

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2019 AND 2018

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
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YEARS ENDED JUNE 30, 2019 AND 2018**

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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, 2019 and 2018, 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. Those standards require that we plan and perform the audit 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.

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

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, 2019 **and 2018**, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, Catholic Charities has adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The accounting changes have been retrospectively applied to prior periods presented. Our opinion is not modified with respect to that matter.

Emphasis-of-Matter Regarding a Correction of an Error

As described in Note 17 to the consolidated financial statements, the Organization corrected an error pertaining to the reclassification of net assets with donor restrictions in the prior year. Certain donor-restricted funds had previously been reported as net assets with donor restriction, but should have been released from restriction. Net asset classifications have been restated as of June 30, 2018. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

St. Cloud, Minnesota
November 19, 2019

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2019 AND 2018**

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 18,319,002	\$ 22,184,008
Accounts and Contracts Receivable, Net	3,576,409	5,544,245
Accounts and Contracts Receivable - Related Party	460,791	3,572,318
Pledges Receivable	5,163,177	7,503,281
Prepaid Expenses and Other Assets	1,468,061	2,002,727
Investments	42,445,928	42,983,957
Charitable Trusts Receivable	2,724,860	3,999,900
Loans Receivable	25,121,040	25,121,040
Loans Receivable - Related Party	7,397,962	10,538,551
Land, Building, and Equipment, Net	51,891,920	39,033,432
Land and Buildings Held for Sale	42,697	42,697
	\$ 158,611,847	\$ 162,526,156
Total Assets	\$ 158,611,847	\$ 162,526,156
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 5,423,517	\$ 2,901,144
Accrued Payroll and Payroll Expenses	3,743,324	3,470,207
Other Accrued Liabilities	956,821	720,885
Obligations of Split-Interest Agreements	918,160	1,537,556
Accrued Pension Liability	3,404,499	2,256,900
Notes and Mortgages Payable	38,261,519	42,094,736
Total Liabilities	52,707,840	52,981,428
NET ASSETS		
Without Donor Restrictions	80,451,086	80,572,171
With Donor Restrictions	25,452,921	28,972,557
Total Net Assets	105,904,007	109,544,728
Total Liabilities and Net Assets	\$ 158,611,847	\$ 162,526,156

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, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Revenue:						
Government Fees and Grants	\$ 22,028,877	\$ -	\$ 22,028,877	\$ 22,881,668	\$ -	\$ 22,881,668
Program Service Fees	9,960,895	-	9,960,895	10,530,248	-	10,530,248
Other Revenues	637,925	-	637,925	2,615,494	-	2,615,494
Total Revenue	<u>32,627,697</u>	<u>-</u>	<u>32,627,697</u>	<u>36,027,410</u>	<u>-</u>	<u>36,027,410</u>
Support:						
Contributions and Private Grants, Net	16,614,665	2,220,808	18,835,473	17,476,819	7,282,723	24,759,542
United Way	-	575,300	575,300	-	877,500	877,500
Total Support	<u>16,614,665</u>	<u>2,796,108</u>	<u>19,410,773</u>	<u>17,476,819</u>	<u>8,160,223</u>	<u>25,637,042</u>
Net Assets Released from Restrictions	<u>6,679,772</u>	<u>(6,679,772)</u>	<u>-</u>	<u>14,890,941</u>	<u>(14,890,941)</u>	<u>-</u>
Total Revenue and Support	<u>55,922,134</u>	<u>(3,883,664)</u>	<u>52,038,470</u>	<u>68,395,170</u>	<u>(6,730,718)</u>	<u>61,664,452</u>
EXPENSES						
Program Service	47,676,713	-	47,676,713	48,248,732	-	48,248,732
Management and General	5,610,351	-	5,610,351	4,926,815	-	4,926,815
Fundraising	3,179,760	-	3,179,760	2,724,980	-	2,724,980
Total Expenses	<u>56,466,824</u>	<u>-</u>	<u>56,466,824</u>	<u>55,900,527</u>	<u>-</u>	<u>55,900,527</u>
CHANGES NET ASSETS FROM OPERATIONS	(544,690)	(3,883,664)	(4,428,354)	12,494,643	(6,730,718)	5,763,925
NONOPERATING ACTIVITY						
Net Pension Gains and Losses:						
Net Periodic Pension (Cost) Benefit	254,648	-	254,648	191,084	-	191,084
Other Changes in Plan Assets and Benefit Obligations	<u>(1,402,247)</u>	<u>-</u>	<u>(1,402,247)</u>	<u>1,045,957</u>	<u>-</u>	<u>1,045,957</u>
Total Net Pension Gains	<u>(1,147,599)</u>	<u>-</u>	<u>(1,147,599)</u>	<u>1,237,041</u>	<u>-</u>	<u>1,237,041</u>
Changes in Split-Interest Agreements and Annuities	(68,153)	102,354	34,201	18,688	530,444	549,132
Gain (Loss) on Fixed Assets	(54)	-	(54)	592	-	592
Investment Gain	1,639,411	261,674	1,901,085	2,294,740	1,025,444	3,320,184
Total Nonoperating Activity	<u>423,605</u>	<u>364,028</u>	<u>787,633</u>	<u>3,551,061</u>	<u>1,555,888</u>	<u>5,106,949</u>
CHANGE IN NET ASSETS	(121,085)	(3,519,636)	(3,640,721)	16,045,704	(5,174,830)	10,870,874
Net Assets - Beginning of Year (As Previously Stated)	-	-	-	60,177,305	38,496,549	98,673,854
Prior Period Restatement	-	-	-	4,349,162	(4,349,162)	-
Net Assets - Beginning of Year (As Restated)	<u>80,572,171</u>	<u>28,972,557</u>	<u>109,544,728</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 80,451,086</u>	<u>\$ 25,452,921</u>	<u>\$ 105,904,007</u>	<u>\$ 80,572,171</u>	<u>\$ 28,972,557</u>	<u>\$ 109,544,728</u>

