANGE IN NET ASSETS</b>	16,045,704	(5,216,039)	41,209	10,870,874	14,578,479	986,849	90,453	15,655,781
Net Assets - Beginning of Year	60,177,305	32,468,211	6,028,338	98,673,854	45,598,826	31,481,362	5,937,885	83,018,073
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 76,223,009</u>	<u>\$ 27,252,172</u>	<u>\$ 6,069,547</u>	<u>\$ 109,544,728</u>	<u>\$ 60,177,305</u>	<u>\$ 32,468,211</u>	<u>\$ 6,028,338</u>	<u>\$ 98,673,854</u>

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018				2017			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
<b>EMPLOYEE COMPENSATION</b>								
Salaries	\$ 22,906,137	\$ 3,563,425	\$ 1,421,092	\$ 27,890,654	\$ 20,803,178	\$ 3,622,202	\$ 1,282,305	\$ 25,707,685
Employee Benefits	4,438,169	470,781	257,911	5,166,861	3,880,286	391,813	234,765	4,506,864
Payroll Taxes	1,685,965	338,755	99,732	2,124,452	1,512,121	358,759	91,949	1,962,829
Total Employee Compensation	<u>29,030,271</u>	<u>4,372,961</u>	<u>1,778,735</u>	<u>35,181,967</u>	<u>26,195,585</u>	<u>4,372,774</u>	<u>1,609,019</u>	<u>32,177,378</u>
<b>OTHER EXPENSES</b>								
Employee Related	415,069	138,973	37,512	591,554	323,642	135,501	32,410	491,553
Professional Services	844,873	611,218	150,401	1,606,492	778,944	754,685	522,615	2,056,244
Outside Services	558,371	208	-	558,579	524,529	-	1,500	526,029
Travel and Entertainment	20,842	9,249	7,681	37,772	16,246	8,953	6,967	32,166
Occupancy	3,338,158	752,563	41,994	4,132,715	4,204,366	542,804	38,096	4,785,266
Office Expense	2,141,108	575,250	563,832	3,280,190	2,434,226	868,197	567,824	3,870,247
Program Expense	5,097,926	2,656,265	99,976	7,854,167	5,052,119	2,436,382	21,603	7,510,104
Interest	464,508	-	-	464,508	251,662	1,147	100	252,909
Miscellaneous	379,925	107,399	29,430	516,754	181,670	92,232	21,246	295,148
Total Other Expenses	<u>13,260,780</u>	<u>4,851,125</u>	<u>930,826</u>	<u>19,042,731</u>	<u>13,767,404</u>	<u>4,839,901</u>	<u>1,212,361</u>	<u>19,819,666</u>
Total Expenses Before Depreciation and Amortization	42,291,051	9,224,086	2,709,561	54,224,698	39,962,989	9,212,675	2,821,380	51,997,044
Depreciation and Amortization of Property, Plant, and Equipment	<u>1,556,623</u>	<u>101,147</u>	<u>18,059</u>	<u>1,675,829</u>	<u>1,459,494</u>	<u>114,182</u>	<u>16,701</u>	<u>1,590,377</u>
Total Expenses	<u><u>\$ 43,847,674</u></u>	<u><u>\$ 9,325,233</u></u>	<u><u>\$ 2,727,620</u></u>	<u><u>\$ 55,900,527</u></u>	<u><u>\$ 41,422,483</u></u>	<u><u>\$ 9,326,857</u></u>	<u><u>\$ 2,838,081</u></u>	<u><u>\$ 53,587,421</u></u>

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 10,870,874	\$ 15,655,781
Adjustments to Reconcile Change in Net Asset to Net Cash		
Provided (Used) by Operating Activities:		
Realized Gain on Sale of Investments	(1,935,659)	(438,898)
Unrealized Gain on Investments	(335,410)	(2,645,570)
Donation of Property, Trust	-	(101,400)
Depreciation	1,675,829	1,590,377
Gain on Disposal of Land, Building, and Equipment	(592)	(50)
Change in Interest in Split Interest Agreements	(492,484)	29,793
Change in CSV of Life Insurance	(3,919)	(3,890)
Forgiveness of Long-Term Debt	(91,928)	(154,099)
Amortization of Loan Discount	54,369	23,593
Pledges Restricted for Construction Project	(4,720,211)	(2,717,907)
Permanently Restricted Contributions	(21,653)	(2,500)
(Increase) Decrease in Assets:		
Accounts and Contracts Receivable	(2,174,299)	(4,504,141)
Accounts and Contracts Receivable - Related Party	2,307,769	-
Pledges Receivable	107,987	(55,499)
Prepaid Expenses and Other Assets	(630,991)	(173,516)
Increase (Decrease) in Liabilities:		
Accounts Payable	(386,285)	(785,070)
Accrued Payroll, Benefits, Taxes, and Withholdings	11,623	156,213
Other Accrued Liabilities	(160,756)	99,520
Net Pension Liability / Asset	(1,237,041)	(1,571,144)
Net Cash Provided (Used) by Operating Activities	2,837,223	4,401,593
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(6,358,620)	(3,585,264)
Proceeds from Sale and Maturity of Investments	9,626,551	3,311,852
Issuance of Loans Receivable	(15,427,040)	-
Issuance of Loans Receivable - Related Party	(4,684,769)	-
Payments on Loans Receivable - Related Party	395,706	-
Purchase of Land, Building, and Equipment	(7,182,657)	(15,090,202)
Proceeds from Sale of Land, Building, and Equipment	95,592	50
Net Cash Used by Investing Activities	(23,535,237)	(15,363,564)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Permanently Restricted Contributions	21,653	2,500
Distributions under Charitable Annuities and Split Interest Agreements	(223,032)	(236,802)
Additional Contributions to Charitable Annuities	11,000	37,000
Payments on Long-Term Debt	(5,752,416)	(6,503,595)
Proceeds from Issuance of Long-Term Debt	31,162,039	-
Proceeds from Contributions Restricted for Construction Project	4,688,451	5,906,642
Payments for Financing Costs of Long-Term Debt	(411,704)	-
Net Cash Provided (Used) by Financing Activities	29,495,991	(794,255)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	8,797,977	(11,756,226)
Cash and Cash Equivalents - Beginning of Year	13,386,031	25,142,257
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 22,184,008	\$ 13,386,031
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 396,664	\$ 243,309
Land, Building, and Equipment in Accounts Payable	\$ 1,784,675	\$ 560,454

See accompanying Notes to Consolidated Financial Statements.



**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Catholic Charities of the Archdiocese of St. Paul and Minneapolis (Catholic Charities or the Organization) is a Section 501(c)(3) nonprofit social services organization dedicated to helping those most in need. We are a leader at solving poverty, creating opportunity, and advocating for justice in the community.

Catholic Charities serves thousands of men, women, children, and families at our direct service programs throughout the Greater Minneapolis-St. Paul metro region. This work is supported by hundreds of talented staff and thousands of dedicated volunteers and donors. Catholic Charities is the largest comprehensive private provider of social services in the Greater Minneapolis-St. Paul metropolitan area.

Catholic Charities programs provide life-saving and life-changing services to five (5) key customer groups, including:

- **People Experiencing Homelessness.** At places like the Dorothy Day Center, Higher Ground, and the Opportunity Center, we provide meals, shelter, and opportunities to find jobs, secure a stable home, and medical assistance for those who need it.
- **Children in Need.** At places like St. Joseph's Home for Children and Northside Child Development Center, we serve children and their families with early childhood education, comfort in times of crisis, and mental health counseling for bright, strong futures.
- **New Americans.** Catholic Charities helps refugees and immigrants work towards independence by connecting families and finding housing, school, and job opportunities.
- **Older Adults.** We serve elders and those with disabilities, helping them live independently in their own homes and connecting homeless elders to safe, permanent housing.
- **The Greater Minneapolis-St. Paul Region.** By meeting the needs of those most vulnerable, we help improve the quality of life for the entire region. To fully achieve our vision of a community where there is "poverty for no one and opportunity for everyone," we augment direct services with public engagement and advocacy around effective anti-poverty and economic growth strategies promoting the vitality of the Greater Minneapolis-St. Paul community.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Nature of Organization (Continued)**

Following is a sample of the supports, services, and social justice advocacy Catholic Charities provides to achieve our mission:

**Housing Stability Services:**

- Daytime Resource Centers
- Emergency Shelter
- Transitional Housing
- Permanent Supportive Housing
- Youth Shelter, Housing, and Services

**Children and Family Services:**

- St. Joseph's Home for Children Mental Health and Emergency Shelter Programs
- Day Treatment
- School-Based Counseling
- Northside Child Development Center
- Parenting Services

**Aging and Disabilities Services:**

- Senior and Adult with Disabilities Care Management
- Homeless Elder Services

**Client Support Services:**

- Health Supported Housing
- St. Josephs Home for Children Clinic
- Food Services

**New American Services:**

- Resettlement
- Refugee Cash Assistance

**Social Justice Advocacy:**

- Sowers of Justice Grassroots Network
- Public Policy Leadership and Advocacy

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Principles of Consolidation**

The consolidated financial statements of the Organization include the accounts of the Organization and its consolidated subsidiaries listed below:

<u>Entity Name</u>	<u>Entity Type</u>
Dorothy Day Capital Corporation	Nonprofit Organization
Dorothy Day Shelter LLC	Minnesota Limited Liability Company
Dorothy Day Opportunity Center LLC	Minnesota Limited Liability Company
Dorothy Day LLC	Minnesota Limited Liability Company
Dorothy Day Residence GP LLC	Minnesota Limited Liability Company
CCSPM-1 LLC	Minnesota Limited Liability Company
Dorothy Day Condominium Association	Nonprofit Organization

All significant intercompany accounts and balances have been eliminated in consolidation.

