

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

| | |
|--|-----------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| CONSOLIDATED FINANCIAL STATEMENTS | |
| CONSOLIDATED BALANCE SHEETS | 4 |
| CONSOLIDATED STATEMENTS OF ACTIVITIES | 5 |
| CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES | 6 |
| CONSOLIDATED STATEMENTS OF CASH FLOWS | 8 |
| NOTES TO CONSOLIDATED FINANCIAL STATEMENTS | 9 |
| INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION | 45 |
| CONSOLIDATING BALANCE SHEET | 46 |
| CONSOLIDATING STATEMENT OF ACTIVITIES | 50 |



Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements (financial statements) of Catholic Charities of the Archdiocese of St. Paul and Minneapolis (Catholic Charities), which comprise the consolidated balance sheets as of June 30, 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Charities as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Charities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Catholic Charities for the year ended June 30, 2021, were audited by another, who expressed an unmodified opinion on those statements on December 27, 2021.

Responsibilities of Management 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; and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated [DATE], on our consideration of Catholic Charities’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Catholic Charities’ internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities’ internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Minneapolis, Minnesota
December 22, 2022

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022 AND 2021**

| ASSETS | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Cash and Cash Equivalents | \$ 7,199,703 | \$ 17,412,962 |
| Accounts and Contracts Receivable, Net | 5,282,600 | 6,153,365 |
| Accounts and Contracts Receivable - Related Party | 4,437,890 | 1,423,726 |
| Pledges Receivable | 2,537,439 | 4,303,189 |
| Prepaid Expenses and Other Assets | 1,405,332 | 1,866,291 |
| Investments | 57,053,835 | 64,599,169 |
| Charitable Trusts Receivable | 2,842,013 | 3,230,391 |
| Loans Receivable | 37,840,140 | 37,840,140 |
| Loans Receivable - Related Party | 15,652,965 | 15,108,298 |
| Land, Building, and Equipment, Net | 76,417,573 | 67,020,140 |
| Land and Buildings Held for Sale | 70,000 | 70,000 |
| | <u>210,739,490</u> | <u>219,027,671</u> |
| Total Assets | <u>\$ 210,739,490</u> | <u>\$ 219,027,671</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable | \$ 2,537,679 | \$ 3,514,412 |
| Accrued Payroll and Related Expenses | 2,949,025 | 3,151,166 |
| Other Accrued Liabilities | 1,578,611 | 1,690,731 |
| Obligations of Split-Interest Agreements | 1,986,620 | 2,483,323 |
| Accrued Pension Liability | 1,511,669 | 1,843,857 |
| Notes and Mortgages Payable | 62,751,022 | 62,823,293 |
| Total Liabilities | <u>73,314,626</u> | <u>75,506,782</u> |
| NET ASSETS | | |
| Without Donor Restrictions | 121,038,718 | 115,804,148 |
| With Donor Restrictions | 16,386,146 | 27,716,741 |
| Total Net Assets | <u>137,424,864</u> | <u>143,520,889</u> |
| Total Liabilities and Net Assets | <u>\$ 210,739,490</u> | <u>\$ 219,027,671</u> |

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, 2022 AND 2021**

| | 2022 | | | 2021 | | |
|--|----------------------------|-------------------------|----------------|----------------------------|-------------------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE AND SUPPORT | | | | | | |
| Revenue: | | | | | | |
| Government Fees and Grants | \$ 19,697,372 | \$ - | \$ 19,697,372 | \$ 23,088,150 | \$ - | \$ 23,088,150 |
| Program Service Fees | 12,898,072 | - | 12,898,072 | 12,292,284 | - | 12,292,284 |
| Other Revenues | 3,161,117 | - | 3,161,117 | 1,771,873 | - | 1,771,873 |
| Total Revenue | 35,756,561 | - | 35,756,561 | 37,152,307 | - | 37,152,307 |
| Support: | | | | | | |
| Contributions and Private Grants, Net | 13,228,673 | 1,092,318 | 14,320,991 | 15,537,358 | 10,392,268 | 25,929,626 |
| In-kind Contributions | 2,000,619 | - | 2,000,619 | 2,992,928 | - | 2,992,928 |
| United Way | - | 637,800 | 637,800 | - | - | - |
| Total Support | 15,229,292 | 1,730,118 | 16,959,410 | 18,530,286 | 10,392,268 | 28,922,554 |
| Net Assets Released from Restrictions | 11,815,544 | (11,815,544) | - | 5,688,192 | (5,688,192) | - |
| Total Revenue and Support | 62,801,397 | (10,085,426) | 52,715,971 | 61,370,785 | 4,704,076 | 66,074,861 |
| EXPENSES | | | | | | |
| Program Service | 49,887,937 | - | 49,887,937 | 51,793,559 | - | 51,793,559 |
| Management and General | 6,493,320 | - | 6,493,320 | 5,346,017 | - | 5,346,017 |
| Fundraising | 3,047,561 | - | 3,047,561 | 2,801,949 | - | 2,801,949 |
| Total Expenses | 59,428,818 | - | 59,428,818 | 59,941,525 | - | 59,941,525 |
| CHANGES IN NET ASSETS FROM OPERATIONS | 3,372,579 | (10,085,426) | (6,712,847) | 1,429,260 | 4,704,076 | 6,133,336 |
| NONOPERATING ACTIVITY | | | | | | |
| Net Pension Gains and Losses: | | | | | | |
| Net Periodic Pension (Cost) Benefit | 620,430 | - | 620,430 | 20,935 | - | 20,935 |
| Other Changes in Plan Assets and Benefit Obligations | (288,242) | - | (288,242) | 3,259,230 | - | 3,259,230 |
| Total Net Pension Gains (Losses) | 332,188 | - | 332,188 | 3,280,165 | - | 3,280,165 |
| Changes in Split-Interest Agreements and Annuities | 70,946 | (399,135) | (328,189) | (40,331) | 592,039 | 551,708 |
| Gain on Fixed Assets | 6,971,935 | - | 6,971,935 | 569,594 | - | 569,594 |
| Investment Gain (Loss) | (5,513,078) | (846,034) | (6,359,112) | 8,358,976 | 2,134,316 | 10,493,292 |
| Total Nonoperating Activity | 1,861,991 | (1,245,169) | 616,822 | 12,168,404 | 2,726,355 | 14,894,759 |
| Purchase of Partnership Interest | - | - | - | 583,086 | - | 583,086 |
| CHANGE IN NET ASSETS | 5,234,570 | (11,330,595) | (6,096,025) | 14,180,750 | 7,430,431 | 21,611,181 |
| Net Assets - Beginning of Year | 115,804,148 | 27,716,741 | 143,520,889 | 101,623,398 | 20,286,310 | 121,909,708 |
| NET ASSETS - END OF YEAR | \$ 121,038,718 | \$ 16,386,146 | \$ 137,424,864 | \$ 115,804,148 | \$ 27,716,741 | \$ 143,520,889 |