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services				Program Services Total	Management and General	Fundraising	Total
	Housing Stability Services	Children and Family Services	Aging and Disabilities Services	Advocacy and Other Client Programs				
EMPLOYEE COMPENSATION								
Salaries	\$ 10,367,652	\$ 6,762,630	\$ 4,167,393	\$ 1,617,460	\$ 22,915,135	\$ 3,237,225	\$ 1,592,769	\$ 27,745,130
Employee Benefits	2,097,014	1,355,271	847,053	316,484	4,615,822	318,425	300,876	5,235,123
Payroll Taxes	747,639	496,242	301,453	114,195	1,659,529	356,729	114,050	2,130,307
Total Employee Compensation	13,212,305	8,614,143	5,315,899	2,048,139	29,190,486	3,912,379	2,007,695	35,110,560
OTHER EXPENSES								
Employee Related	187,024	112,090	76,000	26,838	401,952	156,427	40,418	598,797
Professional Services	341,207	120,788	23,707	491,580	977,282	170,914	434,198	1,582,393
Outside Services	652,943	(532)	-	-	652,411	-	-	652,411
Travel and Entertainment	6,667	4,584	3,691	684	15,626	12,583	101,232	129,441
Occupancy	3,419,534	581,149	55,080	76,673	4,132,436	186,792	37,002	4,356,231
Office Expense	1,448,174	389,424	210,345	391,254	2,439,197	255,857	503,180	3,198,234
Program Expense	4,821,060	395,484	98,460	2,567,171	7,882,175	26,483	8,313	7,916,970
Interest	241,142	7,106	113	828	249,189	85	44	249,318
Miscellaneous	187,603	11,236	200	1,034	200,073	799,822	31,794	1,031,693
Total Other Expenses	11,305,354	1,621,329	467,596	3,556,062	16,950,341	1,608,963	1,156,181	19,715,485
Total Expenses Before Depreciation and Depreciation	24,517,659	10,235,472	5,783,495	5,604,201	46,140,827	5,521,342	3,163,876	54,826,045
Depreciation of Property, Plant, and Equipment	1,198,076	242,887	47,727	47,196	1,535,886	89,009	15,884	1,640,779
Total Program Expenses	\$ 25,715,735	\$ 10,478,359	\$ 5,831,222	\$ 5,651,397	\$ 47,676,713	\$ 5,610,351	\$ 3,179,760	\$ 56,466,824

See accompanying Notes to Consolidated Financial Statements.

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

	Program Services				Program Services Total	Management and General	Fundraising	Total
	Housing Stability Services	Children and Family Services	Aging and Disabilities Services	Advocacy and Other Client Programs				
EMPLOYEE COMPENSATION								
Salaries	\$ 9,460,207	\$ 8,212,117	\$ 3,728,731	\$ 1,851,813	\$ 23,252,868	\$ 3,216,694	\$ 1,421,092	\$ 27,890,654
Employee Benefits	1,814,305	1,597,435	743,189	347,217	4,502,146	406,804	257,911	5,166,861
Payroll Taxes	696,736	601,269	269,206	140,342	1,707,553	317,166	99,732	2,124,451
Total Employee Compensation	11,971,248	10,410,821	4,741,126	2,339,372	29,462,567	3,940,664	1,778,735	35,181,966
OTHER EXPENSES								
Employee Related	169,534	143,787	60,581	53,972	427,874	126,169	37,512	591,555
Professional Services	369,093	281,895	20,464	651,386	1,322,838	94,252	150,401	1,567,491
Outside Services	557,839	532	-	-	558,371	208	-	558,579
Travel and Entertainment	8,038	6,402	4,886	1,959	21,285	8,807	7,681	37,773
Occupancy	3,173,430	558,732	70,542	85,878	3,888,582	204,782	39,354	4,132,718
Office Expense	1,272,850	590,484	233,082	381,983	2,478,399	237,959	563,832	3,280,190
Program Expense	4,440,226	480,777	63,300	2,703,457	7,687,760	66,431	99,976	7,854,167
Interest	458,293	5,596	-	619	464,508	-	-	464,508
Miscellaneous	267,913	111,380	-	632	379,925	146,396	29,430	555,751
Total Other Expenses	10,717,216	2,179,585	452,855	3,879,886	17,229,542	885,004	928,186	19,042,732
Total Expenses Before Depreciation	22,688,464	12,590,406	5,193,981	6,219,258	46,692,109	4,825,668	2,706,921	54,224,698
Depreciation of Property, Plant, and Equipment	1,192,308	263,162	51,806	49,347	1,556,623	101,147	18,059	1,675,829
Total Program Expenses	<u>\$ 23,880,772</u>	<u>\$ 12,853,568</u>	<u>\$ 5,245,787</u>	<u>\$ 6,268,605</u>	<u>\$ 48,248,732</u>	<u>\$ 4,926,815</u>	<u>\$ 2,724,980</u>	<u>\$ 55,900,527</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, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (3,640,721)	\$ 10,870,874
Adjustments to Reconcile Change in Net Asset to Net Cash Provided by Operating Activities:		
Realized Gain on Sale of Investments	(237,242)	(1,935,659)
Unrealized Gain on Investments	(515,544)	(335,410)
Depreciation	1,640,779	1,675,829
(Gain) Loss on Disposal of Land, Building, and Equipment	54	(592)
Change in Interest in Split Interest Agreements	(410,497)	(492,484)
Change in CSV of Life Insurance	(3,954)	(3,919)
Forgiveness of Long-Term Debt	(91,928)	(91,928)
Amortization of Loan Discount	35,079	44,564
Pledges Restricted for Construction Project	-	(4,720,211)
Contributions to be Held in Perpetuity	(6,830)	(21,653)
(Increase) Decrease in Assets:		
Accounts and Contracts Receivable	1,967,836	(1,868,629)
Accounts and Contracts Receivable - Related Party	3,111,527	2,267,574
Pledges Receivable	(35,261)	107,987
Prepaid Expenses and Other Assets	538,620	(621,186)
Increase (Decrease) in Liabilities:		
Accounts Payable	(982,327)	(386,285)
Accrued Payroll, Benefits, Taxes, and Withholdings	273,117	11,623
Other Accrued Liabilities	235,936	(160,756)
Net Pension Liability / Asset	1,147,599	(1,237,041)
Net Cash Provided by Operating Activities	3,026,243	3,102,698
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(3,567,018)	(6,358,620)
Proceeds from Sale and Maturity of Investments	4,857,833	9,626,551
Issuance of Loans Receivable	-	(15,427,040)
Issuance of Loans Receivable - Related Party	(1,025,939)	(4,950,244)
Payments on Loans Receivable - Related Party	4,170,991	395,706
Purchase of Land, Building, and Equipment	(11,031,301)	(7,182,657)
Proceeds from Sale of Land, Building, and Equipment	36,679	95,592
Net Cash Used by Investing Activities	(6,558,755)	(23,800,712)

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional Contributions to Charitable Annuities	\$ 6,830	\$ 21,653
Distributions under Charitable Annuities and Split-Interest Agreements	1,036,142	(223,032)
Additional Contributions to Charitable Annuities	30,000	11,000
Payments on Long-Term Debt	(3,780,831)	(5,752,416)
Proceeds from Issuance of Long-Term Debt	-	31,162,039
Proceeds from Contributions Restricted for Construction Project	2,375,365	4,688,451
Payments for Financing Costs of Long-Term Debt	-	(411,704)
Net Cash Provided (Used) by Financing Activities	(332,494)	29,495,991
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,865,006)	8,797,977
Cash and Cash Equivalents - Beginning of Year	22,184,008	13,386,031
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 18,319,002	\$ 22,184,008
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 239,514	\$ 435,321
Land, Building, and Equipment in Accounts Payable	\$ 3,504,700	\$ 1,784,675

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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 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, 2019 AND 2018**

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

Advocacy and Other Client Services:

- Health Supported Housing
- Food Services
- Volunteer Services
- In-Kind Warehouse
- Public Policy Leadership and Advocacy

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.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 two categories:

Net Assets Without Donor Restrictions

Resources over which the board of directors has discretionary control.