**Basis of Presentation**

Net assets and revenues, support, and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Organization and changes therein are classified into the following three categories:

**Unrestricted**

Resources over which the board of directors has discretionary control.

**Temporarily Restricted**

Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or passage of time.

**Permanently Restricted**

Those resources subject to a donor-imposed restriction that they be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

Catholic Charities has elected to present temporarily restricted contributions, which are fulfilled in the same period, within the unrestricted net asset class.

**Cash and Cash Equivalents**

Catholic Charities considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At times such deposits may be in excess of FDIC insurance limits. At times a portion of the investment portfolio may be invested in cash equivalents and has been reflected as investments.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Account and Contracts Receivables**

Catholic Charities policy is to recognize accounts receivable based on services provided during the fiscal year. Catholic Charities provides an allowance for uncollectible accounts based on the reserve method using management's judgment and Catholic Charities' approved policy. Payment for services is required within 30 days of receipt of invoice. Accounts past due more than 30 days are individually analyzed for collectability. In addition, an allowance is estimated for other accounts based on the Organization's policy as well as historical experience of the Organization. Catholic Charities' policy is based on determined percentages of outstanding receivables by age of the balance and specific identification. When all collection efforts have been exhausted, the receivable is written off against the related reserve. At June 30, 2018 and 2017, the allowance for uncollectible accounts was \$144,421 and \$129,779, respectively.

**Pledges Receivable**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional pledges, including pending bequests, are not included as support until such time as the conditions are substantially met. Management estimates that all pledges receivable are fully collectible and no allowance for doubtful pledges has been recognized.

**Investments**

The net changes in fair value on held investments and the realized gains and losses on investments sold are reflected in the consolidated statements of activities as a component of investment income.

Catholic Charities invests in a variety of investment vehicles. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, changes in the values of the investments will occur in the near term and such changes could materially affect the amounts reported.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Land, Building, and Equipment**

Expenditures for equipment (and donated equipment at fair value) in excess of \$5,000 are capitalized. Expenditures for initial purchase or improvement of land or building (including leasehold property) in excess of \$7,500 are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, from 3 to 35 years. Property under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the asset. Such amortization is included in depreciation and amortization in the consolidated financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

The Organization reviews its property and equipment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the expected value to be used in operations over the remaining useful life of the asset. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value of the asset.

**Asset Retirement Obligation**

Accounting guidance defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or settlement are conditional on a future event that may or may not be within the control of the entity. The Organization estimated the cost of any potential obligation to remove asbestos. The Organization used a future value rate assumption of 3% and a present value risk-free rate of 5% to determine the potential liability. The Organization has recorded a liability of \$152,713 and \$143,997 at June 30, 2018 and 2017, respectively.

**Charitable Annuities Payable and Obligations of Split-Interest Agreements**

Catholic Charities has entered into irrevocable charitable annuity and trust obligations with certain donors. Under annuity contracts, the annuitants transfer assets to Catholic Charities, and Catholic Charities makes periodic, fixed payments to the annuitants for life. The value of the assets transferred to Catholic Charities along with the age of the annuitant determines the amount of the periodic payments to the annuitant.

Annuity and trust obligations are recorded using the present value of the estimated future obligations based on mortality rates derived from ordinary life annuity tables.

**Interest in Split-Interest Agreements**

Catholic Charities is a named beneficiary of several perpetual trusts, a charitable remainder trust, and a charitable lead trust where Catholic Charities is not the trustee. Catholic Charities recognizes its interest in the charitable remainder and lead trusts at the net present value of future expected cash flows, with a discount rate specified by the Internal Revenue Service (IRS) at the trust creation. Catholic Charities has valued its interest in the perpetual trusts based on their proportionate share of returns on the fair value of the assets held by the trustee.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Government contracts are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as deferred revenue. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Service group revenues include private and government fees received for services provided to individuals, as well as grants, gifts, and service contracts with government agencies. Fee revenue and revenue under service contracts are recognized as services are performed.

**Basis of Allocating Costs**

Costs are allocated among program and supporting services in as direct a manner as considered practicable. Allocations are generally made as follows:

- Salaries, employee benefits, and payroll taxes by the principal activities of each employee
- Rent, depreciation, and associated costs on the basis of floor space occupied

Functional expense percentages are calculated by dividing, individually, program services, management and general, and fundraising expenses by total expenses.

**Donated Property, Materials, and Services**

Donated property is recorded as contribution revenue at estimated fair value at date of receipt. Donated goods and services are recorded as contribution revenue and program expense at estimated fair value at date of receipt. Donated services are recorded as contributions when the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills, and would typically be purchased if not provided by donation. Some volunteers' time has not been included in the Organization's consolidated financial statements since the services do not meet accounting standards criteria for recording. For the years ended June 30, 2018 and 2017, approximately 124,075 and 145,983 hours, respectively, of volunteer time were donated to the Organization and its programs and not included in the financial statements.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax-Exempt Status**

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization has been classified as an organization that is a public charity under the IRC and charitable contributions by the donors are tax deductible. Dorothy Day Capital Corporation is a tax-exempt organization under Section 501(c)(3) of the IRC. Dorothy Day Shelter LLC, Dorothy Day Opportunity Center LLC, Dorothy Day, LLC, Dorothy Day Residence GP LLC, CCSPM-1 LLC, and Dorothy Day Condominium Association are disregarded entities for income tax purposes.

The Organization has no current obligation for unrelated business income tax or uncertain tax positions.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Certain Risks and Uncertainties**

Catholic Charities invests in a variety of investment vehicles. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported.

**Fair Value Measurements**

Accounting standards define fair value, establish a framework for measuring fair value, establish a fair value hierarchy based on the quality of inputs used to measure fair value, and require expanded disclosures about fair value measurements. Catholic Charities accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. Catholic Charities accounts for certain financial assets and liabilities at fair value under various accounting literature and industry guidance.

Accounting standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. Catholic Charities carries all nonpublicly traded equity securities at the lower of cost or market unless the election under this accounting standard has been made. To date Catholic Charities has elected to carry all nonpublicly traded equity securities at fair value.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Hierarchy**

In accordance with accounting standards, Catholic Charities has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the balance sheets are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Catholic Charities has the ability to access (examples include active exchange-traded equity securities, listed derivatives, and most U.S. government and agency securities).

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets (for example, restricted stock);
- quoted prices for identical or similar assets or liabilities in nonactive markets (examples include corporate and municipal bonds, which trade infrequently);
- pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain residential and commercial mortgage related assets, including loans, securities, and derivatives).

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include interests in the net assets of the Catholic Community Foundation, and assets held in trusts where Catholic Charities is not the trustee).



**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

The Organization has evaluated events and transactions for potential recognition or disclosure in these consolidated financial statements through December 19, 2018, the date the consolidated financial statements were available to be issued.

**Reclassifications**

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effects on the change in net assets or total net assets as previously reported.

**NOTE 2 LOANS RECEIVABLE**

The following schedule summarizes loans receivable at June 30:

	2018	2017
<b><u>Loans Due to Catholic Charities</u></b>		
Construction loan receivable from Dorothy Day Housing Limited Partnership for the Dorothy Day Housing project. The loans are accruing interest of 2% per annum from date of borrowing, with varying repayment terms, and all have a maturity date of December 31, 2045.	\$ 5,554,400	\$ 1,265,337
Construction loan receivable from Dorothy Day Residence Limited Partnership for the Dorothy Day Residence. This loan is noninterest bearing and has a maturity date of December 31, 2067. Payment is due upon maturity.	4,718,676	-
Total Due to Catholic Charities	10,273,076	1,265,337
<b><u>Loans Due to Dorothy Day Capital Corporation</u></b>		
Construction loan receivable from USBCDC Investment Fund for the Dorothy Day Shelter. The loan has a maturity date of December 11, 2045, and annual interest rate of 1.75% as of June 30, 2018. Interest is paid quarterly until amortization commencement date on January 1, 2023. Interest and principal will be paid quarterly thereafter until maturity date.	9,694,000	9,694,000
Construction loan receivable from the Twain Investment Fund 179, LLC for the Dorothy Day Opportunity Center. The loan has a maturity date of December 31, 2047, and annual interest rate of 1.00% as of June 30, 2018. Interest is paid quarterly until amortization commencement date on January 1, 2025. Interest and principal will be paid quarterly thereafter until maturity date.	15,427,040	-
Total Due to Dorothy Day Capital Corporation	25,121,040	9,694,000
Total Loans Receivable	\$ 35,394,116	\$ 10,959,337

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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**NOTE 3 PLEDGES RECEIVABLE**

The present value of the estimated realizable value of gifts and grants receivable are recorded as assets and revenues in the consolidated financial statements. Unconditional promises to give as of June 30 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Unconditional Pledges Receivable	\$ 7,607,813	\$ 7,635,226
Unamortized Discount	(104,532)	(55,718)
Total	<u>\$ 7,503,281</u>	<u>\$ 7,579,508</u>
Amounts Due in:		
Less Than One Year	\$ 3,443,110	\$ 3,940,222
One to Five Years	4,134,703	3,645,004
Greater Than Five Years	30,000	50,000
Total	<u>\$ 7,607,813</u>	<u>\$ 7,635,226</u>

Unconditional promises to give which are expected to be received over more than one year are recorded by the Organization at their present value using a discount rate equivalent to treasury yields of similar maturity at the date of contribution average annual rate of 0.73%. There were 14 new long-term unconditional promises made during 2018.

For the year ended June 30, 2018, there were two donors whose pledge balance individually represented 10% or more of the Organization's net pledges receivable balance and represented 51% of the Organization's gross pledges receivable. For the year ended June 30, 2017, there were two donors whose pledge balance individually represented 10% or more of the Organization's net pledges receivable balance and represented 24% of the Organizations gross pledges receivable.