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, 2022**

| | Program Services | | | | Program Total | Management and General | Fundraising | Total |
|--|----------------------------|------------------------------|---------------------------------|------------------------------------|----------------------|------------------------|---------------------|----------------------|
| | Housing Stability Services | Children and Family Services | Aging and Disabilities Services | Advocacy and Other Client Services | | | | |
| EMPLOYEE COMPENSATION | | | | | | | | |
| Salaries | \$ 12,676,094 | \$ 2,734,220 | \$ 5,718,557 | \$ 1,552,572 | \$ 22,681,443 | \$ 4,003,072 | \$ 1,240,476 | \$ 27,924,991 |
| Employee Benefits | 2,766,187 | 584,720 | 1,142,430 | 328,846 | 4,822,183 | 328,377 | 264,344 | 5,414,904 |
| Payroll Taxes | 936,790 | 206,399 | 385,025 | 109,110 | 1,637,324 | 641,372 | 92,498 | 2,371,194 |
| Total Employee Compensation | 16,379,071 | 3,525,339 | 7,246,012 | 1,990,528 | 29,140,950 | 4,972,821 | 1,597,318 | 35,711,089 |
| OTHER EXPENSES | | | | | | | | |
| Employee Related | 113,142 | 32,801 | 21,413 | 13,384 | 180,740 | 190,733 | 3,831 | 375,304 |
| Professional Services | 468,702 | 43,418 | 52,274 | 410,924 | 975,318 | 289,349 | 503,773 | 1,768,440 |
| Outside Services | 1,527,964 | - | 65 | - | 1,528,029 | 14,134 | - | 1,542,163 |
| Travel and Entertainment | 5,512 | 1,477 | - | 241 | 7,230 | 2,859 | 12,024 | 22,113 |
| Occupancy | 4,330,052 | 448,136 | (378) | 30,694 | 4,808,504 | 317,017 | 51,632 | 5,177,153 |
| Office Expense | 1,730,060 | 23,738 | 377,664 | 258,113 | 2,389,575 | 417,436 | 749,065 | 3,556,076 |
| Program Expense | 5,286,432 | 220,483 | 126,218 | 1,746,998 | 7,380,131 | 67,250 | 12,997 | 7,460,378 |
| Interest | 470,650 | 479 | 220 | 135 | 471,484 | 165 | 85 | 471,734 |
| Miscellaneous | 105,677 | 54,170 | 1 | 1 | 159,849 | 118,682 | 73,384 | 351,915 |
| Total Other Expenses | 14,038,191 | 824,702 | 577,477 | 2,460,490 | 17,900,860 | 1,417,625 | 1,406,791 | 20,725,276 |
| Total Expenses Before Depreciation | 30,417,262 | 4,350,041 | 7,823,489 | 4,451,018 | 47,041,810 | 6,390,446 | 3,004,109 | 56,436,365 |
| Depreciation of Property, Plant, and Equipment | 2,670,061 | 127,561 | 22,712 | 25,793 | 2,846,127 | 102,874 | 43,452 | 2,992,453 |
| Total Program Expenses | <u>\$ 33,087,323</u> | <u>\$ 4,477,602</u> | <u>\$ 7,846,201</u> | <u>\$ 4,476,811</u> | <u>\$ 49,887,937</u> | <u>\$ 6,493,320</u> | <u>\$ 3,047,561</u> | <u>\$ 59,428,818</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, 2021**

| | Program Services | | | | Program Total | Management and General | Fundraising | Total |
|--|----------------------------|------------------------------|---------------------------------|------------------------------------|---------------|------------------------|--------------|---------------|
| | Housing Stability Services | Children and Family Services | Aging and Disabilities Services | Advocacy and Other Client Services | | | | |
| EMPLOYEE COMPENSATION | | | | | | | | |
| Salaries | \$ 12,166,044 | \$ 4,368,486 | \$ 4,617,587 | \$ 1,681,489 | \$ 22,833,606 | \$ 3,274,421 | \$ 1,357,308 | \$ 27,465,335 |
| Employee Benefits | 2,321,101 | 840,161 | 926,679 | 319,925 | 4,407,866 | 889,751 | 258,378 | 5,555,995 |
| Payroll Taxes | 892,381 | 332,772 | 332,983 | 115,368 | 1,673,504 | 368,414 | 96,354 | 2,138,272 |
| Total Employee Compensation | 15,379,526 | 5,541,419 | 5,877,249 | 2,116,782 | 28,914,976 | 4,532,586 | 1,712,040 | 35,159,602 |
| OTHER EXPENSES | | | | | | | | |
| Employee Related | 84,265 | 35,786 | 21,707 | 16,270 | 158,028 | 105,938 | 6,111 | 270,077 |
| Professional Services | 491,131 | 92,236 | 20,556 | 363,090 | 967,013 | 155,790 | 425,984 | 1,548,787 |
| Outside Services | 1,299,454 | - | - | - | 1,299,454 | - | - | 1,299,454 |
| Travel and Entertainment | 1,473 | 389 | - | 139 | 2,001 | 376 | 512 | 2,889 |
| Occupancy | 4,692,443 | 625,294 | 36,901 | 71,331 | 5,425,969 | 152,858 | 29,992 | 5,608,819 |
| Office Expense | 1,918,502 | 201,658 | 341,908 | 222,750 | 2,684,818 | 243,571 | 505,738 | 3,434,127 |
| Program Expense | 4,968,026 | 470,277 | 88,782 | 2,756,395 | 8,283,480 | 28,569 | 9,901 | 8,321,950 |
| Interest | 429,273 | 8,141 | 233 | 987 | 438,634 | 173 | 90 | 438,897 |
| Miscellaneous | 772,882 | 97,629 | - | 1,089 | 871,600 | 73,983 | 98,819 | 1,044,402 |
| Total Other Expenses | 14,657,449 | 1,531,410 | 510,087 | 3,432,051 | 20,130,997 | 761,258 | 1,077,147 | 21,969,402 |
| Total Expenses Before Depreciation | 30,036,975 | 7,072,829 | 6,387,336 | 5,548,833 | 49,045,973 | 5,293,844 | 2,789,187 | 57,129,004 |
| Depreciation of Property, Plant, and Equipment | 2,471,313 | 201,561 | 37,119 | 37,593 | 2,747,586 | 52,173 | 12,762 | 2,812,521 |
| Total Program Expenses | \$ 32,508,288 | \$ 7,274,390 | \$ 6,424,455 | \$ 5,586,426 | \$ 51,793,559 | \$ 5,346,017 | \$ 2,801,949 | \$ 59,941,525 |