Net Assets With Donor Restrictions

Resources subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Catholic Charities has elected to present contributions with donor restrictions, which are fulfilled in the same period, as net assets without donor restrictions.

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.

Account and Contract 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, 2019 and 2018, the allowance for uncollectible accounts was \$194,297 and \$144,421, respectively.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$163,399 and \$152,713 at June 30, 2019 and 2018, 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.

Charitable Trusts Receivable

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.

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.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
- Other joint costs are allocated to all areas based on a relevant share of direct expense or full time equivalent staff.

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, 2019 and 2018, approximately 109,107 and 124,075 hours, respectively, of volunteer time were donated to the Organization and its programs and not included in the financial statements.

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.

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

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.

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).

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

Fair Value Hierarchy (Continued)

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).

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented (except for the presentation of the liquidity disclosure) which resulted in no change to the total previously reported net assets.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
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JUNE 30, 2019 AND 2018**

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 November 19, 2019, 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 LIQUIDITY AND AVAILABILITY

Catholic Charities regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Catholic Charities has various sources of immediate liquidity, including cash and cash equivalents, marketable securities, and a \$10 million bank line of credit. Catholic Charities has a strong, and very liquid, balance sheet with only \$311,409 of the \$38,261,519 Notes and Mortgages Payable requiring monthly payments. The remainder of this debt is either gradually forgiven through the provision of services or is expected to be forgiven with the expiration of tax credits sold to finance construction projects.

As an integral part of the multi-year financial planning and annual operating budgeting process, Catholic Charities prepares projected multi-year statements of activities, balance sheets and cash flow statements. This process provides an initial indication of the cash needs to support general expenditures during the next fiscal year. Budget plans are then made as required to ensure that sufficient cash is available to meet all expenses and capital requirements.

The following assets are available within one year of the balance sheet date to meet general expenditures as of June 30, 2019:

Cash and Cash Equivalents	\$ 8,048,731
Accounts and Contract Receivables, Net	3,576,409
Accounts and Contract Receivables-Related Party	460,791
Pledges Receivable	732,794
Investments	34,420,972
Total	<u>\$ 47,239,697</u>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 LOANS RECEIVABLE

The following schedule summarizes loans receivable at June 30:

	2019	2018
<u>Loans Receivable</u>		
Loans Due to Dorothy Day Capital Corporation		
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, 2019. 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, 2019. 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	15,427,040
Total Due to Dorothy Day Capital Corporation	\$ 25,121,040	\$ 25,121,040
<u>Loans Receivable Related Party</u>		
Loans Due to Catholic Charities		
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.	\$ 2,409,347	\$ 5,554,400
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	4,718,676
Promissory note receivable (net of present value discount) from Visitation Place Limited Partnership. This loan has a 0% interest rate and has a maturity date of September 30, 2043.	269,939	265,475
Total Due to Catholic Charities	\$ 7,397,962	\$ 10,538,551

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 4 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>2019</u>	<u>2018</u>
Unconditional Pledges Receivable	\$ 5,196,936	\$ 7,607,813
Unamortized Discount	<u>(33,759)</u>	<u>(104,532)</u>
Total	<u>\$ 5,163,177</u>	<u>\$ 7,503,281</u>
Amounts Due in:		
Less Than One Year	\$ 3,230,445	\$ 3,443,110
One to Five Years	1,946,491	4,134,703
Greater Than Five Years	<u>20,000</u>	<u>30,000</u>
Total	<u>\$ 5,196,936</u>	<u>\$ 7,607,813</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 seven new long-term unconditional promises made during 2019.

For the year ended June 30, 2019, there were two donors whose pledge balance individually represented 10% or more of the Organization's net pledges receivable balance and represented 49% of the Organization's gross pledges receivable. 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 Organizations gross pledges receivable.

NOTE 5 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>2019</u>	<u>2018</u>
Food and Meals (1,674,966 lbs. - FY19; 1,636,964 lbs. - FY18)	\$ 2,556,091	\$ 2,579,324
Clothing and Household Goods	328,217	278,921
Services (1,671 hrs. - FY19; 1,981 hrs. - FY18)	<u>183,810</u>	<u>202,291</u>
Donated Goods and Services	<u>\$ 3,068,118</u>	<u>\$ 3,060,536</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
OF ST. PAUL AND MINNEAPOLIS
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NOTE 6 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>2019</u>	<u>2018</u>
Cash and Cash Equivalents	2 %	3 %
Corporate Bonds	19	23
Corporate Stocks	73	68
Real Estate Investment Trust	6	6
Total	<u>100 %</u>	<u>100 %</u>

NOTE 7 INVESTMENTS

Investments are stated at fair value, which is based substantially on quoted market prices at June 30, 2019 and 2018, 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.

A summary of investments by type is as follows:

	<u>2019</u>	<u>2018</u>
Assets Held by Catholic Community Foundation	\$ 8,417,051	\$ 7,966,020
Equity Mutual Funds	16,209,264	17,582,951
Fixed Income Mutual Funds	9,570,215	11,204,701
Money Market Trust and Short-Term Investment Funds	4,191,357	2,192,777
Partnerships	4,058,041	4,037,508
Total	<u>\$ 42,445,928</u>	<u>\$ 42,983,957</u>

Investment income as of June 30 consists of the following:

	<u>2019</u>	<u>2018</u>
Partnership Income	\$ 5,919	\$ 5,194
Interest and Dividends, Net of Expense	1,142,380	1,043,921
Net Realized Gains	237,242	1,935,659
Unrealized Gains	515,544	335,410
Total Investment Gains	<u>\$ 1,901,085</u>	<u>\$ 3,320,184</u>

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, 2019 and 2018, the balance of Operating Reserves was \$7,968,619 and \$7,794,354, respectively.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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NOTE 7 INVESTMENTS (CONTINUED)

Catholic Charities has an investment spending policy which provides a payout from a long term sustainability 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 long term sustainability fund plus 80% weight assigned to the previous year's total transfer from the long term sustainability fund to net assets without donor restrictions plus an inflation factor. The Organization received planned giving contributions, which are included in the long term sustainability fund, of \$2,200,699 and \$3,367,188 for the years ended June 30, 2019 and 2018, respectively. For the years ended June 30, 2019 and 2018, the Organization transferred from the long term sustainability fund \$2,698,000 and \$2,576,000, respectively, to net assets without donor restrictions for general operations.