**NOTE 4 DONATED GOODS AND SERVICES**

The estimated value of donated materials and services included in the consolidated financial statements and the corresponding expenses for the years ended June 30 is as follows:

	<u>2018</u>	<u>2017</u>
Food and Meals (1,636,964 lbs. - FY18; 1,412,837 lbs. - FY17)	\$ 2,579,324	\$ 2,377,618
Clothing and Household Goods	278,921	415,573
Services (1,981 hrs. - FY18; 1,314 hrs. - FY17)	202,291	129,657
Donated Goods and Services	<u>\$ 3,060,536</u>	<u>\$ 2,922,848</u>

All goods and services were considered program activities. The professional services were donated by doctors, nurses, lawyers, and other professionals.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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**NOTE 5 ASSETS HELD BY CATHOLIC COMMUNITY FOUNDATION**

Amounts held by Catholic Community Foundation are invested in pooled accounts with a market allocation as of June 30 as follows:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	3 %	1 %
Corporate Bonds	23	22
Corporate Stocks	68	70
Real Estate Investment Trust	6	7
Total	<u>100 %</u>	<u>100 %</u>

**NOTE 6 INVESTMENTS**

Investments are stated at fair value, which is based substantially on quoted market prices at June 30, 2018 and 2017, except for money market trust and short-term investment funds, partnerships, and cash surrender value of life insurance. Money market trust and short-term investment funds are carried at deposit value. The value of the partnership investments are contributed assets and are recorded at fair value at the date of the gift and may be carried at fair value if those measures are readily available. Cash surrender value of life insurance is carried at contract value.

A summary of investments by type is as follows:

	<u>2018</u>	<u>2017</u>
Assets Held by Catholic Community Foundation	\$ 7,966,020	\$ 7,402,893
Equities	-	2,738
Equity Mutual Funds	17,582,951	18,728,562
Fixed Income Mutual Funds	11,204,701	11,222,488
Money Market Trust and Short-Term Investment Funds	2,192,777	2,717,091
Partnerships	4,037,508	3,907,047
Cash Surrender Value of Life Insurance	89,703	85,784
Total	<u>\$ 43,073,660</u>	<u>\$ 44,066,603</u>

Investment income as of June 30 consists of the following:

	<u>2018</u>	<u>2017</u>
Partnership Income	\$ 5,194	\$ 5,689
Interest and Dividends	1,043,921	787,522
Net Realized Gains	1,935,659	438,898
Unrealized Gains	335,410	2,645,570
Total Investment Gains	<u>\$ 3,320,184</u>	<u>\$ 3,877,679</u>

- (1) Included in these investments are Operating Reserves governed by the board and available for use to cover operating shortfalls, temporary cash flow requirements, or other unforeseen funding needs. As of June 30, 2018 and 2017, the balance of Operating Reserves was \$7,794,354 and \$7,778,611, respectively.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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**NOTE 6 INVESTMENTS (CONTINUED)**

Catholic Charities has an investment spending policy which provides a payout from a board-designated fund. The payout is calculated by using a formula of 20% weight assigned to 10% of the 60-month average balance as of March 31st of the net assets in the board-designated fund plus 80% weight assigned to the previous year's total transfer from the board-designated fund to the Unrestricted Fund plus an inflation factor. The Organization received planned giving contributions, which are included in the board-designated fund, of \$3,367,188 and \$2,209,540 for the years ended June 30, 2018 and 2017, respectively. For the years ended June 30, 2018 and 2017, the Organization transferred from the board-designated fund \$2,576,000 and \$2,466,996 to the Unrestricted Fund for general operations.

**NOTE 7 FAIR VALUE MEASUREMENTS**

Catholic Charities uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how Catholic Charities measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

	2018				
	Level 1	Level 2	Level 3	NAV	Total
Assets Held by Catholic Community Foundation	\$ -	\$ -	\$ 7,966,020	\$ -	\$ 7,966,020
Investments:					
Equity Mutual Funds	17,582,951	-	-	-	17,582,951
Fixed Income Mutual Funds	11,204,701	-	-	-	11,204,701
Partnerships	-	-	35,506	4,002,002	4,037,508
Interest in Split-Interest Agreements	-	-	3,999,900	-	3,999,900
Total	<u>\$ 28,787,652</u>	<u>\$ -</u>	<u>\$ 12,001,426</u>	<u>\$ 4,002,002</u>	<u>\$ 44,791,080</u>
	2017				
	Level 1	Level 2	Level 3	NAV	Total
Assets Held by Catholic Community Foundation	\$ -	\$ -	\$ 7,402,893	\$ -	\$ 7,402,893
Investments:					
Equities	2,738	-	-	-	2,738
Equity Mutual Funds	18,728,562	-	-	-	18,728,562
Fixed Income Mutual Funds	11,222,488	-	-	-	11,222,488
Partnerships	-	-	35,506	3,871,541	3,907,047
Interest in Split-Interest Agreements	-	-	3,553,832	-	3,553,832
Total	<u>\$ 29,953,788</u>	<u>\$ -</u>	<u>\$ 10,992,231</u>	<u>\$ 3,871,541</u>	<u>\$ 44,817,560</u>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
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JUNE 30, 2018 AND 2017**

**NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Level 3 Assets**

The following tables provide a summary of changes in fair value of the Organization's Level 3 financial assets for the years ended June 30:

	2018			
	Assets Held by Catholic Comm Foundation	Investments in Partnerships	Interest in Split-Interest Agreements	Total
<u>Level 3 Assets</u>				
Balances as of June 30, 2017	\$ 7,402,893	\$ 35,506	\$ 3,553,832	\$ 10,992,231
Purchases	123,133	-	-	123,133
Distributions	(72,871)	-	(169,754)	(242,625)
Realized Gain	220,446	-	-	220,446
Unrealized Gain	292,419	-	615,822	908,241
Balances as of June 30, 2018	<u>\$ 7,966,020</u>	<u>\$ 35,506</u>	<u>\$ 3,999,900</u>	<u>\$ 12,001,426</u>
	2017			
	Assets Held by Catholic Comm Foundation	Investments in Partnerships	Interest in Split-Interest Agreements	Total
<u>Level 3 Assets</u>				
Balances as of June 30, 2016	\$ 6,647,446	\$ 35,506	\$ 3,631,711	\$ 10,314,663
Purchases	125,409	-	-	125,409
Distributions	(108,596)	-	(163,698)	(272,294)
Realized Gain	124,292	-	-	124,292
Unrealized Gain	614,342	-	85,819	700,161
Balances as of June 30, 2017	<u>\$ 7,402,893</u>	<u>\$ 35,506</u>	<u>\$ 3,553,832</u>	<u>\$ 10,992,231</u>

**Assets Held by Catholic Community Foundation**

Assets held by Catholic Community Foundation include values reflected for publicly traded assets and values for nonpublicly traded assets that may be based on estimates provided by external valuation service provider. A substantial portion of the underlying assets are measured at fair value using Level 1 inputs.

**Interest in Split-Interest Agreements**

Values reflected for publicly traded assets and values for nonpublicly traded assets that may be based on estimates provided by external valuation service provider and include investments based upon undivided interests in these portfolios held by either the respective charitable trust, or investment manager. A substantial portion of the underlying assets are measured at fair value using Level 1 and Level 2 inputs.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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**NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Net Asset Value**

Fair value measurement of investments that calculated NAV per share (or its equivalent) as of June 30:

Investment Category	Net Asset Value 6/30/2018	Net Asset Value 6/30/2017	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Prisma Capital Partners LP	\$ 146,291	\$ 2,806,651	\$ -	Quarterly	65 Days
Blackstone	3,855,711	1,064,890	-	Semi-Annually	95 Days
Total	\$ 4,002,002	\$ 3,871,541	\$ -		

**Investments in Partnerships**

The fund's net asset value is calculated on the basis of pricing information obtained from various sources, the fund, one or more broker/dealers as directed by the fund, and administrators of funds in which the fund may have invested. These underlying hedge fund portfolios are priced by their independent administrators. Underlying hedge fund account statements are aggregated to determine the total value of all investments in the underlying hedge funds. Other assets of the funds are then added to determine the gross assets of the funds, which are then reduced by the liabilities of the funds. This value is then divided by the shares outstanding to determine net asset value (NAV), or by allocation percentage to determine partners' or participants' interest.

**NOTE 8 LAND, BUILDING, AND EQUIPMENT**

Land, building, and equipment consist of the following as of June 30:

	2018		2017	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 7,042,189	\$ -	\$ 5,200,743	\$ -
Buildings and Improvements	44,272,636	24,668,310	49,478,405	26,731,271
Leasehold Improvements	1,327,851	1,327,851	1,356,454	1,353,989
Furniture, Fixtures, and Vehicles	7,189,729	4,738,714	6,596,463	4,052,680
Construction in Progress	9,935,902	-	5,966,474	-
Total	\$ 69,768,307	\$ 30,734,875	\$ 68,598,539	\$ 32,137,940
Net Land, Buildings, and Equipment	\$ 39,033,432		\$ 36,460,599	

Dorothy Day Opportunity Center LLC began construction of the new Dorothy Day Opportunity Center in St Paul, Minnesota in the fall of calendar year 2017. The total project budget is \$46,654,278, of which \$10,474,064 is recorded in construction in progress as of June 30, 2018. The remaining funds will be spent during construction which is expected to be complete by the fall of calendar year 2019.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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**NOTE 9 LEASE COMMITMENTS**

The Organization leases spaces and office equipment under operating leases. For the years ended June 30, 2018 and 2017, total rental expense was \$445,039 and \$476,213, respectively.