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, 2022 AND 2021

| | 2022 | 2021 |
|--|----------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (6,096,025) | \$ 21,611,180 |
| Adjustments to Reconcile Change in Net Asset to Net Cash Provided by Operating Activities: | | |
| Realized Gain on Sale of Investments | (1,022,243) | (7,192,297) |
| Unrealized Loss (Gain) on Investments | 9,489,318 | (2,462,525) |
| Donation of Property | - | (70,000) |
| Depreciation and Amortization | 2,992,453 | 2,812,521 |
| Gain on Disposal of Land, Building, and Equipment | (6,743,171) | (569,595) |
| Change in Interest in Split Interest Agreements | (194,649) | 1,007,704 |
| Change in CSV of Life Insurance | 84,506 | (4,422) |
| Amortization of Loan Discount | 73,851 | 50,468 |
| Pledges Restricted for Construction Project | (125,000) | (3,500,000) |
| Contributions Held in Perpetuity | (21,535) | (3,800) |
| (Increase) Decrease in Assets: | | |
| Accounts and Contracts Receivable | 870,765 | (2,248,839) |
| Accounts and Contracts Receivable - Related Party | (3,014,164) | 151,531 |
| Pledges Receivable | (44,083) | 68,940 |
| Prepaid Expenses and Other Assets | 376,453 | (356,709) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | (1,718,610) | (67,142) |
| Accrued Payroll, Benefits, Taxes, and Withholdings | (202,141) | (512,393) |
| Other Accrued Liabilities | (112,121) | 604,367 |
| Net Pension Liability / Asset | (332,188) | (3,280,165) |
| Net Cash Provided (Used) by Operating Activities | (5,738,584) | 6,038,824 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Investments | (3,891,011) | (12,478,486) |
| Proceeds from Sale and Maturity of Investments | 2,969,270 | 311,371 |
| Issuance of Loan Receivable | - | (12,719,100) |
| Issuance of Loan Receivable - Related Party | (959,130) | (765,724) |
| Payments on Loan Receivable - Related Party | 414,462 | 200,313 |
| Purchase of Land, Building, and Equipment | (13,604,143) | (1,539,847) |
| Proceeds from Sale of Land, Building, and Equipment | 8,727,287 | 950,290 |
| Net Cash Used by Investing Activities | (6,343,265) | (26,041,183) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contributions Held in Perpetuity | 21,535 | 3,800 |
| Distributions under Charitable Annuities and Split-Interest Agreements | 86,325 | (57,401) |
| Additional Contributions to Charitable Annuities | - | - |
| Payments on Long-Term Debt | (109,402) | (91,280) |
| Proceeds from Issuance of Long-Term Debt | 3,238 | 12,455,509 |
| Proceeds from Contributions Restricted for Construction Project | 1,934,833 | 3,478,301 |
| Payments on Capital Lease - Principal Portion | (27,980) | (27,474) |
| Payments for Financing Costs of Long-Term Debt | (39,959) | (10,535) |
| Net Cash Provided by Financing Activities | 1,868,590 | 15,750,920 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (10,213,259) | (4,251,439) |
| Cash and Cash Equivalents - Beginning of Year | \$ 17,412,962 | \$ 21,664,401 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 7,199,703 | \$ 17,412,962 |
| | | |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash Paid for Interest | \$ 378,917 | \$ 348,196 |
| Land, Building, and Equipment in Accounts Payable | \$ 769,857 | \$ 2,256,729 |
| Land, Building, and Equipment from Acquisition of Partnership Interest | \$ - | \$ 2,758,162 |

See accompanying Notes to Consolidated Financial Statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 lifesaving 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 Northside Child Development Center and Day Treatment, we serve children and their families with early childhood education, comfort in times of crisis, and mental health counseling for bright, strong futures.
- **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.

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
- Family Service Center Shelter

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Organization (Continued)

Children and Family Services:

- Day Treatment
- Northside Child Development Center

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 |
| Dorothy Day Opportunity Condominium Association | Nonprofit Organization |
| Parkview CC LLC | Minnesota Limited Liability Company |
| Elliot Park Housing, GP | Minnesota Limited Liability Company |
| Glenwood Limited Partnership | Minnesota Limited Partnership |
| Evergreen Minneapolis Housing Limited Partnership | Minnesota Limited Partnership |
| Evergreen Glenwood LLC | Minnesota Limited Liability Company |
| Exodus II 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, 2022 AND 2021**

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, 2022 and 2021, the allowance for uncollectible accounts was \$496,544 and \$847,955, respectively.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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 gain (loss).

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 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, 2022 AND 2021

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 \$0 and \$186,567 at June 30, 2022 and 2021, 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

Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on the service period of the contract. The Organization measures the performance obligation from these services from the beginning of the performance period to the completion of services provided. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Organization does not believe they are required to provide additional good or services to the client.

The organization has performance obligations that are satisfied over time. Medical Services are earned as services are performed. Housing Property Services are earned monthly. Counseling and Other Program Services are earned as services are performed. Client Case Management, Child Development Center Fees, and Shelter Fees are earned daily. Medical Respite Support is earned on a monthly basis.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All other program fees are recognized as revenue as the services are being performed and the performance obligations are satisfied.

Grants and Contracts

Conditional government grants and contract funds are recorded as revenue when conditions have been met. Revenue is earned when eligible expenditures, as defined in each contract, are made. Funds received but not yet earned are shown as other accrued liabilities in the accompanying financial statements. 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.

A portion of the Organization's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization received cost reimbursable grants of \$5,214,032 and \$3,867,008 that have not been recognized at June 30, 2022 and 2021 because qualifying expenditures have not yet been incurred.

Contributions and Support

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending upon the existence and/or nature of the donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

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.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021, approximately 34,702 and 34,070 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, Dorothy Day Condominium Association, Dorothy Day Opportunity Condominium Association, Parkview CC LLC, Exodus II Condominium Association, Glenwood Limited Partnership, Evergreen Minneapolis Housing Limited Partnership, Evergreen Glenwood LLC, Elliott Park Housing GP and Exodus II Condo Association are disregarded entities for income tax purposes.

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

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain Risks and Uncertainties

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fair Value Hierarchy

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

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

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

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

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (continued)

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

As of July 1, 2021, the Organization adopted the provision of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets.

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.

Subsequent Events

Catholic Charities has entered into a purchase agreement to sell the Mary Hall building for \$950,000 with an anticipated close date of June 30, 2023.

Dorothy Day Shelter LLC was created in 2015 with new market tax financing for the Dorothy Day Shelter property, which was leased and operated by Catholic Charities for a homeless shelter program. This financing had a seven-year tax compliance period which ended December 2022. At that time, the investors forgave all loans owed by Dorothy Day Shelter LLC in the amount of \$13,780,000. Related to these loans were \$9,694,000 of loans receivable owed to Dorothy Day Capital Corporation which were also forgiven. Subsequently the entire assets of Dorothy Day Shelter were transferred to Catholic Charities who assumed direct ownership of the property and, therefore, cancelled the operating lease with Dorothy Day Shelter.

The Organization has evaluated events and transactions for potential recognition or disclosure in these consolidated financial statements through December 22, 2022, the date the consolidated financial statements were available to be issued.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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. All 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:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Cash and Equivalents | \$ 3,667,814 | \$ 6,553,817 |
| Accounts and Contracts Receivable, Net | 6,091,119 | 6,153,365 |
| Accounts and Contracts Receivable - Related Party | 4,437,890 | 1,423,726 |
| Pledges Receivable | - | 186,667 |
| Investments | 46,941,583 | 52,988,367 |
| Total | <u>\$ 61,138,406</u> | <u>\$ 67,305,942</u> |

NOTE 3 ACCOUNTS AND CONTRACT RECEIVABLE

Accounts and contracts receivable as of June 30 are summarized as follows

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|---------------------|
| Accounts and Contracts Receivable, Net | | | |
| Medical Revenue | \$ 1,883,366 | \$ 2,383,728 | \$ 1,557,477 |
| Grants | 1,470,798 | 3,234,888 | 1,413,794 |
| Housing | 333,400 | 548,741 | 360,142 |
| Other Program Receivable | 2,091,581 | 833,954 | 902,233 |
| Less: Allowance | (496,545) | (847,946) | (329,120) |
| Total Accounts and Contracts Receivable | <u>\$ 5,282,600</u> | <u>\$ 6,153,365</u> | <u>\$ 3,904,526</u> |
| Accounts and Contracts Receivable -Related Party | | | |
| Developer Fee | \$ 3,839,884 | \$ 778,793 | \$ 830,500 |
| Interest | 149,451 | 236,535 | - |
| Other Receivable | 448,555 | 408,398 | 744,757 |
| Total Accounts and Contracts Receivable-Related Party | <u>\$ 4,437,890</u> | <u>\$ 1,423,726</u> | <u>\$ 1,575,257</u> |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 LOANS RECEIVABLE