NOTE 8 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

	2019				
	Level 1	Level 2	Level 3	NAV	Total
Assets Held by Catholic					
Community Foundation	\$ -	\$ -	\$ 8,417,051	\$ -	\$ 8,417,051
Investments:					
Equity Mutual Funds	16,209,264	-	-	-	16,209,264
Fixed Income Mutual Funds	9,570,215	-	-	-	9,570,215
Partnerships	-	-	35,506	4,022,535	4,058,041
Charitable Trusts Receivable	-	-	2,724,860	-	2,724,860
Total	25,779,479	-	11,177,417	4,022,535	40,979,431
Money Market	-	-	-	-	4,191,357
Total Investments	<u>\$ 25,779,479</u>	<u>\$ -</u>	<u>\$ 11,177,417</u>	<u>\$ 4,022,535</u>	<u>\$ 45,170,788</u>
	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
Charitable Trusts Receivable	-	-	3,999,900	-	3,999,900
Total	28,787,652	-	12,001,426	4,002,002	44,791,080
Money Market	-	-	-	-	2,192,777
Total Investments	<u>\$ 28,787,652</u>	<u>\$ -</u>	<u>\$ 12,001,426</u>	<u>\$ 4,002,002</u>	<u>\$ 46,983,857</u>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
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JUNE 30, 2019 AND 2018**

NOTE 8 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:

<u>Level 3 Assets</u>	2019			
	Assets Held by			
	Catholic Comm Foundation	Investments in Partnerships	Charitable Trusts Receivable	Total
Balances as of June 30, 2018	\$ 7,966,020	\$ 35,506	\$ 3,999,900	\$ 12,001,426
Purchases	264,048	-	-	264,048
Distributions	(62,098)	-	(1,350,412)	(1,412,510)
Realized Gain	153,701	-	-	153,701
Unrealized Gain	95,380	-	75,372	170,752
Balances as of June 30, 2019	<u>\$ 8,417,051</u>	<u>\$ 35,506</u>	<u>\$ 2,724,860</u>	<u>\$ 11,177,417</u>
	2018			
	Assets Held by			
	Catholic Comm Foundation	Investments in Partnerships	Charitable Trusts Receivable	Total
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>

Assets Held by Catholic Community Foundation

Assets held by Catholic Community Foundation include values reflected for publicly traded assets and values for non-publicly 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.

Charitable Trusts Receivable

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 8 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 6/30/2019	Net Asset Value 6/30/2018	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Prisma Capital Partners LP	\$ -	\$ 146,291	\$ -	Quarterly	65 Days
Blackstone Park	1,155,784	1,110,881	-	Quarterly	95 Days
Blackstone Partners	2,866,751	2,744,830	-	Semi-Annually	95 Days
Total	<u>\$ 4,022,535</u>	<u>\$ 4,002,002</u>	<u>\$ -</u>		

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.

Blackstone Park

The investment objective of the Fund is to produce attractive long-term risk-adjusted returns by investing in investment partnerships, managed funds, securities and commodities held in segregated accounts and other investment vehicles, managed by investment managers that invest in or trade in a wide range of securities.

Blackstone Partners

The investment objective of the Fund, through its investment in the Master Fund, is to develop and actively manage an investment portfolio that can produce attractive long-term, risk-adjusted returns with low volatility and downside protection qualities, as compared with traditional asset classes, by allocating and reallocating the assets of the Master Fund among a select group of non-traditional portfolio managers that invest or trade in a wide range of securities and other instruments.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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NOTE 9 LAND, BUILDING, AND EQUIPMENT

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

	2019		
	Cost	Accumulated Depreciation	Net of Depreciation
Land	\$ 7,026,990	\$ -	\$ 7,026,990
Buildings and Improvements	44,383,602	25,627,152	18,756,450
Leasehold Improvements	1,327,851	1,327,851	-
Furniture, Fixtures, and Vehicles	7,345,557	5,398,478	1,947,079
Construction in Progress	24,161,401	-	24,161,401
Total	<u>\$ 84,245,401</u>	<u>\$ 32,353,481</u>	<u>\$ 51,891,920</u>
	2018		
	Cost	Accumulated Depreciation	Net of Depreciation
Land	\$ 7,042,189	\$ -	\$ 7,042,189
Buildings and Improvements	44,272,636	24,668,310	19,604,326
Leasehold Improvements	1,327,851	1,327,851	-
Furniture, Fixtures, and Vehicles	7,189,729	4,738,714	2,451,015
Construction in Progress	9,935,902	-	9,935,902
Total	<u>\$ 69,768,307</u>	<u>\$ 30,734,875</u>	<u>\$ 39,033,432</u>

During the years ended June 30, 2019 and 2018, there was interest costs capitalized of \$193,576 and \$77,143, respectively.

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 \$31,646,771, of which \$24,161,401 is recorded in construction in progress as of June 30, 2019. The remaining funds will be spent during construction which is expected to be complete by the fall of calendar year 2019.

NOTE 10 LEASE COMMITMENTS

Operating Lease

The Organization leases spaces and office equipment under operating leases. For the years ended June 30, 2019 and 2018, total rental expense was \$454,362 and \$445,039, respectively.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
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JUNE 30, 2019 AND 2018**

NOTE 10 LEASE COMMITMENTS (CONTINUED)

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, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 206,119
2021	123,815
2022	42,818
2023	38,601
2024	34,355
Thereafter	858,653
Total Minimum Lease Payments	<u><u>\$ 1,304,361</u></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 Minnesota Department of Human Services (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
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NOTE 10 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.

Capital Lease

During the year ended June 30, 2019, the organization entered into a capital lease for office equipment. At June 30, 2019, the gross cost of the equipment under the capital lease is \$110,000, and the corresponding accumulated depreciation is \$20,625. Depreciation on the office equipment under the capital lease is included in depreciation expense. The capital lease is included in Other Accrued Liabilities on the consolidated balance sheet.

	2019
Present Value of Minimum Lease Payments	\$ 96,248
Less: Current Maturities of Capital Lease Payable	(27,504)
Noncurrent Portion	\$ 68,744

<u>Future Lease Payments</u>	Amount
2020	\$ 29,160
2021	29,160
2022	29,160
2023	14,580
Total Minimum Lease Payments	102,060
Less: Amount Representing Interest	
Imputed at Approximately 3%	(5,812)
Present Value of Minimum Lease Payments	\$ 96,248

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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NOTE 11 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 non-highly compensated employees. The Organization may also make an additional discretionary contribution. Matching and discretionary contributions to the plan were \$534,373 and \$553,111 during the years ended June 30, 2019 and **2018**, 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, 2019 and **2018**, the Organization has accrued \$602,860 and \$581,525 as future premium liabilities, respectively.