Future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2018 are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2019	\$ 86,420
2020	85,850
2021	3,984
2022	2,620
2023	-
Total Minimum Lease Payments	<u>\$ 178,874</u>

Dorothy Day Shelter LLC (landlord) entered a lease with Dorothy Day Housing Limited Partnership (tenant) on November 4, 2015. The term of this lease commences on the commencement date and expire 75 years after the date hereof, unless terminated earlier as provided in the lease. No amounts are due on this lease.

Dorothy Day Shelter LLC (lessor/fee owner of real property) and City of St Paul (lessee) entered a Ground Lease on December 11, 2015 for 50 years from December 31, 2016, which is the expected completion date, to be adjusted to the actual completion date when known. The Ground Lease should not be sooner terminated except with the prior written consent of MNDHS and the Commissioner of Minnesota Management and Budget. No amounts are due on this lease.

Dorothy Day Shelter LLC (lessor/fee owner of real property) and City of St Paul (lessee) entered a Lease/Use agreement on December 11, 2015. The initial term of the Lease/Use agreement is for 20 years and ends on June 30, 2035. Lessor and Lessee agree to renew the Lease/Use Agreement for two successive periods, the first of which should be 20 years and the second of which shall be the lesser of 10 years and the remaining term of the Ground Lease. No amounts are due on this lease.

Dorothy Opportunity Center LLC (landlord) entered a lease with Dorothy Day Residence Limited Partnership (tenant) on November 16, 2017. The term of this lease commences on the commencement date and expire 75 years after the date hereof, unless terminated earlier as provided in the lease. No amounts are due on this lease.

Dorothy Opportunity Center (lessor/fee owner of real property) and City of St Paul (lessee) entered a Ground Lease on December 15, 2017 for 50 years from July 7, 2019, which is the expected completion date, to be adjusted to the actual completion date when known. The Ground Lease should not be sooner terminated except with the prior written consent of MNDHS and the Commissioner of Minnesota Management and Budget. No amounts are due on this lease.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 9 LEASE COMMITMENTS (CONTINUED)**

Dorothy Opportunity Center LLC (lessor/fee owner of real property) and City of St Paul (lessee) entered a Lease/Use agreement on December 15, 2017. The initial term of the Lease/Use agreement is for 20 years and ends on December 31, 2037. Lessor and Lessee agree to renew the Lease/Use Agreement for 2 successive periods, the first of which should be 20 years and the second of which shall be the lesser of 10 years and the remaining term of the Ground Lease. No amounts are due on this lease.

**NOTE 10 PENSION, 401(K), AND POSTRETIREMENT LIFE INSURANCE BENEFITS**

**401(k)**

The Organization sponsors a 401(k) savings plan for its employees. Regular benefits eligible employees over the age of 21 can enroll immediately following their date of hire. If an employee is an eligible participant and has not enrolled on their own will be automatically enrolled in the plan at a 2% deferral after an administrative waiting period unless they opt out. Employees may defer up to 100% of compensation up to the IRS limit. The Organization matches contributions equal to 50% of employees' contributions not to exceed 3% of total compensation. Highly compensated employees (HCEs) are restricted in the amount they may defer in the plan. The maximum amount an HCE may defer is 2% above the average deferral rate of the nonhighly compensated employees. The Organization may also make an additional discretionary contribution. Matching and discretionary contributions to the plan were \$553,111 and \$429,732 during the years ended June 30, 2018 and 2017, respectively.

**Defined Life Insurance Benefit**

The Organization sponsors a defined benefit postretirement life insurance plan. Vested participants under the previous plan, terminated during the year ended June 30, 2001, retain the original accrued benefit of one-half of salary at retirement. Eligibility under the plan is limited to those employees who retire after age 60 with at least 15 years of service. The amount of life insurance benefit provided is \$20,000. The Organization makes premium payments to a life insurance provider. These life insurance policies fully insure any benefit payments to be made under the plan. At June 30, 2018 and 2017, the Organization has accrued \$581,525 and \$644,182 as future premium liabilities, respectively.



**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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**NOTE 10 PENSION, 401(k), AND POSTRETIREMENT LIFE INSURANCE BENEFITS  
(CONTINUED)**

**Defined Benefit Plan**

On December 31, 2000, the Organization terminated its noncontributory defined benefit plan. Participation in the plan has been frozen with plan participants becoming fully vested in their accrued benefits as of the termination date. Participants with accrued benefits will receive annuities equal to the value of the accrued benefits.

<b>Measurement Date</b>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Change in the Projected Benefit Obligation</b>		
PBO at Beginning of Year	\$ 14,068,578	\$ 14,944,926
Service Cost	23,699	22,560
Interest Cost	496,920	492,233
Change Due to Assumption Change(s)	(751,328)	(638,926)
Benefits Paid	(554,170)	(525,376)
Actuarial Loss (Gain)	(47,726)	(204,279)
Expense Changes	(23,699)	(22,560)
PBO at End of Year	<u>\$ 13,212,274</u>	<u>\$ 14,068,578</u>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets at Beginning of Year	\$ 10,574,637	\$ 9,879,841
Benefits Paid	(577,869)	(547,936)
Actual Return on Assets	958,606	1,242,732
Fair Value of Plan Assets at End of Year	<u>\$ 10,955,374</u>	<u>\$ 10,574,637</u>
<b>Funded Status of the Accumulated Benefit Obligation</b>		
Accumulated Benefit Obligation	\$ 13,212,274	\$ 14,068,578
Fair Value of Plan Assets	10,955,374	10,574,637
Under Funded Status	<u>\$ (2,256,900)</u>	<u>\$ (3,493,941)</u>
<b>Components of the Net Periodic Pension Cost</b>		
Service Cost	\$ 23,699	\$ 22,560
Interest Cost	496,920	492,233
Expected Return of Plan Assets	(822,856)	(768,470)
Amortization of Net Actuarial Loss	111,153	260,704
Net Periodic Pension Cost (Benefit)	<u>\$ (191,084)</u>	<u>\$ 7,027</u>
<b>Other Changes in Plan Assets and Benefit Obligations Recognized in Unrestricted Net Assets</b>		
Net Gain (Loss)	\$ (1,157,110)	\$ (1,838,875)
Amortization of Net Gain	111,153	260,704
Total Recognized in Unrestricted Net Assets	<u>\$ (1,045,957)</u>	<u>\$ (1,578,171)</u>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
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JUNE 30, 2018 AND 2017**

**NOTE 10 PENSION, 401(k), AND POSTRETIREMENT LIFE INSURANCE BENEFITS  
(CONTINUED)**

**Defined Benefit Plan (Continued)**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Assumptions</b> - Used to Determine Benefit Obligations at Measurement Date		
Discount Rate	4.00%	3.60%
Rate of Compensation Increase	N/A	N/A
<b>Assumptions</b> - Used to Determine Net Periodic Pension Cost		
Discount Rate	3.60%	3.35%
Expected Long-Term Return on Plan Assets	8.00%	8.00%
Rate of Compensation Increase	N/A	N/A

At June 30, 2018 and 2017, the discount rate was determined by matching the projected future benefit payments to the spot rates of the June 30, 2018 and 2017 Citigroup Pension Discount Curve (which is based on a theoretical bond portfolio of high-grade corporate bonds) and then solving for the implied discount rate.

The expected contribution to the plan in 2018 is \$-0-. Estimated future benefit payments over the next 10 years, which reflect expected future service, are expected to be paid as follows:

<b>Estimated Future Benefit Payments</b>	<u>Year</u>	<u>Amount</u>
The following benefit payments are expected to be paid:	2019	\$ 731,000
	2020	722,000
	2021	731,000
	2022	752,000
	2023	776,000
	2024-2028	4,124,000

During the year ended June 30, 2018, the Organization's pension plan consisted of a segregated diversified portfolio of financial assets managed by a fiduciary which also administers the plan. Investment decisions are guided by an investment policy statement which strives to manage the plan assets in a prudent, conservative yet productive manner and states that goal to increase the value of plan assets which recognizing the need to preserve asset value in order to enhance the ability of the plan to meet its obligations to plan participants and their beneficiaries when due.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 10 PENSION, 401(K), AND POSTRETIREMENT LIFE INSURANCE BENEFITS  
(CONTINUED)**

**Defined Benefit Plan (Continued)**

Asset allocations at June 30, by asset category, are as follows:

<u>Asset Category</u>	Plan Assets	
	2018	2017
U.S. Equity	50.46 %	50.63 %
International Equity	14.88	17.22
REIT	4.83	4.87
Bond	19.40	19.52
Annuity Contracts	0.23	0.24
Insurance Company / General Account	10.20	7.52
Total	<u>100.00 %</u>	<u>100.00 %</u>

The plan assets measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2018 and 2017:

<u>Asset Category</u>	2018			Total
	Level 1	Level 2	Level 3	
U.S. Equity	\$ 5,528,490	\$ -	\$ -	\$ 5,528,490
International Equity	1,629,735	-	-	1,629,735
REIT	529,224	-	-	529,224
Bond	2,125,251	-	-	2,125,251
Insurance Company / General Account	-	-	1,142,674	1,142,674
Total	<u>\$ 9,812,700</u>	<u>\$ -</u>	<u>\$ 1,142,674</u>	<u>\$ 10,955,374</u>

<u>Asset Category</u>	2017			Total
	Level 1	Level 2	Level 3	
U.S. Equity	\$ 5,353,904	\$ -	\$ -	\$ 5,353,904
International Equity	1,821,206	-	-	1,821,206
REIT	515,090	-	-	515,090
Bond	2,064,278	-	-	2,064,278
Insurance Company / General Account	-	-	820,159	820,159
Total	<u>\$ 9,754,478</u>	<u>\$ -</u>	<u>\$ 820,159</u>	<u>\$ 10,574,637</u>