The following schedule summarizes loans receivable at June 30:

| Loans Due to Dorothy Day Capital Corporation | 2022 | 2021 |
|---|----------------------|----------------------|
| Construction loan receivable from USBCDC Investment Fund for the Dorothy Day Shelter. The loan has a maturity date of December 11, 2045, and interest rate of 1.75% as of June 30, 2022. 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, 2022. 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 |
| Construction loan receivable from the USBCDC Investment Fund 345, LLC for Parkview CC LLC. The loan has a maturity date of September 30, 2048 and annual interest rate of 1.168% as of June 30, 2022. Interest is paid quarterly until amortization commencement date on March, 2028. Interest and principal will be paid quarterly thereafter until maturity date. | 12,719,100 | 12,719,100 |
| Total Dorothy Day Capital Corporation | \$ 37,840,140 | \$ 37,840,140 |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

| Loans Due to Catholic Charities | 2022 | 2021 |
|--|---------------|---------------|
| Construction loans receivable from Dorothy Day Housing Limited Partnership for the Dorothy Day Housing. 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. | \$ 1,399,194 | \$ 1,813,656 |
| Construction loan to 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. | 12,528,920 | 12,528,920 |
| Sponsor loan receivable from Elliot Park Housing Limited Partnership for the Dorothy Day Housing. The loans are accruing interest of 0% per annum from date of borrowing with a maturity date of December 31, 2060. | 1,724,851 | 765,723 |
| Total Due Catholic Charities | \$ 15,652,965 | \$ 15,108,299 |

NOTE 5 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:

| | 2022 | 2021 |
|----------------------------------|--------------|--------------|
| Unconditional Pledges Receivable | \$ 2,576,371 | \$ 4,315,957 |
| Unamortized Discount | (38,934) | (12,768) |
| Total | \$ 2,537,437 | \$ 4,303,189 |
| Amounts Due in: | | |
| Less Than One Year | \$ 1,209,748 | \$ 1,372,667 |
| One to Five Years | 1,366,623 | 2,943,290 |
| Greater Than Five Years | - | - |
| Total | \$ 2,576,371 | \$ 4,315,957 |

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 3.0%. There were three new long-term unconditional promises made during 2022.

For the year ended June 30, 2022, there were three donors whose pledge balance individually represented 10% or more of the Organization's net pledges receivable balance and represented 89% of the Organization's gross pledges receivable. For the year ended June 30, 2021, there were three donors whose pledge balance individually represented 10% or more of the Organization's net pledges receivable balance and represented 90% of the Organizations gross pledges receivable.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 6 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>2022</u> | <u>2021</u> |
|---|-----------|---------------------|---------------------|
| Food and Meals (1,115,376 lbs. - FY22; lbs.- FY21) | 1,607,598 | \$ 1,710,579 | \$ 2,743,999 |
| Clothing and Household Goods | | 221,220 | 166,056 |
| Services (636.5 hrs. - FY 22; 755 hrs. - FY21) | | <u>68,820</u> | <u>82,873</u> |
| Total Donated Goods and Services | | <u>\$ 2,000,619</u> | <u>\$ 2,992,928</u> |

All goods and services were considered program activities and utilized for program services. The professional services were donated by real estate professionals and used for management and general activities and are recognized at fair value based on current rates for similar services.

NOTE 7 INVESTMENTS

Investments are stated at fair value, which is based substantially on quoted market prices at June 30, 2022 and 2021, 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>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Assets Managed by Saint Paul & Minnesota Foundation | \$ 1,383,087 | \$ 1,651,717 |
| Assets Managed by Catholic Community Foundation | 9,276,617 | 10,693,865 |
| Equity Mutual Funds | 26,704,771 | 30,340,343 |
| Fixed Income Mutual Funds | 11,497,278 | 13,570,919 |
| Money Market Trust and Short-Term Investment Funds | 2,034,203 | 2,031,667 |
| Partnerships | 6,157,879 | 6,310,655 |
| Total | <u>\$ 57,053,835</u> | <u>\$ 64,599,166</u> |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Investment income as of June 30 consists of the following:

| | 2022 | 2021 |
|------------------------------|-----------------------|----------------------|
| Partnership Income | \$ 5,100 | \$ 5,100 |
| Interest and Dividends | 1,869,755 | 941,033 |
| Net Realized Gains | 1,011,213 | 7,192,297 |
| Unrealized Gain (Loss) | (9,245,180) | 10,462,484 |
| Total Investment Gain (Loss) | <u>\$ (6,359,112)</u> | <u>\$ 18,600,914</u> |

Included in these investments are Operating Reserves recommended by the board and available for use to cover operating shortfalls, temporary cash flow requirements, or other unforeseen funding needs. As of June 30, 2022 and 2021, the balance of Operating Reserves was \$11,227,026 and \$8,093,429, respectively.

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 \$1,108,329 and \$2,621,434 for the years ended June 30, 2022 and 2021, respectively. For the years ended June 30, 2022 and 2021, the Organization transferred from the long-term sustainability fund \$3,557,000 and \$2,918,000, 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.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

| | 2022 | | | | |
|---|----------------------|-------------|----------------------|---------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | NAV | Total |
| Assets Managed by Saint Paul & Minnesota Foundation | \$ - | \$ - | \$ 1,383,087 | \$ - | \$ 1,383,087 |
| Assets Managed by Catholic Community Foundation | - | - | 9,276,617 | - | 9,276,617 |
| Investments: | | | | | |
| Equity Mutual Funds | 26,704,771 | - | - | - | 26,704,771 |
| Fixed Income Mutual Funds | 11,497,278 | - | - | - | 11,497,278 |
| Partnerships | - | - | 35,506 | 6,122,373 | 6,157,879 |
| Money Market (at cost) | - | - | - | - | 2,034,203 |
| Total | 38,202,049 | - | 10,695,210 | 6,122,373 | 57,053,835 |
| Charitable Trusts Receivable | - | - | 2,842,013 | - | 2,842,013 |
| Total Investments | <u>\$ 38,202,049</u> | <u>\$ -</u> | <u>\$ 13,537,223</u> | <u>\$ 6,122,373</u> | <u>\$ 59,895,848</u> |

| | 2021 | | | | |
|---|----------------------|-------------|----------------------|---------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | NAV | Total |
| Assets Managed by Saint Paul & Minnesota Foundation | \$ - | \$ - | \$ 1,651,717 | \$ - | \$ 1,651,717 |
| Assets Held by Catholic Community Foundation | - | - | 10,693,865 | - | 10,693,865 |
| Investments: | | | | | |
| Equity Mutual Funds | 30,340,346 | - | - | - | 30,340,346 |
| Fixed Income Mutual Funds | 13,570,919 | - | - | - | 13,570,919 |
| Partnerships | - | - | 35,506 | 6,275,149 | 6,310,655 |
| Money Market (at cost) | - | - | - | - | 2,031,667 |
| Total | 43,911,265 | - | 12,381,088 | 6,275,149 | 64,599,169 |
| Charitable Trusts Receivable | - | - | 3,230,391 | - | 3,230,391 |
| Total Investments | <u>\$ 43,911,265</u> | <u>\$ -</u> | <u>\$ 15,611,479</u> | <u>\$ 6,275,149</u> | <u>\$ 67,829,560</u> |