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.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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**NOTE 11 PENSION, 401(k), AND POSTRETIREMENT LIFE INSURANCE BENEFITS
(CONTINUED)**

Measurement Date	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Change in the Projected Benefit Obligation		
PBO at Beginning of Year	\$ 13,212,274	\$ 14,068,578
Service Cost	20,786	23,699
Interest Cost	517,048	496,920
Change Due to Assumption Change(s)	1,081,381	(751,328)
Benefits Paid	(592,912)	(554,170)
Actuarial Loss (Gain)	68,784	(47,726)
Expense Changes	(20,786)	(23,699)
PBO at End of Year	<u>\$ 14,286,575</u>	<u>\$ 13,212,274</u>
Change in Plan Assets		
Fair Value of Plan Assets at Beginning of Year	\$ 10,955,374	\$ 10,574,637
Benefits Paid	(613,698)	(577,869)
Actual Return on Assets	540,400	958,606
Fair Value of Plan Assets at End of Year	<u>\$ 10,882,076</u>	<u>\$ 10,955,374</u>
Funded Status of the Accumulated Benefit Obligation		
Accumulated Benefit Obligation	\$ 14,286,575	\$ 13,212,274
Fair Value of Plan Assets	10,882,076	10,955,374
Under Funded Status	<u>\$ (3,404,499)</u>	<u>\$ (2,256,900)</u>
Components of the Net Periodic Pension Cost		
Service Cost	\$ 20,786	\$ 23,699
Interest Cost	517,048	496,920
Expected Return of Plan Assets	(798,640)	(822,856)
Amortization of Net Actuarial Loss	6,158	111,153
Net Periodic Pension Cost (Benefit)	<u>\$ (254,648)</u>	<u>\$ (191,084)</u>
Other Changes in Plan Assets and Benefit Obligations Recognized in Net Assets Without Donor Restrictions		
Net Gain (Loss)	\$ (1,396,089)	\$ 1,157,110
Amortization of Net Gain (Loss)	(6,158)	(111,153)
Total Recognized in Net Assets Without Donor Restrictions	<u>\$ (1,402,247)</u>	<u>\$ 1,045,957</u>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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**NOTE 11 PENSION, 401(k), AND POSTRETIREMENT LIFE INSURANCE BENEFITS
(CONTINUED)**

Defined Benefit Plan (Continued)

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assumptions - Used to Determine Benefit Obligations at Measurement Date		
Discount Rate	4.00%	3.60%
Rate of Compensation Increase	N/A	N/A
Assumptions - Used to Determine Net Periodic Pension Cost		
Discount Rate	3.30%	3.60%
Expected Long-Term Return on Plan Assets	7.50%	8.00%
Rate of Compensation Increase	N/A	N/A

At June 30, 2019 and 2018, the discount rate was determined by matching the projected future benefit payments to the spot rates of the June 30, 2019 and 2018 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 2019 is \$-0-. Estimated future benefit payments over the next 10 years, which reflect expected future service, are expected to be paid as follows:

Estimated Future Benefit Payments	<u>Year</u>	<u>Amount</u>
The following benefit payments are expected to be paid:	2019	\$ 735,000
	2020	733,000
	2021	754,000
	2022	782,000
	2023	805,000
	2024-2028	4,179,000

During the year ended June 30, 2019, 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
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**NOTE 11 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	
	2019	2018
U.S. Equity	51.68 %	50.46 %
Money Market	8.28	-
International Equity	15.27	14.88
REIT	5.44	4.83
Bond	19.26	19.40
Annuity Contracts	0.07	0.23
Insurance Company / General Account	-	10.20
Total	100.00 %	100.00 %

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

<u>Asset Category</u>	2019			
	Level 1	Level 2	Level 3	Total
U.S. Equity	\$ 5,624,104	\$ -	\$ -	\$ 5,624,104
Money Market	901,040	-	-	901,040
International Equity	1,661,400	-	-	1,661,400
REIT	592,252	-	-	592,252
Bond	2,096,015	-	-	2,096,015
Insurance Company / General Account	-	-	7,265	7,265
Total	\$ 10,874,811	\$ -	\$ 7,265	\$ 10,882,076

<u>Asset Category</u>	2018			
	Level 1	Level 2	Level 3	Total
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	\$ 9,812,700	\$ -	\$ 1,142,674	\$ 10,955,374

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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**NOTE 11 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 2019 and 2018:

<u>Level 3 Assets</u>	<u>2019</u> Insurance Company Assets	<u>2018</u> Insurance Company Assets
Balance at Beginning of Year, July 1	\$ 1,142,674	\$ 820,159
Purchases/Transfer in from Prior Third-Party Administrator	4,807	890,011
Disbursements	(1,140,919)	(577,868)
Realized and Unrealized Gain	703	10,372
Balance at End of Year, June 30	<u>\$ 7,265</u>	<u>\$ 1,142,674</u>

NOTE 12 NOTES, MORTGAGES, AND LINE OF CREDIT

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

<u>Description</u>	<u>2019</u>	<u>2018</u>
<u>Interest Bearing Mortgage Notes</u> Various mortgage notes with interest rates ranging from 0.99055% to 1.45% + LIBOR% and various due dates 2019 to 2047. \$35,615,000 of these mortgages are supported by \$25,121,040 of Loans Receivable due to Dorothy Day Capital Corporation from outside parties.	\$ 35,926,409	\$ 39,702,935
<u>Noninterest Bearing Mortgage Notes</u> Various noninterest bearing mortgage notes with various due dates from 2019 to 2034	1,436,851	1,436,851

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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NOTE 12 NOTES, MORTGAGES, AND LINE OF CREDIT (CONTINUED)

<u>Description</u>	<u>2019</u>	<u>2018</u>
<u>Forgivable Noninterest Bearing Mortgage Notes</u>		
MHFA HSG Trust- Mary Hall Loan Terms: 12/4/1990-12/4/2020, 0% interest	\$ -	\$ 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
	<hr/>	<hr/>
Total Forgivable Noninterest Bearing Notes	1,990,000	2,086,221
	<hr/>	<hr/>
Total Notes and Mortgages Payable	39,353,260	43,226,007
	<hr/>	<hr/>
Less: Unamortized Debt Issuance Costs	(909,887)	(933,391)
Less: Unamortized Discount (4.25%)	(181,854)	(197,880)
	<hr/>	<hr/>
Net Notes and Mortgages Payable	<u>\$ 38,261,519</u>	<u>\$ 42,094,736</u>

Approximately \$43.3 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, 2019 is as follows:

<u>Year Ending June 30,</u>	<u>Scheduled Payment Amount</u>
2020	\$ 275,330
2021	100,330
2022	100,330
2023	211,851
2024	1,951,717
Thereafter	36,713,702
Total	<u>\$ 39,353,260</u>

There is a \$10,000,000 line of credit as of June 30, 2019 and **2018** with no outstanding balance. The interest is LIBOR plus 1.55% and expires on June 20, 2020.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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NOTE 12 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.

U.S. 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.