Fair value methodologies for Level 1 and Level 2 investments are consistent with the inputs described in Note 1 – Summary of Significant Accounting Policies. Fair value of Level 3 is based on investments and bonds held at the insurance company that are not publically traded.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 10 PENSION, 401(K), AND POSTRETIREMENT LIFE INSURANCE BENEFITS  
(CONTINUED)**

**Defined Benefit Plan (Continued)**

The following table is a roll forward of the pension plan assets classified within Level 3 of the valuation hierarchy that had significant activity during 2018 and 2017:

<u>Level 3 Assets</u>	<u>2018</u> Insurance Company Assets	<u>2017</u> Insurance Company Assets
Balance at Beginning of Year, July 1	\$ 820,159	\$ 1,024,863
Purchases/Transfer in from Prior Third-Party Administrator	890,011	334,000
Disbursements	(577,868)	(547,936)
Realized and Unrealized Gain	10,372	9,232
Balance at End of Year, June 30	<u>\$ 1,142,674</u>	<u>\$ 820,159</u>

**NOTE 11 NOTES, MORTGAGES, AND LINE OF CREDIT**

The following schedule summarizes notes and mortgages payable at June 30:

<u>Description</u>	<u>2018</u>	<u>2017</u>
<b><u>Interest Bearing Mortgage Notes</u></b>		
Various mortgage notes with interest rates ranging from .99055% to 1.45 + LIBOR% and various due dates from 2018 to 2047. \$35,615,000 of these mortgages are supported by \$25,159,608 of Loans Receivable due to Dorothy Day Capital Corporation from outside parties.	\$ 39,702,935	\$ 14,293,309
<b><u>Noninterest Bearing Mortgage Notes</u></b>		
Various noninterest bearing mortgage notes with various due dates from 2019 to 2034	1,436,851	1,436,851

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 11 NOTES, MORTGAGES, AND LINE OF CREDIT (CONTINUED)**

<u>Description</u>	<u>2018</u>	<u>2017</u>
<b><u>Forgivable Noninterest Bearing Mortgage Notes</u></b>		
MHFA HSG Trust- Mary Hall Loan Terms: 12/4/1990-12/4/2020, 0% interest	\$ 4,293	\$ 4,293
HRA-Heading Home Hennepin - Higher Ground Minneapolis Loan Terms: 05/12/2011-05/12/2041, 0% interest	300,000	300,000
HRA AHIF-Higher Ground Minneapolis Loan Terms: 05/12/2011-05/12/2041, 0% interest	1,690,000	1,690,000
HRA-Opportunity Center Loan Terms: 9/11/2009-9/11/2018, 0% interest	91,928	183,856
Total Forgivable Noninterest bearing notes	<u>2,086,221</u>	<u>2,178,149</u>
Total Notes and Mortgages Payable	43,226,007	17,908,309
Less: Unamortized Debt Issuance Costs	(933,391)	(550,873)
Less: Unamortized Discount (4.25%)	<u>(197,880)</u>	<u>(213,255)</u>
Net Notes and Mortgages Payable	<u>\$ 42,094,736</u>	<u>\$ 17,144,181</u>

Approximately \$31.2 million of net land, building, and equipment is pledged as collateral in the mortgage agreements.

**Maturities**

A summary of aggregate annual future maturities of principal on notes payable as of June 30, 2018 is as follows:

<u>Year Ending June 30.</u>	<u>Scheduled Payment Amount</u>
2019	\$ 3,869,926
2020	276,403
2021	101,403
2022	100,330
2023	212,526
Thereafter	38,665,419
Total	<u>\$ 43,226,007</u>

There is a \$10,000,000 line of credit as of June 30, 2018 and 2017 with no outstanding balance. The interest is LIBOR plus 1.55% and expires on June 20, 2019.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 11 NOTES, MORTGAGES, AND LINE OF CREDIT (CONTINUED)**

**New Market Tax Credit (NMTC) Transactions**

The Organization entered into several debt and receivable transactions during the fiscal years ended June 30, 2016 and June 30, 2018, in order to make additional funds available to it through the New Markets Tax Credit (NMTC) Program. As part of these transactions, the Organization created Dorothy Day Capital Corporation and Dorothy Day Shelter LLC, and Dorothy Day Opportunity Center LLC and as described in Note 1 under Principles of Consolidation.

The NMTC Program permits taxpayers to claim a credit against federal income taxes for Qualified Equity Investments (QEI) in designated Community Development Entities (CDEs). These designated CDEs must use substantially all (85%) of the proceeds to make Qualified Low-Income Community Investments (QLICI). The taxpaying investor is provided with a tax credit which is claimed over a seven-year period. The credit is equal to 5% of the total amount paid for the capital investment over the first three years and 6% annually for the final four years.

US Bancorp Community Development Corporation through its USBCDC Investment Fund 157, LLC (Investment Fund) made an \$11,000,000 qualified equity investment in DD/NCF Sub-CDE, LLC (Sub-CDE). Sub-CDE made two QLICI loans totaling \$10,780,180 to Dorothy Day Shelter LLC QALICB (Qualified Active Low Income Community Business) in amounts of \$7,687,429 and \$3,092,571.

US Bancorp Community Development Corporation through its USBCDC Investment Fund 157, LLC (Investment Fund) made a \$3,000,000 qualified equity investment in USBCDE Sub-CDE 137, LLC (Sub-CDE). Sub-CDE made two QLICI loans totaling \$3,000,000 to Dorothy Day Shelter LLC QALICB (Qualified Active Low Income Community Business) in amounts of \$2,006,571 and \$993,429.

Dorothy Day Shelter LLC used the proceeds from the QLICI loans to fund new development and construction was completed in the year ended on June 30, 2017.

Dorothy Day Capital Corporation issued a loan of \$9,694,000 to the USBCDC Investment Fund 157, LLC (Investment Fund).

Twain Investment Fund 179, LLC made a \$12,400,000 qualified equity investment in BH New markets Sub-CDE 17, LLC and Catalyst CDE-12, LLC (collectively referred to as sub-CDE's). The sub-CDE's made two QLICI loans totaling \$21,835,000 to Dorothy Day Opportunity Center LLC.

Dorothy Day Opportunity Center LLC used the proceeds from the QLICI loans to fund new development and construction which is expected to be completed during the second half of 2019.

Dorothy Day Capital Corporation issued a loan of \$15,427,040 to the Twain Investment Fund 179, LLC.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 11 NOTES, MORTGAGES, AND LINE OF CREDIT (CONTINUED)**

**New Market Tax Credit (NMTTC) Transactions (Continued)**

In connection with making the loans to the USBCDC Investment Fund 157, LLC and USBCDC Investment Fund 179, (Investment Funds), Dorothy Day Capital Corporation entered into put options with Twain Financial Partners LLC (Twain) and US Bancorp Community Development Corporation (the Investors). The agreements allow the Investors to put their interest in the Investment Fund to the Dorothy Day Capital Corporation during the 180 days following the seventh anniversary of the effective date for each of the two loan. The purchase price of the interests is \$1,000 plus any taxes or other closing costs attributable to the exercise of the Investment Fund put and the sale of USBCDC's interest plus any amounts due to USBCDC or the Investment Fund. Also, Dorothy Day Capital Corporation entered into call options that, if the Investor and the investment fund do not exercise their put options, Dorothy Day Capital Corporation may call the Investors' interests, six months following the seven-year anniversary of the QEI. The call options may be executed by the Dorothy Day Capital Corporation at any time during the 6-month period following the end of the put options period. The purchase price of the call options is the fair market value of the Investors' interests at the time of the call. The purchase price of the funds' interests are the sum of the fair market value of the CDEs' interest plus the amount of any and all unpaid obligations then payable to USBCDC by the Guarantor Plus any transfer taxes or other closing costs attributable to the exercise of the Investment Fund Call as of the call options closing date. No amounts have been recorded on the accompanying consolidated financial statements related to the put and call options.

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

**Litigation, Claims, and Disputes**

The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of current litigation, claims, and disputes will not be material to the financial position of the Organization.

**Visitation Place Limited Partnership**

At June 30, 2018 and 2017, the Organization was contingently liable for debt of \$605,000 which was assigned to Visitation Place Limited Partnership (Visitation Place) upon its formation. The Organization owns one-half of the 0.01% general partnership equity of Visitation Place.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 13 RELATED PARTY TRANSACTIONS**

The Organization received an annual contribution from the Catholic Services Appeal Foundation. For the years ended June 30, 2018 and 2017, the Organization recorded revenue of \$1,063,217 and \$1,102,251, respectively.

As noted in Notes 1 and 4, assets of the Organization are also held by Catholic Community Foundation (CCF), a related party. The total assets held at CCF as of June 30, 2018 and 2017 was \$7,966,020 and \$7,402,893, respectively.

The Organization also made payments to several companies, which board members are employees and officers of, for services in the amount of \$948,779 and \$975,508 for the years ended June 30, 2018 and 2017, respectively.

The Organization is the general partner in the Dorothy Day Housing Limited Partnership (DDHLP). The Organization had the following transactions and balances with DDHLP for the years ending June 2018 and 2017.

	2018	2017
Property Management Fees Earned	\$ 121,558	\$ 56,978
Expenses Reimbursed	1,486,626	881,503
Developer Fees Earned	-	1,200,000
Accrued Interest on Notes Earned	110,170	68,931
Accounts Receivable for Fees and Expense Reimbursement	3,540,365	5,846,185
Loans Receivable	5,554,400	1,265,337

Catholic Charities has an agreement with DDHLP where by it receives property management fee in the amount equal to \$54 per rental unit subject to a 3% annual increase.

Catholic Charities has an agreement with DDHLP to pay for housing assistance in the amount of \$455 per unit per month, subject to an annual 2% increase, less amounts collected from tenants. This agreement shall be in effect for 30 years.