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:

| Instrument | Fair Value | | Principal Valuation Technique | Unobservable Inputs | Discount Rate |
|---|----------------------|----------------------|-------------------------------|----------------------------|---------------|
| | 2022 | 2021 | | | |
| Assets Managed by Saint Paul & Minnesota Foundation | \$ 1,383,087 | \$ 1,651,717 | FMV of Investments | Value of Underlying Assets | N/A |
| Assets Held by Catholic Community Foundation | 9,276,617 | 10,693,865 | FMV of Investments | Value of Underlying Assets | N/A |
| Investments in Partnerships | 35,506 | 35,506 | FMV of Investments | Value of Underlying Assets | N/A |
| Charitable Trusts Receivable | - | - | FMV of Investments | Discount Rate Duration | 4.2% |
| | <u>\$ 10,695,210</u> | <u>\$ 12,381,088</u> | | | |

There were transfers in of \$131,685 and transfers out of \$592,511 for Level 3 assets during the year ended June 30, 2022. There were transfers in of \$1,774,871 and transfers out of \$2,049,514 for Level 3 assets during the year ended June 30, 2021.

Assets Held by Saint Paul & Minnesota Foundation

Assets held by St Paul & Minnesota 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.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

Net Asset Value

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

| <u>Investment Category</u> | <u>Net Asset Value 6/30/2022</u> | <u>Net Asset Value 6/30/2021</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency (if Currently Eligible)</u> | <u>Redemption Notice Period</u> |
|----------------------------|--------------------------------------|--------------------------------------|---------------------------------|---|-------------------------------------|
| Blackstone Park | \$ 1,236,532 | \$ 1,478,222 | \$ - | Quarterly | 90 Days |
| Blackstone Partners | 4,885,841 | 4,796,927 | - | Semi-Annually | 95 Days |
| Total | <u>\$ 6,122,373</u> | <u>\$ 6,275,149</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.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

NOTE 9 LAND, BUILDING, AND EQUIPMENT

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

| | 2022 | | |
|-----------------------------------|-----------------------|-----------------------------|------------------------|
| | Cost | Accumulated Depreciation | Net of Depreciation |
| Land | \$ 10,221,601 | \$ - | \$ 10,221,601 |
| Buildings and Improvements | 83,764,899 | 23,431,452 | 60,333,447 |
| Leasehold Improvements | 4,363,405 | 2,049,834 | 2,313,571 |
| Furniture, Fixtures, and Vehicles | 10,942,617 | 7,393,664 | 3,548,953 |
| Construction in Progress | - | - | - |
| Total | <u>\$ 109,292,522</u> | <u>\$ 32,874,950</u> | <u>\$ 76,417,572</u> |

| | 2021 | | |
|-----------------------------------|-----------------------|-----------------------------|------------------------|
| | Cost | Accumulated Depreciation | Net of Depreciation |
| Land | \$ 10,124,563 | \$ - | \$ 10,124,563 |
| Buildings and Improvements | 73,879,072 | 34,342,699 | 39,536,373 |
| Leasehold Improvements | 4,303,120 | 1,863,588 | 2,439,532 |
| Furniture, Fixtures, and Vehicles | 9,990,395 | 7,199,324 | 2,791,071 |
| Construction in Progress | 12,128,601 | - | 12,128,601 |
| Total | <u>\$ 110,425,751</u> | <u>\$ 43,405,611</u> | <u>\$ 67,020,140</u> |

During the years ended June 30, 2022 and 2021, there was interest costs capitalized of \$48,947 and \$96,136 respectively.

During the fiscal year ended June 30, 2022 construction was completed on new the property recorded under Parkview CC LLC.

NOTE 10 LEASE COMMITMENTS

Operating Lease

The Organization leases spaces and office equipment under operating leases. For the years ended June 30, 2022 and 2021, total rental expense was \$288,112 and \$280,518, respectively.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, 2022 are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|------------------------------|----------------------------|
| 2023 | \$ 131,293 |
| 2024 | 122,953 |
| 2025 | 123,954 |
| 2026 | 124,984 |
| 2027 | 124,984 |
| Thereafter | 1,929,202 |
| Total Minimum Lease Payments | <u><u>\$ 2,557,370</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 January 11, 2017. 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 December 9, 2019 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 December 9, 2019. The Ground Lease should not be sooner terminated except with the prior written consent of MNDHS and the Commissioner of Minnesota Management and Budget. No amounts are due on this lease.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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. The gross cost of the equipment under the capital lease is \$110,000, and the corresponding accumulated depreciation is \$96,250 and \$68,750 as of June 30, 2022 and 2021, respectively. 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.

| | | |
|---|------------------------------|------------------|
| | 2022 | 2021 |
| Present Value of Minimum Lease Payments | \$ 14,155 | \$ 42,054 |
| Less: Current Maturities of Capital Lease Payable | (14,580) | (29,160) |
| Noncurrent Portion | <u>\$ (425)</u> | <u>\$ 12,894</u> |
| | | |
| | <u>Future Lease Payments</u> | <u>Amount</u> |
| | 2023 | <u>\$ 14,580</u> |
| Total Minimum Lease Payments | | 14,580 |
| Less: Amount Representing Interest | | |
| Imputed at Approximately 3% | | (425) |
| Present Value of Minimum Lease Payments | | <u>\$ 14,155</u> |

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, they 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 has a Safe Harbor plan and matches employees' contributions up to 4% of total compensation by this method: Catholic Charities matches 100% of the employee's first 3% of contributions and 50% on the 4th and 5th percentages of employee contributions. Matching and discretionary contributions to the plan were \$806,636 and \$802,320 during the years ended June 30, 2022 and 2021, respectively.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 11 PENSION, 401(k), AND POSTRETIREMENT LIFE INSURANCE BENEFITS
(CONTINUED)**

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, 2022 and 2021, the Organization has accrued \$582,837 and \$671,279 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 OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 11 PENSION, 401(k), AND POSTRETIREMENT LIFE INSURANCE BENEFITS
(CONTINUED)**