U.S. Bancorp Community Development Corporation through its USBCDC Investment Fund 157, LLC (Investment Fund) made a \$3,000,000 qualified equity investment in USBCDC 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-CDEs). The sub-CDEs 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.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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NOTE 12 NOTES, MORTGAGES, AND LINE OF CREDIT (CONTINUED)

New Market Tax Credit (NMTTC) Transactions (Continued)

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

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 U.S. 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 six-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 13 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, 2019 and 2018, 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
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NOTE 14 RELATED PARTY TRANSACTIONS

The Organization received an annual contribution from the Catholic Services Appeal Foundation. For the years ended June 30, 2019 and 2018, the Organization recorded revenue of \$697,478 and \$1,063,217, 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, 2019 and 2018 was \$8,417,051 and \$7,966,020, respectively.

The Organization also made payments to several companies, which board members are employees and officers of, for services in the amount of \$823,148 and \$948,779 for the years ended June 30, 2019 and 2018, respectively.

Dorothy Day Housing Limited Partnership

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 ended June 30:

	2019	2018
Property Management and Tenant Service Fee Revenue	\$ 425,947	\$ 411,058
Interest Revenue on Loans Receivable	49,841	110,170
Rental Subsidy and Social Service Operating Expense	486,703	473,088
Accounts Receivable for Fees and Expense Reimbursement	51,745	3,351,068
Loans Interest Receivable	239,178	189,297
Loans Receivable	2,409,347	5,554,400
Accounts Payable for Fees and Expense Reimbursement	445,616	-

Catholic Charities has agreements with DDHLP, effective January 1, 2017, to assist with the operations of the housing program which includes the following transactions between Catholic Charities and DDHLP:

- Catholic Charities receives a property management fee revenue equal to \$54 per rental unit subject to a 3% annual increase from DDHLP. This agreement is in effect until terminated.
- Catholic Charities receives tenant service fee revenue of \$289,500 subject to an annual 3% increase from DDHLP. This agreement is in effect until December 31, 2032.
- Catholic Charities pays a rental subsidy expense in the amount of \$455 per unit per month, subject to an annual 2% increase, less amounts collected from tenants to DDHLP. This agreement is in effect for 30 years.
- Catholic Charities pays a social service operating funds expense in the amount of \$246,528 on an annual basis, subject to an annual 2% increase, to DDHLP. This agreement is in effect until December 31, 2032.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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NOTE 14 RELATED PARTY TRANSACTIONS (CONTINUED)

Dorothy Day Housing Limited Partnership (Continued)

In addition to these agreements Catholic Charities may collect rents on behalf of or pay for costs related to DDHLP. These amounts are transferred between Catholic Charities and DDHLP and are not shown as revenue or expense of Catholic Charities.

Visitation Place Limited Partnership

The Organization is the general partner in the Visitation Place Limited Partnership (Visitation). For the years ended June 30, 2019 and 2018, the Organization had the following transactions and balances with Visitation:

	2019	2018
Property Management Fees Earned	\$ 10,302	\$ 9,994
Expenses Reimbursed	88,872	26,998
Accounts Receivable for Fees and Expense Reimbursement	269,939	265,475

In addition to these agreements Catholic Charities may collect rents on behalf of or pay for costs related to Visitation. These amounts are transferred between Catholic Charities and Visitation and are not shown as revenue or expense of Catholic Charities.

Dorothy Day Residence Limited Partnership

The Organization is the general partner in the Dorothy Day Residence Limited Partnership (DDRLP). For the years ended June 30, 2019 and 2018, the Organization had the following transactions and balances with Dorothy Day Residence Limited Partnership:

	2019	2018
Accounts Receivable for Fees and Expense Reimbursement	\$ 81,036	\$ 3,508
Loans Receivable	4,718,676	4,718,676
Accounts Payable for fees and reimbursements	227,109	-

In addition to these agreements, Catholic Charities may pay for costs related to DDRLP. These amounts are transferred between Catholic Charities and DDRLP and are not shown as revenue or expense of Catholic Charities.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	Purpose/Time		Perpetuity		2019 Total
	Non-Endowment	Endowment	Non-Endowment	Endowment	
Children and Family Services	\$ 2,340,654	\$ 135,113	\$ 102,767	\$ 1,194,904	\$ 3,773,438
Housing Stability	3,222,134	26,236	-	-	3,248,370
Aging and Disability Services	-	-	-	139,930	139,930
Advocacy	313,820	-	-	-	313,820
Capital	11,991,052	-	-	-	11,991,052
Future Year Operations	449,815	891,522	68,654	4,576,320	5,986,311
Non-Endowment	18,317,475	-	171,421	-	18,488,896
Endowment	-	1,052,871	-	5,911,154	6,964,025
Total Net Assets with Donor Restrictions	<u>\$ 18,317,475</u>	<u>\$ 1,052,871</u>	<u>\$ 171,421</u>	<u>\$ 5,911,154</u>	<u>\$ 25,452,921</u>

	Purpose/Time		Perpetuity		2018 Total
	Non-Endowment	Endowment	Non-Endowment	Endowment	
Children and Family Services	\$ 5,547,440	\$ 137,026	\$ 135,157	\$ 1,242,081	\$ 7,061,704
Housing Stability	620,579	26,972	-	-	647,551
Aging and Disability Services	15,000	-	-	139,930	154,930
Capital	14,075,248	-	-	-	14,075,248
Future Year Operations	1,508,274	972,471	77,010	4,475,369	7,033,124
Non-Endowment	21,766,541	-	212,167	-	21,978,708
Endowment	-	1,136,469	-	5,857,380	6,993,849
Total Net Assets with Donor Restrictions	<u>\$ 21,766,541</u>	<u>\$ 1,136,469</u>	<u>\$ 212,167</u>	<u>\$ 5,857,380</u>	<u>\$ 28,972,557</u>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
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NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restriction by incurring expenses satisfying the time or purpose restrictions specified by donors. Net assets released from restriction consisted of the following:

	Purpose/Time		Perpetuity		2019 Total
	Non-Endowment	Endowment	Non-Endowment	Endowment	
Children and Family Services	\$ 174,872	\$ 63,008	\$ -	\$ -	\$ 237,880
Housing Stability	1,375,210	19,750	-	-	1,394,960
Aging and Disability Services	15,000	40,855	-	-	55,855
Advocacy	36,847	-	-	-	36,847
Capital	3,189,527	-	-	-	3,189,527
Future Year Operations	1,566,522	198,181	-	-	1,764,703
Non-Endowment	6,357,978	-	-	-	6,357,978
Endowment	-	321,794	-	-	321,794
Total	<u>\$ 6,357,978</u>	<u>\$ 321,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,679,772</u>

	Purpose/Time		Perpetuity		2018 Total
	Non-Endowment	Endowment	Non-Endowment	Endowment	
Children and Family Services	\$ 396,430	\$ 58,832	\$ -	\$ 9,000	\$ 464,262
Housing Stability	23,292	18,526	-	-	41,818
Aging and Disability Services	1,201,287	38,662	-	-	1,239,949
Advocacy	15,000	-	-	-	15,000
Capital	12,716,636	-	-	-	12,716,636
Future Year Operations	229,406	183,870	-	-	413,276
Non-Endowment	14,582,051	-	-	-	14,582,051
Endowment	-	299,890	-	9,000	308,890
Total	<u>\$ 14,582,051</u>	<u>\$ 299,890</u>	<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ 14,890,941</u>