Catholic Charities has an agreement with DDHLP to pay for housing assistance in the amount of \$246,528 on an annual basis, subject to an annual 2% increase. This agreement shall be in effect until December 31, 2032. As part of this agreement, Catholic Charities receives an annual tenant service fee of \$289,500 subject to an annual 3% increase.



**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 13 RELATED PARTY TRANSACTIONS (CONTINUED)**

The Organization is the general partner in the Visitation Place Limited Partnership (Visitation). For the years ended June 30, 2018 and 2017, the Organization had the following transactions and balances with Visitation for the years ending June 2018 and 2017.

	2018	2017
Property Management Fees Earned	\$ 9,994	\$ 10,002
Expenses Reimbursed	34,982	52,486
Accounts Receivable for Fees and Expense Reimbursement	292,473	297,930

The Organization is the general partner in the Dorothy Day Residence Limited Partnership (DDRLP). For the years ended June 30, 2018 and 2017 the Organization had the following transactions and balances with Dorothy Day Residence Limited Partnership for the years ending June 2018 and 2017.

	2018	2017
Construction Costs Reimbursed	\$ 4,718,676	\$ -
Accounts Receivable for Fees and Expense Reimbursement	3,508	-
Loans Receivable	4,718,676	-

**NOTE 14 NET ASSETS**

**Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes or time periods at June 30:

	2018	2017
Children and Family Services	\$ 5,684,466	\$ 6,517,578
Client Support	-	78,872
Housing Stability	647,551	418,105
Aging and Disability Services	15,000	22,567
Advocacy	-	-
Capital	18,424,410	24,744,997
Future Year Operations	2,480,745	686,092
Total Temporarily Restricted Net Assets	\$ 27,252,172	\$ 32,468,211

The net assets released from restrictions of \$14,881,941 and \$8,543,501 for the years ended June 30, 2018 and 2017, respectively, were from gifts restricted for a particular purpose and gifts restricted as to time (pledges receivable).

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 14 NET ASSETS (CONTINUED)**

**Permanently Restricted Net Assets**

Permanently restricted net assets consist of the following as of June 30:

	2018	2017
Children and Family Services	\$1,377,238	\$ 1,357,255
Housing Stability	139,930	139,930
Future Year Operations	4,552,379	4,531,153
Total Permanently Restricted Net Assets	<u>\$ 6,069,547</u>	<u>\$ 6,028,338</u>

**NOTE 15 ENDOWMENT**

Catholic Charities endowment consists of funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of directors of Catholic Charities has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, Catholic Charities classifies as permanently restricted net assets the original value of the gifts to the permanent endowment and the value of subsequent gifts to the permanent endowment. The remaining portion of donor-restricted endowment funds, if any that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Catholic Charities. In accordance with UPMIFA, Catholic Charities considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Catholic Charities
- (7) The investment policies of Catholic Charities

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 15 ENDOWMENT (CONTINUED)**

The following is a summary of donor-restricted endowment funds subject to Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) for the years ended June 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total
Donor-Restricted Endowment Investments, July 1, 2017	\$ -	\$ 672,597	\$ 5,795,881	\$ 6,468,478
Investment Income	-	762,811	14,468	777,279
Contributions	-	-	21,653	21,653
Transfers from Non-Endowment	-	-	35,329	35,329
Appropriations of Endowment Assets for Expenditure	-	(299,890)	(9,000)	(308,890)
Donor-Restricted Endowment Investments, June 30, 2018	<u>\$ -</u>	<u>\$ 1,135,518</u>	<u>\$ 5,858,331</u>	<u>\$ 6,993,849</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
Donor-Restricted Endowment Investments, July 1, 2016	\$ -	\$ 129,174	\$ 5,694,625	\$ 5,823,799
Investment Income	-	959,224	20,128	979,352
Contributions	-	12,013	2,500	14,513
Transfers	-	(52,230)	52,230	-
Transfers from Non-Endowment	-	-	34,438	34,438
Appropriations of Endowment Assets for Expenditure	-	(375,584)	(8,040)	(383,624)
Donor-Restricted Endowment Investments, June 30, 2017	<u>\$ -</u>	<u>\$ 672,597</u>	<u>\$ 5,795,881</u>	<u>\$ 6,468,478</u>

**Fund with Deficiencies**

From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor requires the Catholic Charities to retain in perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were \$-0- as of June 30, 2018 and 2017.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 15 ENDOWMENT (CONTINUED)**

**Investment Objectives and Strategies**

Catholic Charities has adopted an investment policy to provide guidelines for investing endowment assets. Under this policy, as approved by the investment committee of Catholic Charities, the endowment assets are invested in a manner that is intended to maintain the purchasing power of the current assets and all future contributions, maximize return within reasonable and prudent levels of risk, and maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy. To achieve these objectives, Catholic Charities follows an asset diversification plan, sets performance benchmarks for investments managers, and has established various asset quality and limitations thresholds.

**Return Objectives and Risk Parameters**

Catholic Charities has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period or use. The investment policy establishes an achievable return objective through diversification of asset classes. Under this policy, as approved by the board of directors, the long-term objective is to preserve purchasing power by producing a total return that at a minimum equals the Catholic Charities distribution policy plus the rate of inflation, on a net basis. Actual returns in any given year may vary from this amount. The endowment funds annual payout is an amount equal to 4.75% of the individual endowment fund balance as of July 1<sup>st</sup>. At no time would the distributions reduce the value of the endowment below donor contributions.

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors  
Catholic Charities of the Archdiocese  
of St. Paul and Minneapolis  
Minneapolis, Minnesota

We have audited the consolidated financial statements of Catholic Charities of the Archdiocese of St. Paul and Minneapolis (Catholic Charities) as of and for the years ended June 30, 2018 and 2017, and have issued our report thereon dated December 19, 2018, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary consolidating balance sheet and consolidating statement of activities is presented for the 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.

The supplementary schedule of program expenses which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

St. Cloud, Minnesota  
December 19, 2018

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATING BALANCE SHEET  
JUNE 30, 2018  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

<b>ASSETS</b>	CCSPM	DDC Cap Corp	DD Shelter LLC	DD Opportunity Center LLC	Dorothy Day LLC	Dorothy Day Residence GP LLC	CCSPM-1 LLC	Dorothy Day Condo	Eliminating Entries	Total
Cash and Cash Equivalents	\$ 7,993,379	\$ 929,549	\$ 361,880	\$ 12,899,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,184,008
Accounts and Contracts Receivable, Net	5,195,533	38,568	312,133	-	-	-	(542)	-	-	5,545,692
Accounts and Contracts Receivable - Related Party	4,194,239	-	-	-	-	-	-	-	(357,893)	3,836,346
Pledges Receivable	7,503,281	-	-	-	-	-	-	-	-	7,503,281
Prepaid Expenses and Other Assets	1,362,641	-	-	655,302	-	-	-	-	(104,919)	1,913,024
Investments	43,073,661	-	-	-	99	-	-	-	(100)	43,073,660
Interest in Split Interest Agreements	3,999,900	-	-	-	-	-	-	-	-	3,999,900
Loans Receivable	-	25,121,040	-	-	-	-	-	-	-	25,121,040
Loans Receivable - Related Party	10,273,076	-	-	-	-	-	-	-	-	10,273,076
Land, Building, and Equipment - Net	13,692,635	-	13,258,374	12,082,423	-	-	-	-	-	39,033,432
Land and Buildings Held for Sale	-	-	-	-	-	-	42,697	-	-	42,697
<b>Total Assets</b>	<b>\$ 97,288,345</b>	<b>\$ 26,089,157</b>	<b>\$ 13,932,387</b>	<b>\$ 25,636,925</b>	<b>\$ 99</b>	<b>\$ -</b>	<b>\$ 42,155</b>	<b>\$ -</b>	<b>\$ (462,912)</b>	<b>\$ 162,526,156</b>
<b>LIABILITIES AND NET ASSETS</b>										
<b>LIABILITIES</b>										
Accounts Payable	\$ 1,456,249	\$ -	\$ 12,384	\$ 1,744,489	\$ 183	\$ (10)	\$ -	\$ 45,742	\$ (357,893)	\$ 2,901,144
Accrued Payroll and Payroll Expenses	3,470,207	-	-	-	-	-	-	-	-	3,470,207
Other Accrued Liabilities	706,221	14,664	104,919	-	-	-	-	-	(104,919)	720,885
Obligations of Split-Interest Agreements	1,537,556	-	-	-	-	-	-	-	-	1,537,556
Accrued Pension Liability	2,256,900	-	-	-	-	-	-	-	-	2,256,900
Notes and Mortgages Payable	3,699,201	3,675,522	13,280,580	21,439,433	-	-	-	-	-	42,094,736
<b>Total Liabilities</b>	<b>13,126,334</b>	<b>3,690,186</b>	<b>13,397,883</b>	<b>23,183,922</b>	<b>183</b>	<b>(10)</b>	<b>-</b>	<b>45,742</b>	<b>(462,812)</b>	<b>52,981,428</b>
<b>NET ASSETS</b>										
Unrestricted	50,840,292	22,398,971	534,504	2,453,003	(84)	10	42,155	(45,742)	(100)	76,223,009
Temporarily Restricted	27,252,172	-	-	-	-	-	-	-	-	27,252,172
Permanently Restricted	6,069,547	-	-	-	-	-	-	-	-	6,069,547
<b>Total Net Assets</b>	<b>84,162,011</b>	<b>22,398,971</b>	<b>534,504</b>	<b>2,453,003</b>	<b>(84)</b>	<b>10</b>	<b>42,155</b>	<b>(45,742)</b>	<b>(100)</b>	<b>109,544,728</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 97,288,345</b>	<b>\$ 26,089,157</b>	<b>\$ 13,932,387</b>	<b>\$ 25,636,925</b>	<b>\$ 99</b>	<b>\$ -</b>	<b>\$ 42,155</b>	<b>\$ -</b>	<b>\$ (462,912)</b>	<b>\$ 162,526,156</b>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATING BALANCE SHEET  
JUNE 30, 2017  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