Defined Benefit Plan (Continued)

| Measurement Date | <u>June 30, 2022</u> | <u>June 30, 2021</u> |
|---|-----------------------|-----------------------|
| Change in the Projected Benefit Obligation | | |
| PBO at Beginning of Year | \$ 15,256,383 | \$ 15,904,798 |
| Service Cost | 19,494 | 21,523 |
| Interest Cost | 373,491 | 389,655 |
| Change Due to Assumption Change(s) | (2,717,396) | (413,754) |
| Benefits Paid | (652,924) | (658,746) |
| Actuarial Loss (Gain) | 183,382 | 34,430 |
| Expense Changes | (19,494) | (21,523) |
| PBO at End of Year | <u>\$ 12,442,936</u> | <u>\$ 15,256,383</u> |
| Change in Plan Assets | | |
| Fair Value of Plan Assets at Beginning of Year | \$ 13,412,526 | \$ 10,780,776 |
| Benefits Paid | (672,418) | (680,269) |
| Actual Return on Assets | (1,808,841) | 3,312,019 |
| Fair Value of Plan Assets at End of Year | <u>\$ 10,931,267</u> | <u>\$ 13,412,526</u> |
| Funded Status of the Accumulated Benefit Obligation | | |
| Accumulated Benefit Obligation | \$ 12,442,936 | \$ 15,256,383 |
| Fair Value of Plan Assets | 10,931,267 | 13,412,526 |
| Under Funded Status | <u>\$ (1,511,669)</u> | <u>\$ (1,843,857)</u> |
| Components of the Net Periodic Pension Cost | | |
| Service Cost | \$ 19,494 | \$ 21,523 |
| Interest Cost | 373,491 | 389,655 |
| Expected Return of Plan Assets | (1,013,415) | (809,150) |
| Amortization of Net Actuarial Loss | - | 377,037 |
| Net Periodic Pension Cost (Benefit) | <u>\$ (620,430)</u> | <u>\$ (20,935)</u> |
| Other Changes in Plan Assets and Benefit Obligations Recognized in Net Assets Without Donor Restrictions | | |
| Net Gain (Loss) | \$ 288,242 | \$ (2,882,193) |
| Amortization of Net Gain (Loss) | - | (377,037) |
| Total Recognized in Net Assets without Donor Restrictions | <u>\$ 288,242</u> | <u>\$ (3,259,230)</u> |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 11 PENSION, 401(k), AND POSTRETIREMENT LIFE INSURANCE BENEFITS
(CONTINUED)**

Defined Benefit Plan (Continued)

| | June 30, 2022 | June 30, 2021 |
|--|---------------|---------------|
| Assumptions - Used to Determine Benefit Obligations | | |
| at Measurement Date | | |
| Discount Rate | 2.50% | 2.35% |
| Rate of Compensation Increase | N/A | N/A |
| Assumptions - Used to Determine Net Periodic | | |
| Pension Cost | | |
| Discount Rate | 4.35% | 2.50% |
| Expected Long-Term Return on Plan Assets | 7.75% | 7.75% |
| Rate of Compensation Increase | N/A | N/A |

At June 30, 2022 and 2021, the discount rate was determined by matching the projected future benefit payments to the spot rates of the June 30, 2022 and 2021 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 2022 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 | Year | Amount |
|--|-----------|------------|
| The following benefit payments are expected to be paid, fiscal year beginning: | 2022 | \$ 836,000 |
| | 2023 | 859,000 |
| | 2024 | 872,000 |
| | 2025 | 896,000 |
| | 2026 | 892,000 |
| | 2027-2031 | 4,359,000 |

During the year ended June 30, 2022, the Organization's pension plan consisted of a segregated diversified portfolio of financial assets managed by a fiduciary which also administers the plan. Investment decisions are guided by an investment policy statement which strives to manage the plan assets in a prudent, conservative yet productive manner and states that goal to increase the value of plan assets which recognizing the need to preserve asset value in order to enhance the ability of the plan to meet its obligations to plan participants and their beneficiaries when due.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**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 | |
|-------------------------------------|----------------|----------------|
| | 2022 | 2021 |
| U.S. Equity | 51.00% | 52.00% |
| International Equity | 12.00% | 15.00% |
| REIT | 6.00% | 5.00% |
| Bond | 25.00% | 21.00% |
| Insurance Company / General Account | 6.00% | 7.00% |
| Total | <u>100.00%</u> | <u>100.00%</u> |

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

| <u>Asset Category</u> | 2022 | | | |
|-------------------------------------|----------------------|-------------|-------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| U.S. Equity | \$ 5,590,428 | \$ - | \$ - | \$ 5,590,428 |
| Money Market | - | - | - | - |
| International Equity | 1,399,996 | - | - | 1,399,996 |
| REIT | 609,079 | - | - | 609,079 |
| Bond | 2,719,188 | - | - | 2,719,188 |
| Insurance Company / General Account | - | - | 608,557 | 608,557 |
| Total | <u>\$ 10,318,691</u> | <u>\$ -</u> | <u>\$ 608,557</u> | <u>\$ 10,927,248</u> |

| <u>Asset Category</u> | 2021 | | | |
|-------------------------------------|----------------------|-------------|-------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| U.S. Equity | \$ 6,964,154 | \$ - | \$ - | \$ 6,964,154 |
| Money Market | 4 | - | - | 4 |
| International Equity | 2,059,053 | - | - | 2,059,053 |
| REIT | 688,804 | - | - | 688,804 |
| Bond | 2,787,682 | - | - | 2,787,682 |
| Insurance Company / General Account | - | - | 912,829 | 912,829 |
| Total | <u>\$ 12,499,697</u> | <u>\$ -</u> | <u>\$ 912,829</u> | <u>\$ 13,412,526</u> |

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

**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 2022 and 2021:

| Instrument | Fair Value | | Principal Valuation Technique | Unobservable Inputs | Discount Rate |
|--------------------------|------------|------------|-------------------------------------|----------------------------------|------------------|
| | 2022 | 2021 | | | |
| Insurance Company Assets | \$ 608,557 | \$ 905,202 | FMV of Investments | Value of Underlying Assets | N/A |

There were transfers in of \$371,960 and transfers out of \$668,595 for Level 3 assets during the year ended June 30, 2022. There were transfers in of \$930,005 and transfers out of \$680,268 for Level 3 assets during the year ended June 30, 2021.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 12 NOTES, MORTGAGES, AND LINE OF CREDIT

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

| <u>Description</u> | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| <u>Interest Bearing Mortgage notes</u> | | |
| Various mortgage notes with interest rates ranging from .99055% to 1.45 + LIBOR% and various due dates from 2024 to 2054. \$53,570,000 of these mortgages are supported by \$37,840,140 of Loans Receivable due to Dorothy Day Capital Corporation from outside parties. | \$ 56,144,398 | \$ 56,250,561 |
| <u>Non-Interest Bearing Mortgage notes</u> | | |
| Various non-interest bearing mortgage notes with various due dates from 2033 to 2050 | 6,261,852 | 6,261,852 |
| <u>Forgivable Non-interest bearing mortgage notes</u> | | |
| 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 |
| Total Forgivable Non-Interest bearing notes | <u>1,990,000</u> | <u>1,990,000</u> |
| Total Notes and Mortgages Payable | 64,396,250 | 64,502,413 |
| Less: Unamortized Debt Issuance Costs | (1,493,837) | (1,517,590) |
| Less: Unamortized Discount (4.25%) | <u>(151,391)</u> | <u>(161,530)</u> |
| Net Notes and Mortgages Payable | <u>\$ 62,751,022</u> | <u>\$ 62,823,293</u> |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 NOTES, MORTGAGES, AND LINE OF CREDIT (CONTINUED)

Approximately \$63.6 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, 2022 is as follows:

| <u>Year Ending June 30,</u> | <u>Scheduled Payment Amount</u> |
|-----------------------------|---|
| 2023 | \$ 201,433 |
| 2024 | 3,498,002 |
| 2025 | 835,408 |
| 2026 | 1,269,675 |
| 2027 | 1,243,676 |
| Thereafter | 57,348,056 |
| Total | <u>\$ 64,396,250</u> |

There is a \$10,000,000 line of credit as of June 30, 2022 and 2021 with no outstanding balance. The interest is SOFR plus 2.11% and expires on June 18, 2023.