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 16 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 net assets with donor restrictions the original value of the gifts to the endowment and the value of subsequent gifts to the endowment 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, 2019 AND 2018**

NOTE 16 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:

	Without Donor Restrictions	With Donor Restrictions	2019 Total
Donor-Restricted Endowment Investments, July 1, 2018	\$ -	\$ 6,993,849	\$ 6,993,849
Investment Income, Net of Expense	-	247,053	247,053
Contributions	-	6,830	6,830
Transfers from Non-Endowment	-	38,087	38,087
Appropriations of Endowment Assets for Expenditure	-	(321,794)	(321,794)
Donor-Restricted Endowment Investments, June 30, 2019	<u>\$ -</u>	<u>\$ 6,964,025</u>	<u>\$ 6,964,025</u>
	Without Donor Restrictions	With Donor Restrictions	2018 Total
Donor-Restricted Endowment Investments, July 1, 2017	\$ -	\$ 6,468,478	\$ 6,468,478
Investment Income, Net of Expense	-	777,279	777,279
Contributions	-	21,653	21,653
Transfers	-	-	-
Transfers from Non-Endowment	-	35,329	35,329
Appropriations of Endowment Assets for Expenditure	-	(308,890)	(308,890)
Donor-Restricted Endowment Investments, June 30, 2018	<u>\$ -</u>	<u>\$ 6,993,849</u>	<u>\$ 6,993,849</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 net assets without donor restriction were \$-0- as of June 30, 2019 and 2018.

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 16 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 1st. At no time would the distributions reduce the value of the endowment below donor contributions.

NOTE 17 PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2019, Catholic Charities restated net assets as of June 30, 2018 to properly classify net assets with donor restrictions. Certain donor-restricted funds had previously been reported as net assets with donor restriction, but should have been released from restriction. The restatement decreased net assets with donor restrictions and increased net assets without donor restrictions by \$4,349,162. The restatement as of June 30, 2018 had no effect on the Organization's overall financial position or the change in net assets.



CliftonLarsonAllen LLP
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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, 2019 and 2018, and have issued our report thereon dated November 19, 2019, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary consolidating balance sheets and consolidating statements of activities are presented for the purposes of additional analysis and are 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 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Cloud, Minnesota
November 19, 2019

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
CONSOLIDATING BALANCE SHEET
JUNE 30, 2019
(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
ASSETS										
Cash and Cash Equivalents	\$ 16,105,723	\$ 601,368	\$ 619,375	\$ 992,536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,319,002
Accounts and Contracts Receivable, Net	3,576,409	-	-	-	-	-	-	-	-	3,576,409
Accounts and Contracts Receivable - Related Party	499,140	-	-	-	-	10	-	25,000	(63,359)	460,791
Pledges Receivable	5,163,177	-	-	-	-	-	-	-	-	5,163,177
Prepaid Expenses and Other Assets	1,567,922	-	-	5,059	99	-	-	-	(105,019)	1,468,061
Investments	42,445,928	-	-	-	-	-	-	-	-	42,445,928
Charitable Trusts Receivable	2,724,860	-	-	-	-	-	-	-	-	2,724,860
Loans Receivable	-	25,121,040	-	-	-	-	-	-	-	25,121,040
Loans Receivable - Related Party	7,397,962	-	-	-	-	-	-	-	-	7,397,962
Land, Building, and Equipment, Net	12,728,738	-	12,855,258	26,307,924	-	-	-	-	-	51,891,920
Land and Buildings Held for Sale	-	-	-	-	-	-	42,697	-	-	42,697
Total Assets	\$ 92,209,859	\$ 25,722,408	\$ 13,474,633	\$ 27,305,519	\$ 99	\$ 10	\$ 42,697	\$ 25,000	\$ (168,378)	\$ 158,611,847
LIABILITIES AND NET ASSETS										
LIABILITIES										
Accounts Payable	\$ 1,931,877	\$ -	\$ 11,943	\$ 3,510,772	\$ 183	\$ -	\$ 7,101	\$ 25,000	\$ (63,359)	\$ 5,423,517
Accrued Payroll and Payroll Expenses	3,743,324	-	-	-	-	-	-	-	-	3,743,324
Other Accrued Liabilities	956,821	-	104,919	-	-	-	-	-	(104,919)	956,821
Obligations of Split-Interest Agreements	918,160	-	-	-	-	-	-	-	-	918,160
Accrued Pension Liability	3,404,499	-	-	-	-	-	-	-	-	3,404,499
Notes and Mortgages Payable	3,527,808	-	13,294,278	21,439,433	-	-	-	-	-	38,261,519
Total Liabilities	14,482,489	-	13,411,140	24,950,205	183	-	7,101	25,000	(168,278)	52,707,840
NET ASSETS										
Without Donor Restrictions	52,274,449	25,722,408	63,493	2,355,314	(84)	10	35,596	-	(100)	80,451,086
With Donor Restrictions	25,452,921	-	-	-	-	-	-	-	-	25,452,921
Total Net Assets	77,727,370	25,722,408	63,493	2,355,314	(84)	10	35,596	-	(100)	105,904,007
Total Liabilities and Net Assets	\$ 92,209,859	\$ 25,722,408	\$ 13,474,633	\$ 27,305,519	\$ 99	\$ 10	\$ 42,697	\$ 25,000	\$ (168,378)	\$ 158,611,847

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
CONSOLIDATING BALANCE SHEET
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
ASSETS										
Cash and Cash Equivalents	\$ 7,993,379	\$ 929,549	\$ 361,880	\$ 12,899,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,184,008
Accounts and Contracts Receivable, Net	5,505,677	38,568	-	-	-	-	-	-	-	5,544,245
Accounts and Contracts Receivable - Related Party	3,618,620	-	312,133	-	-	-	(542)	-	(357,893)	3,572,318
Pledges Receivable	7,503,281	-	-	-	-	-	-	-	-	7,503,281
Prepaid Expenses and Other Assets	1,452,345	-	-	655,302	99	-	-	-	(105,019)	2,002,727
Investments	42,983,957	-	-	-	-	-	-	-	-	42,983,957
Charitable Trusts Receivable	3,999,900	-	-	-	-	-	-	-	-	3,999,900
Loans Receivable	-	25,121,040	-	-	-	-	-	-	-	25,121,040
Loans Receivable - Related Party	10,538,551	-	-	-	-	-	-	-	-	10,538,551
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
Total Assets	\$ 97,288,345	\$ 26,089,157	\$ 13,932,387	\$ 25,636,925	\$ 99	\$ -	\$ 42,155	\$ -	\$ (462,912)	\$ 162,526,156
LIABILITIES AND NET ASSETS										
LIABILITIES										
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
Total Liabilities	13,126,334	3,690,186	13,397,883	23,183,922	183	(10)	-	45,742	(462,812)	52,981,428
NET ASSETS										
Without Donor Restrictions	55,189,454	22,398,971	534,504	2,453,003	(84)	10	42,155	(45,742)	(100)	80,572,171
With Donor Restrictions	28,972,557	-	-	-	-	-	-	-	-	28,972,557
Total Net Assets	84,162,011	22,398,971	534,504	2,453,003	(84)	10	42,155	(45,742)	(100)	109,544,728
Total Liabilities and Net Assets	\$ 97,288,345	\$ 26,089,157	\$ 13,932,387	\$ 25,636,925	\$ 99	\$ -	\$ 42,155	\$ -	\$ (462,912)	\$ 162,526,156