<b>ASSETS</b>	CCSPM	DDC Cap Corp	DD Shelter LLC	DD Opportunity Center LLC	Dorothy Day LLC	Dorothy Day Residence GP LLC	CCSPM-1 LLC	Dorothy Day Condo	Eliminating Entries	Total
Cash and Cash Equivalents	\$ 12,687,712	\$ 96,003	\$ 602,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,386,031
Accounts and Contracts Receivable, Net	3,341,937	-	29,456	-	-	-	-	-	-	3,371,393
Accounts and Contracts Receivable - Related Party	6,679,837	-	-	-	-	-	-	-	(535,722)	6,144,115
Pledges Receivable	7,579,508	-	-	-	-	-	-	-	-	7,579,508
Prepaid Expenses and Other Assets	1,404,143	-	-	-	-	-	-	-	(112,305)	1,291,838
Investments	44,066,504	-	-	-	99	-	-	-	-	44,066,603
Interest in Split Interest Agreements	3,553,832	-	-	-	-	-	-	-	-	3,553,832
Loans Receivable	-	9,694,000	-	-	-	-	-	-	-	9,694,000
Loans Receivable - Related Party	1,265,337	-	-	-	-	-	-	-	-	1,265,337
Land, Building, and Equipment - Net	22,490,384	-	13,970,215	-	-	-	-	-	-	36,460,599
Land and Buildings Held for Sale	95,000	-	-	-	-	-	42,697	-	-	137,697
<b>Total Assets</b>	<b>\$ 103,164,194</b>	<b>\$ 9,790,003</b>	<b>\$ 14,601,987</b>	<b>\$ -</b>	<b>\$ 99</b>	<b>\$ -</b>	<b>\$ 42,697</b>	<b>\$ -</b>	<b>\$ (648,027)</b>	<b>\$ 126,950,953</b>
<b>LIABILITIES AND NET ASSETS</b>										
<b>LIABILITIES</b>										
Accounts Payable	\$ 1,506,982	\$ 30,450	\$ 455,119	\$ -	\$ 183	\$ -	\$ -	\$ 45,742	\$ (535,722)	\$ 1,502,754
Accrued Payroll and Payroll Expenses	3,458,584	-	-	-	-	-	-	-	-	3,458,584
Other Accrued Liabilities	881,641	-	112,205	-	-	-	-	-	(112,205)	881,641
Obligations of Split-Interest Agreements	1,795,998	-	-	-	-	-	-	-	-	1,795,998
Accrued Pension Liability	3,493,941	-	-	-	-	-	-	-	-	3,493,941
Notes and Mortgages Payable	3,866,848	-	13,277,333	-	-	-	-	-	-	17,144,181
<b>Total Liabilities</b>	<b>15,003,994</b>	<b>30,450</b>	<b>13,844,657</b>	<b>-</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>45,742</b>	<b>(647,927)</b>	<b>28,277,099</b>
<b>NET ASSETS</b>										
Unrestricted	49,663,651	9,759,553	757,330	-	(84)	-	42,697	(45,742)	(100)	60,177,305
Temporarily Restricted	32,468,211	-	-	-	-	-	-	-	-	32,468,211
Permanently Restricted	6,028,338	-	-	-	-	-	-	-	-	6,028,338
<b>Total Net Assets</b>	<b>88,160,200</b>	<b>9,759,553</b>	<b>757,330</b>	<b>-</b>	<b>(84)</b>	<b>-</b>	<b>42,697</b>	<b>(45,742)</b>	<b>(100)</b>	<b>98,673,854</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 103,164,194</b>	<b>\$ 9,790,003</b>	<b>\$ 14,601,987</b>	<b>\$ -</b>	<b>\$ 99</b>	<b>\$ -</b>	<b>\$ 42,697</b>	<b>\$ -</b>	<b>\$ (648,027)</b>	<b>\$ 126,950,953</b>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	CCSPM	DDC Cap Corp	DD Shelter LLC	DD Opportunity Center LLC	Dorothy Day LLC	Dorothy Day Residence GP LLC	CCSPM-1 LLC	Dorothy Day Condo	Eliminating Entries	Total
<b>REVENUE AND SUPPORT</b>										
Revenue:										
Government Fees and Grants	\$ 22,332,173	\$ -	\$ -	\$ 549,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,881,668
Program Service Fees	10,530,248	-	217,124	-	-	-	-	-	(217,124)	10,530,248
Other Revenues	2,615,494	12,605,855	225,071	1,975,579	-	10	-	-	(14,806,515)	2,615,494
Total Revenue	35,477,915	12,605,855	442,195	2,525,074	-	10	-	-	(15,023,639)	36,027,410
Support:										
Contributions and Private Grants, Net	24,759,542	-	-	-	-	-	-	-	-	24,759,542
United Way	877,500	-	-	-	-	-	-	-	-	877,500
Total Support	25,637,042	-	-	-	-	-	-	-	-	25,637,042
Net Assets Released from Restrictions	-	-	-	-	-	-	-	-	-	-
Total Revenue and Support	61,114,957	12,605,855	442,195	2,525,074	-	10	-	-	(15,023,639)	61,664,452
<b>EXPENSES</b>										
Employee Compensation:										
Salaries	27,890,654	-	-	-	-	-	-	-	-	27,890,654
Employee Benefits	5,166,861	-	-	-	-	-	-	-	-	5,166,861
Payroll Taxes	2,124,452	-	-	-	-	-	-	-	-	2,124,452
Total Employee Compensation	35,181,967	-	-	-	-	-	-	-	-	35,181,967
Other Expenses:										
Employee Related	591,554	-	-	-	-	-	-	-	-	591,554
Professional Services	1,433,765	1,850	89,877	81,000	-	-	-	-	-	1,606,492
Outside Services	558,579	-	-	-	-	-	-	-	-	558,579
Travel and Entertainment	37,772	-	-	-	-	-	-	-	-	37,772
Occupancy	4,349,297	-	-	-	-	-	542	-	(217,124)	4,132,715
Office Expense	3,280,190	-	-	-	-	-	-	-	-	3,280,190
Program Expense	7,854,167	-	-	-	-	-	-	-	-	7,854,167
Interest	51,352	219,111	194,045	-	-	-	-	-	-	464,508
Miscellaneous	15,322,615	125	529	-	-	-	-	-	(14,806,515)	516,754
Total Other Expenses	33,479,291	221,086	284,451	81,000	-	-	542	-	(15,023,639)	19,042,731
Total Expenses Before Depreciation and Amortization	68,661,258	221,086	284,451	81,000	-	-	542	-	(15,023,639)	54,224,698
Depreciation and Amortization of Property, Plant, and Equipment	1,295,259	-	380,570	-	-	-	-	-	-	1,675,829
Total Expenses	69,956,517	221,086	665,021	81,000	-	-	542	-	(15,023,639)	55,900,527



**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2018  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	CCSPM	DDC Cap Corp	DD Shelter LLC	DD Opportunity Center LLC	Dorothy Day LLC	Dorothy Day Residence GP LLC	CCSPM-1 LLC	Dorothy Day Condo	Eliminating Entries	Total
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	\$ (8,841,560)	\$ 12,384,769	\$ (222,826)	\$ 2,444,074	\$ -	\$ 10	\$ (542)	\$ -	\$ -	\$ 5,763,925
<b>NONOPERATING ACTIVITY</b>										
Net Pension Losses:										
Net Periodic Pension Benefit	191,084	-	-	-	-	-	-	-	-	191,084
Other Changes in Plan Assets and Benefit Obligations	1,045,957	-	-	-	-	-	-	-	-	1,045,957
Total Net Pension Losses	<u>1,237,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,237,041</u>
Changes in Split-Interest Agreements and Annuities	549,132	-	-	-	-	-	-	-	-	549,132
Gain on Fixed Assets	592	-	-	-	-	-	-	-	-	592
Investment Income	3,056,607	254,648	-	8,929	-	-	-	-	-	3,320,184
Fund Transfer										
Total Nonoperating Activity	<u>4,843,372</u>	<u>254,648</u>	<u>-</u>	<u>8,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,106,949</u>
<b>CHANGE IN NET ASSETS</b>	(3,998,188)	12,639,417	(222,826)	2,453,003	-	10	(542)	-	-	10,870,874
Net Assets - Beginning of Year	<u>88,160,200</u>	<u>9,759,553</u>	<u>757,330</u>	<u>-</u>	<u>(84)</u>	<u>-</u>	<u>42,697</u>	<u>(45,742)</u>	<u>(100)</u>	<u>98,673,854</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 84,162,012</u>	<u>\$ 22,398,970</u>	<u>\$ 534,504</u>	<u>\$ 2,453,003</u>	<u>\$ (84)</u>	<u>\$ 10</u>	<u>\$ 42,155</u>	<u>\$ (45,742)</u>	<u>\$ (100)</u>	<u>\$ 109,544,728</u>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	CCSPM	DDC Cap Corp	DD Shelter LLC	DD Opportunity Center LLC	Dorothy Day LLC	Dorothy Day Residence GP LLC	CCSPM-1 LLC	Dorothy Day Condo	Eliminating Entries	Total
<b>REVENUE AND SUPPORT</b>										
Revenue:										
Government Fees and Grants	\$ 22,912,281	\$ -	\$ 6,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,912,281
Program Service Fees	10,829,264	-	10,201	-	-	-	-	-	(10,201)	10,829,264
Other Revenues	520,294	6,204,000	-	-	-	-	-	-	(6,204,000)	520,294
Total Revenue	34,261,839	6,204,000	6,010,201	-	-	-	-	-	(6,214,201)	40,261,839
Support:										
Contributions and Private Grants, Net	22,545,069	-	-	-	-	-	-	-	-	22,545,069
United Way	930,000	-	-	-	-	-	-	-	-	930,000
Total Support	23,475,069	-	-	-	-	-	-	-	-	23,475,069
Net Assets Released from Restrictions	-	-	-	-	-	-	-	-	-	-
Total Revenue and Support	57,736,908	6,204,000	6,010,201	-	-	-	-	-	(6,214,201)	63,736,908
<b>EXPENSES</b>										
Employee Compensation:										
Salaries	25,707,685	-	-	-	-	-	-	-	-	25,707,685
Employee Benefits	4,506,864	-	-	-	-	-	-	-	-	4,506,864
Payroll Taxes	1,962,829	-	-	-	-	-	-	-	-	1,962,829
Total Employee Compensation	32,177,378	-	-	-	-	-	-	-	-	32,177,378
Other Expenses:										
Employee Related	491,553	-	-	-	-	-	-	-	-	491,553
Professional Services	1,968,566	969	40,829	-	138	-	-	45,742	-	2,056,244
Outside Services	526,029	-	-	-	-	-	-	-	-	526,029
Travel and Entertainment	32,166	-	-	-	-	-	-	-	-	32,166
Occupancy	4,794,631	-	836	-	-	-	-	-	(10,201)	4,785,266
Office Expense	3,870,247	-	-	-	-	-	-	-	-	3,870,247
Program Expense	7,510,104	-	-	-	-	-	-	-	-	7,510,104
Interest	40,306	130,075	82,528	-	-	-	-	-	-	252,909
Miscellaneous	294,557	103	6,204,443	-	45	-	-	-	(6,204,000)	295,148
Total Other Expenses	19,528,159	131,147	6,328,636	-	183	-	-	45,742	(6,214,201)	19,819,666
Total Expenses Before Depreciation and Amortization	51,705,537	131,147	6,328,636	-	183	-	-	45,742	(6,214,201)	51,997,044
Depreciation and Amortization of Property, Plant, and Equipment	1,397,450	-	192,927	-	-	-	-	-	-	1,590,377
Total Expenses	53,102,987	131,147	6,521,563	-	183	-	-	45,742	(6,214,201)	53,587,421