New Market Tax Credit (NMTC) Transactions

The Organization has entered into several debt and receivable transactions in order to make additional funds available to it for construction of new facilities through the New Markets Tax Credit (NMTC) Program. To facilitate these transactions, the Organization created Dorothy Day Capital Corporation, Dorothy Day Shelter LLC, Dorothy Day Opportunity Center LLC, and Parkview CC, LLC 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.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 12 NOTES, MORTGAGES, AND LINE OF CREDIT (CONTINUED)

New Market Tax Credit (NMTTC) Transactions (continued)

Dorothy Day Shelter, LLC

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).

Dorothy Day Opportunity Center, LLC

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 which was completed in the fiscal year ending June 30, 2020.

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.

Parkview CC, LLC

US Bank Commercial Development Corporation through its USBCDC Investment Fund 345, LLC made a qualified equity investment in Catalyst CDE-20, LLC. Catalyst CDE-20, LLC then made four loans to Parkview CC, LLC totaling \$11,580,000.

US Bank Commercial Development Corporation through its USBCDC Investment Fund 345, LLC made a qualified equity investment in Sunrise New Markets Fund XXXII, LLC.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 12 NOTES, MORTGAGES, AND LINE OF CREDIT (CONTINUED)

New Market Tax Credit (NMTTC) Transactions (continued)

Sunrise New Markets Fund XXXII, LLC then made two loans to Parkview CC, LLC totaling \$2,910,000.

US Bank Commercial Development Corporation through its USBCDC Investment Fund 345, LLC made a qualified equity investment in USBCDE Sub-CDE 203, LLC. USBCDE Sub-CDE 203, LLC then made two loans to Parkview CC, LLC totaling \$3,465,000.

Parkview CC, LLC used the proceeds of these eight loans to purchase and renovate a facility for use as medical respite, a medical clinic for the homeless, and Catholic Charities office space.

Dorothy Day Capital Corporation issued a loan of \$12,719,100 to USBCDC Investment Fund 345, LLC.

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.

NOTE 14 RELATED PARTY TRANSACTIONS

The Organization received an annual contribution from the Catholic Services Appeal Foundation. For the years ended June 30, 2022 and 2021, the Organization recorded revenue of \$583,333 and \$700,000 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, 2022 and 2021 was \$9,276,617 and \$10,693,865 respectively.

The Organization also made payments to several companies, which board members are employees and officers of, for services in the amount of \$176,365 and \$160,460 for the years ended June 30, 2022 and 2021, respectively.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 14 RELATED PARTY TRANSACTIONS (CONTINUED)

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:

| | 2022 | 2021 |
|--|------------|------------|
| Property Management and Tenant Service Fee Revenue | \$ 473,596 | \$ 459,806 |
| Interest Revenue on Loans Receivable | 32,208 | 36,223 |
| Rental Subsidy and Social Service Operating Expense | 548,135 | 527,459 |
| Accounts Receivable for Fees and Expense Reimbursement | 46,680 | 106,705 |
| Loans Interest Receivable | 149,451 | 236,536 |
| Loans Receivable | 1,399,193 | 1,813,655 |
| Accounts Payable for Fees and Expense Reimbursement | - | - |

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.

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, 2022 and 2021, the Organization had the following transactions and balances with Visitation:

| | 2022 | 2021 |
|--|------|----------|
| Property Management Fees Revenue | \$ - | \$ 5,015 |
| Accounts Receivable for Fees and Expense Reimbursement | - | 7,325 |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 RELATED PARTY TRANSACTIONS (CONTINUED)

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, 2022 and 2021, the Organization had the following transactions and balances with Dorothy Day Residence Limited Partnership:

| | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|
| Property Management and Tenant Service Fee Revenue | \$ 146,320 | \$ 142,065 |
| Rental Subsidy and Social Service Operating Expense | 273,567 | 267,985 |
| Accounts Receivable for Fees and Expense Reimbursement | 938,114 | 1,059,987 |
| Loans Receivable | 12,528,920 | 12,528,920 |

Catholic Charities has agreements with DDRLP, effective November 16, 2017, to assist with the operations of the housing program which includes the following transactions between Catholic Charities and DDRLP:

- Catholic Charities receives a property management fee revenue equal to \$60 per rental unit subject to a 3% annual increase from DDRLP. This agreement is in effect until terminated.
- Catholic Charities receives tenant service fee revenue of \$8,450 subject to an annual 3% increase from DDHWP. This agreement is in effect until December 31, 2037.
- Catholic Charities pays a rental subsidy expense in the amount of \$716.50 per unit per month, subject to an annual 2% increase, less amounts collected from tenants to DDRLP. This agreement is in effect for 15 years.
- Catholic Charities pays a social service operating funds expense in the amount of \$260,129 on an annual basis, subject to an annual 2% increase, to DDRLP. This agreement is in effect until December 31, 2037.

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

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 RELATED PARTY TRANSACTIONS (CONTINUED)

Elliot Park Housing Limited Partnership

The organization is the general partner in the Elliot Park Housing (EPHLP). For the years ended June 30, 2022 and 2021, the organization had the following transactions and balances with EPHLP:

| | <u>2022</u> | <u>2021</u> |
|---|--------------|-------------|
| Accounts Receivable for fees and reimbursements | \$ 3,305,485 | \$ - |
| Loans Receivable | 1,191,054 | 765,723 |

Catholic Charities may pay for costs related to EPHLP. These amounts are transferred between Catholic Charities and EPHLP and are not shown as expense of Catholic Charities.

Dorothy Day Opportunity Condominium Association

Dorothy Day Opportunity Condominium Association has Dorothy Day Residence Limited Partnership as a member of the condominium association. For the years ended June 30, 2022 and 2021, the organization had the following transactions and balances with Dorothy Day Opportunity Condominium Association:

| | <u>2022</u> | <u>2021</u> |
|---|-------------|-------------|
| Condo Dues Revenue | \$ - | \$ 13,170 |
| Accounts Receivable for fees and reimbursements | - | 13,170 |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

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

| | Purpose/Time | | Perpetuity | | 2022 Total |
|--|---------------------|---------------------|-------------------|---------------------|----------------------|
| | Non-Endowment | Endowment | Non-Endowment | Endowment | |
| Children and Family Services | \$ 4,235,480 | \$ 294,759 | \$ 32,512 | \$ 1,485,363 | \$ 6,048,114 |
| Housing Stability | 57,393 | 83,103 | - | 348,588 | 489,084 |
| Aging and Disability Services | - | 41,390 | - | 180,918 | 222,308 |
| Advocacy | 13,852 | - | - | - | 13,852 |
| Capital | 2,718,656 | - | - | - | 2,718,656 |
| Future Year Operations | 1,798,715 | 971,797 | 97,382 | 4,026,240 | 6,894,134 |
| Non-Endowment | 8,824,096 | - | 129,894 | - | 8,953,990 |
| Endowment | - | 1,391,049 | - | 6,041,109 | 7,432,158 |
| Total Net Assets with Donor Restrictions | <u>\$ 8,824,096</u> | <u>\$ 1,391,049</u> | <u>\$ 129,894</u> | <u>\$ 6,041,109</u> | <u>\$ 16,386,148</u> |