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(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
REVENUE AND SUPPORT										
Revenue:										
Government Fees and Grants	\$ 22,028,877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,028,877
Program Service Fees	9,960,895	-	209,838	-	-	-	-	-	(209,838)	9,960,895
Other Revenues	586,180	3,051,433	-	51,718	-	-	-	70,742	(3,122,148)	637,925
Total Revenue	32,575,952	3,051,433	209,838	51,718	-	-	-	70,742	(3,331,986)	32,627,697
Support:										
Contributions and Private Grants, Net	18,835,473	-	-	-	-	-	-	-	-	18,835,473
United Way	575,300	-	-	-	-	-	-	-	-	575,300
Total Support	19,410,773	-	-	-	-	-	-	-	-	19,410,773
Net Assets Released from Restrictions	-	-	-	-	-	-	-	-	-	-
Total Revenue and Support	51,986,725	3,051,433	209,838	51,718	-	-	-	70,742	(3,331,986)	52,038,470
EXPENSES										
Employee Compensation:										
Salaries	27,745,129	-	-	-	-	-	-	-	-	27,745,129
Employee Benefits	5,235,122	-	-	-	-	-	-	-	-	5,235,122
Payroll Taxes	2,130,307	-	-	-	-	-	-	-	-	2,130,307
Total Employee Compensation	35,110,558	-	-	-	-	-	-	-	-	35,110,558
Other Expenses:										
Employee Related	598,797	-	-	-	-	-	-	-	-	598,797
Professional Services	1,353,416	1,875	62,993	164,110	-	-	-	-	-	1,582,394
Outside Services	652,411	-	-	-	-	-	-	-	-	652,411
Travel and Entertainment	129,441	-	-	-	-	-	-	-	-	129,441
Occupancy	4,534,509	-	-	-	-	-	6,559	25,000	(209,838)	4,356,230
Office Expense	3,198,234	-	18,997	-	-	-	-	-	(18,997)	3,198,234
Program Expense	7,916,971	-	-	-	-	-	-	-	-	7,916,971
Interest	49,821	11,138	188,360	-	-	-	-	-	-	249,319
Miscellaneous	4,133,906	331	395	209	-	-	-	-	(3,103,151)	1,031,690
Total Other Expenses	22,567,506	13,344	270,745	164,319	-	-	6,559	25,000	(3,331,986)	19,715,487
Total Expenses Before Depreciation	57,678,064	13,344	270,745	164,319	-	-	6,559	25,000	(3,331,986)	54,826,045
Depreciation of Property, Plant, and Equipment	1,230,675	-	410,104	-	-	-	-	-	-	1,640,779
Total Expenses	58,908,739	13,344	680,849	164,319	-	-	6,559	25,000	(3,331,986)	56,466,824

**CATHOLIC CHARITIES OF THE ARCHDIOCESE
OF ST. PAUL AND MINNEAPOLIS
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2019
(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
CHANGE IN NET ASSETS FROM OPERATIONS	\$ (6,922,014)	\$ 3,038,089	\$ (471,011)	\$ (112,601)	\$ -	\$ -	\$ (6,559)	\$ 45,742	\$ -	\$ (4,428,354)
NONOPERATING ACTIVITY										
Net Pension Losses:										
Net Periodic Pension Benefit	254,648	-	-	-	-	-	-	-	-	254,648
Other Changes in Plan Assets and Benefit Obligations	(1,402,247)	-	-	-	-	-	-	-	-	(1,402,247)
Total Net Pension Losses	(1,147,599)	-	-	-	-	-	-	-	-	(1,147,599)
Changes in Split-Interest Agreements and Annuities	34,201	-	-	-	-	-	-	-	-	34,201
Loss on Fixed Assets	(54)	-	-	-	-	-	-	-	-	(54)
Investment Income	1,600,825	285,348	-	14,912	-	-	-	-	-	1,901,085
Total Nonoperating Activity	487,373	285,348	-	14,912	-	-	-	-	-	787,633
CHANGE IN NET ASSETS	(6,434,641)	3,323,437	(471,011)	(97,689)	-	-	(6,559)	45,742	-	(3,640,721)
Net Assets - Beginning of Year	84,162,011	22,398,971	534,504	2,453,003	(84)	10	42,155	(45,742)	(100)	109,544,728
NET ASSETS - END OF YEAR	<u>\$ 77,727,370</u>	<u>\$ 25,722,408</u>	<u>\$ 63,493</u>	<u>\$ 2,355,314</u>	<u>\$ (84)</u>	<u>\$ 10</u>	<u>\$ 35,596</u>	<u>\$ -</u>	<u>\$ (100)</u>	<u>\$ 105,904,007</u>

**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
REVENUE AND SUPPORT										
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
EXPENSES										
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	68,661,258	221,086	284,451	81,000	-	-	542	-	(15,023,639)	54,224,698
Depreciation 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
CHANGE IN NET ASSETS FROM OPERATIONS	\$ (8,841,560)	\$ 12,384,769	\$ (222,826)	\$ 2,444,074	\$ -	\$ 10	\$ (542)	\$ -	\$ -	\$ 5,763,925
NONOPERATING ACTIVITY										
Net Pension Losses:										
Net Periodic Pension Cost	191,084	-	-	-	-	-	-	-	-	191,084
Other Changes in Plan Assets and Benefit Obligations	1,045,957	-	-	-	-	-	-	-	-	1,045,957
Total Net Pension Losses	1,237,041	-	-	-	-	-	-	-	-	1,237,041
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
Total Nonoperating Activity	4,843,372	254,648	-	8,929	-	-	-	-	-	5,106,949
CHANGE IN NET ASSETS	(3,998,188)	12,639,417	(222,826)	2,453,003	-	10	(542)	-	-	10,870,874
Net Assets - Beginning of Year	88,160,199	9,759,554	757,330	-	(84)	-	42,697	(45,742)	(100)	98,673,854
NET ASSETS - END OF YEAR	<u>\$ 84,162,011</u>	<u>\$ 22,398,971</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>