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2017  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	CCSPM	DDC Cap Corp	DD Shelter LLC	DD Opportunity Center LLC	Dorothy Day LLC	Dorothy Day Residence GP LLC	CCSPM-1 LLC	Dorothy Day Condo	Eliminating Entries	Total
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	\$ 4,633,921	\$ 6,072,853	\$ (511,362)	\$ -	\$ (183)	\$ -	\$ -	\$ (45,742)	\$ -	\$ 10,149,487
<b>NONOPERATING ACTIVITY</b>										
Net Pension Losses:										
Net Periodic Pension Cost	(7,027)	-	-	-	-	-	-	-	-	(7,027)
Other Changes in Plan Assets and Benefit Obligations	1,578,171	-	-	-	-	-	-	-	-	1,578,171
Total Net Pension Losses	<u>1,571,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,571,144</u>
Changes in Split-Interest Agreements and Annuities	57,421	-	-	-	-	-	-	-	-	57,421
Gain on Fixed Assets	50	-	-	-	-	-	-	-	-	50
Investment Income	3,709,045	168,634	-	-	-	-	-	-	-	3,877,679
Fund Transfer										
Total Nonoperating Activity	<u>5,337,660</u>	<u>168,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,506,294</u>
<b>CHANGE IN NET ASSETS</b>	9,971,581	6,241,487	(511,362)	-	(183)	-	-	(45,742)	-	15,655,781
Net Assets - Beginning of Year	<u>78,188,619</u>	<u>3,518,066</u>	<u>1,268,692</u>	<u>-</u>	<u>99</u>	<u>-</u>	<u>42,697</u>	<u>-</u>	<u>(100)</u>	<u>83,018,073</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 88,160,200</u>	<u>\$ 9,759,553</u>	<u>\$ 757,330</u>	<u>\$ -</u>	<u>\$ (84)</u>	<u>\$ -</u>	<u>\$ 42,697</u>	<u>\$ (45,742)</u>	<u>\$ (100)</u>	<u>\$ 98,673,854</u>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATED SCHEDULE OF PROGRAM EXPENSES  
YEAR ENDED JUNE 30, 2018**

(UNAUDITED)

(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Housing Stability Services	Children and Family Services	Aging and Disabilities Services	Client Support Services	New American Services	Social Justice Advocacy	Total
<b>EMPLOYEE COMPENSATION</b>							
Salaries	\$ 9,460,207	\$ 8,212,117	\$ 3,728,731	\$ 662,832	\$ 191,294	\$ 650,956	\$ 22,906,137
Employee Benefits	1,814,305	1,597,435	743,189	124,957	39,089	119,194	4,438,169
Payroll Taxes	696,736	601,269	269,206	56,167	14,833	47,754	1,685,965
Total Employee Compensation	<u>11,971,248</u>	<u>10,410,821</u>	<u>4,741,126</u>	<u>843,956</u>	<u>245,216</u>	<u>817,904</u>	<u>29,030,271</u>
<b>OTHER EXPENSES</b>							
Employee Related	169,534	143,787	60,581	12,864	16,373	11,930	415,069
Professional Services	369,093	281,895	20,464	22,868	25,097	125,456	844,873
Outside Services	557,839	532	-	-	-	-	558,371
Travel and Entertainment	8,038	6,402	4,886	378	27	1,111	20,842
Occupancy	2,550,351	552,643	86,110	105,099	18,531	25,424	3,338,158
Office Expense	1,272,850	590,484	233,082	(12,375)	19,653	37,414	2,141,108
Program Expense	4,432,877	489,999	63,300	6,028	101,463	4,259	5,097,926
Interest	458,293	5,596	-	488	-	131	464,508
Miscellaneous	267,913	111,380	-	632	-	-	379,925
Total Other Expenses	<u>10,086,788</u>	<u>2,182,718</u>	<u>468,423</u>	<u>135,982</u>	<u>181,144</u>	<u>205,725</u>	<u>13,260,780</u>
Total Expenses Before Depreciation and Amortization	22,058,036	12,593,539	5,209,549	979,938	426,360	1,023,629	42,291,051
Depreciation and Amortization of Property, Plant, and Equipment	<u>1,192,308</u>	<u>263,162</u>	<u>51,806</u>	<u>31,694</u>	<u>8,520</u>	<u>9,133</u>	<u>1,556,623</u>
Total Program Expenses	<u>\$ 23,250,344</u>	<u>\$ 12,856,701</u>	<u>\$ 5,261,355</u>	<u>\$ 1,011,632</u>	<u>\$ 434,880</u>	<u>\$ 1,032,762</u>	<u>\$ 43,847,674</u>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE  
OF ST. PAUL AND MINNEAPOLIS  
CONSOLIDATED SCHEDULE OF PROGRAM EXPENSES  
YEAR ENDED JUNE 30, 2017**

(UNAUDITED)

(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Housing Stability Services	Children and Family Services	Aging and Disabilities Services	Client Support Services	New American Services	Social Justice Advocacy	Total
<b>EMPLOYEE COMPENSATION</b>							
Salaries	\$ 8,585,760	\$ 7,274,967	\$ 3,149,335	\$ 866,633	\$ 254,223	\$ 672,260	\$ 20,803,178
Employee Benefits	1,601,951	1,361,703	593,826	167,953	47,054	107,799	3,880,286
Payroll Taxes	627,943	535,745	226,943	54,974	18,511	48,005	1,512,121
Total Employee Compensation	<u>10,815,654</u>	<u>9,172,415</u>	<u>3,970,104</u>	<u>1,089,560</u>	<u>319,788</u>	<u>828,064</u>	<u>26,195,585</u>
<b>OTHER EXPENSES</b>							
Employee Related	132,624	84,831	57,542	11,584	23,551	13,510	323,642
Professional Services	268,978	289,659	34,464	21,673	11,669	152,501	778,944
Outside Services	525,229	(700)	-	-	-	-	524,529
Travel and Entertainment	11,096	3,424	313	27	36	1,350	16,246
Occupancy	3,457,136	552,791	51,396	70,681	21,804	50,558	4,204,366
Office Expense	1,363,299	733,504	239,522	25,037	22,810	50,054	2,434,226
Program Expense	4,278,653	429,343	24,358	5,637	308,205	5,923	5,052,119
Interest	244,618	6,254	53	636	30	71	251,662
Miscellaneous	130,368	48,633	-	2,669	-	-	181,670
Total Other Expenses	<u>10,412,001</u>	<u>2,147,739</u>	<u>407,648</u>	<u>137,944</u>	<u>388,105</u>	<u>273,967</u>	<u>13,767,404</u>
Total Expenses Before Depreciation and Amortization	21,227,655	11,320,154	4,377,752	1,227,504	707,893	1,102,031	39,962,989
Depreciation and Amortization of Property, Plant, and Equipment	<u>1,043,097</u>	<u>325,027</u>	<u>34,116</u>	<u>41,011</u>	<u>9,207</u>	<u>7,036</u>	<u>1,459,494</u>
Total Program Expenses	<u>\$ 22,270,752</u>	<u>\$ 11,645,181</u>	<u>\$ 4,411,868</u>	<u>\$ 1,268,515</u>	<u>\$ 717,100</u>	<u>\$ 1,109,067</u>	<u>\$ 41,422,483</u>