| | Purpose/Time | | Perpetuity | | 2021 Total |
|--|----------------------|---------------------|-------------------|---------------------|----------------------|
| | Non-Endowment | Endowment | Non-Endowment | Endowment | |
| Children and Family Services | \$ 4,713,429 | \$ 507,924 | \$ 32,511 | \$ 1,510,370 | \$ 6,764,234 |
| Housing Stability | 38,258 | 142,861 | - | 348,588 | 529,707 |
| Aging and Disability Services | - | 72,163 | - | 180,918 | 253,081 |
| Advocacy | 14,357 | - | - | - | 14,357 |
| Capital | 12,933,946 | - | - | - | 12,933,946 |
| Future Year Operations | 1,453,093 | 1,663,657 | 78,422 | 4,026,241 | 7,221,413 |
| Non-Endowment | 19,153,083 | - | 110,933 | - | 19,264,016 |
| Endowment | - | 2,386,605 | - | 6,066,117 | 8,452,722 |
| Total Net Assets with Donor Restrictions | <u>\$ 19,153,083</u> | <u>\$ 2,386,605</u> | <u>\$ 110,933</u> | <u>\$ 6,066,117</u> | <u>\$ 27,716,738</u> |

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 | | 2022 Total |
|-------------------------------|----------------------|-------------------|---------------|------------------|----------------------|
| | Non-Endowment | Endowment | Non-Endowment | Endowment | |
| Children and Family Services | \$ 211,366 | \$ 83,559 | \$ - | \$ 25,133 | \$ 320,058 |
| Housing Stability | 276,416 | 23,344 | - | - | 299,760 |
| Aging and Disability Services | - | 12,021 | - | - | 12,021 |
| Advocacy | 241,130 | - | - | - | 241,130 |
| Capital | 10,604,967 | - | - | - | 10,604,967 |
| Future Year Operations | 67,338 | 270,270 | - | - | 337,608 |
| Non-Endowment | 11,401,217 | - | - | - | 11,401,217 |
| Endowment | - | 389,194 | - | 25,133 | 414,327 |
| Total | <u>\$ 11,401,217</u> | <u>\$ 389,194</u> | <u>\$ -</u> | <u>\$ 25,133</u> | <u>\$ 11,815,544</u> |

| | Purpose/Time | | Perpetuity | | 2021 Total |
|-------------------------------|---------------------|-------------------|---------------|-----------------|---------------------|
| | Non-Endowment | Endowment | Non-Endowment | Endowment | |
| Children and Family Services | \$ 872,222 | \$ 65,145 | \$ - | \$ - | \$ 937,367 |
| Housing Stability | 404,131 | 18,616 | - | - | 422,747 |
| Aging and Disability Services | - | 9,586 | - | - | 9,586 |
| Advocacy | 250,643 | - | - | - | 250,643 |
| Capital | 3,642,529 | - | - | - | 3,642,529 |
| Future Year Operations | 206,795 | 215,525 | - | 3,000 | 425,320 |
| Non-Endowment | 5,376,320 | - | - | - | 5,376,320 |
| Endowment | - | 308,872 | - | 3,000 | 311,872 |
| Total | <u>\$ 5,376,320</u> | <u>\$ 308,872</u> | <u>\$ -</u> | <u>\$ 3,000</u> | <u>\$ 5,688,192</u> |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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

Interpretation of Relevant Law (continued)

- (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, 2022 AND 2021**

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:

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>2022 Total</u> |
|---|--------------------------------------|-----------------------------------|-------------------------|
| Donor-Restricted Endowment Investments, July 1, 2021 | \$ - | 8,452,722 | \$ 8,452,722 |
| Investment Income | - | (627,771) | (627,771) |
| Contributions | - | 21,535 | 21,535 |
| Appropriations of Endowment Assets for Expenditure | - | <u>(414,326)</u> | <u>(414,326)</u> |
| Donor-Restricted Endowment Investments, June 30, 2022 | <u>\$ -</u> | <u>\$ 7,432,160</u> | <u>\$ 7,432,160</u> |
| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>2021 Total</u> |
| Donor-Restricted Endowment Investments, July 1, 2020 | \$ - | \$ 6,700,993 | \$ 6,700,993 |
| Investment Income | - | 2,021,311 | 2,021,311 |
| Contributions | - | 3,800 | 3,800 |
| Transfer from Non-Endowment | - | 38,490 | 38,490 |
| Appropriations of Endowment Assets for Expenditure | - | <u>(311,872)</u> | <u>(311,872)</u> |
| Donor-Restricted Endowment Investments, June 30, 2021 | <u>\$ -</u> | <u>\$ 8,452,722</u> | <u>\$ 8,452,722</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, 2022 and 2021.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 17 FEE FOR SERVICE REVENUE

The following shows the Organization's fee for service revenue disaggregated according to the general timing of the transfer of goods and services for the year ended June 30:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|---------------------------------|---------------------------------|
| Program Service Fees | | |
| Medical Revenue | \$ 10,438,676 | \$ 9,594,157 |
| Housing Property Services | 760,313 | 716,110 |
| Counseling Fees | - | 499,222 |
| Other program services | 12,985 | 19,800 |
| Total Program Service Fees | <u>11,211,974</u> | <u>10,829,289</u> |
| Government Fees and Grants | | |
| Client Case Management | 3,177,713 | 3,317,839 |
| Child Development Center Fees | 1,883,812 | 2,100,059 |
| Shelter Fees | 646,204 | 707,362 |
| Medical Respite Support | 762,293 | 751,734 |
| Total Government Fees and Grants | <u>6,470,022</u> | <u>6,876,994</u> |
| Total Fee For Service Revenue | <u><u>\$ 17,681,996</u></u> | <u><u>\$ 17,706,283</u></u> |



Independent Auditor's Report on Supplementary Information

The 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 as of and for the year ended June 30, 2022 and have issued our report thereon dated December 22, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole.

The supplemental consolidating balance sheets and consolidating statements of activities are presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Minneapolis, Minnesota
December 22, 2022

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLI

CONSOLIDATING BALANCE SHEET

JUNE 30, 2022

(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

| | CCSPM | DDC Cap Corp | DD Shelter LLC | DD Opportunity Center LLC | Parkview CC, LLC | All Other Consolidating Entities | Eliminating Entries | Total |
|---|-----------------------|----------------------|-----------------------|---------------------------|----------------------|----------------------------------|---------------------|-----------------------|
| ASSETS | | | | | | | | |
| Cash and Cash Equivalents | \$ 3,299,755 | \$ 285,135 | \$ 417,356 | \$ 1,162,756 | \$ 868,670 | \$ 1,166,031 | \$ - | \$ 7,199,703 |
| Accounts and Contracts Receivable, Net | 5,169,879 | - | - | - | 112,721 | - | - | 5,282,600 |
| Accounts and Contracts Receivable - Related Party | 5,002,635 | - | 19,903 | 27,860 | 51,000 | 17,744 | (681,252) | 4,437,890 |
| Pledges Receivable | 2,537,439 | - | - | - | - | - | - | 2,537,439 |
| Prepaid Expenses and Other Assets | 1,189,709 | - | - | 36,000 | - | 179,723 | (100) | 1,405,332 |
| Investments | 57,053,835 | - | - | - | - | - | - | 57,053,835 |
| Charitable Trusts Receivable | 2,842,013 | - | - | - | - | - | - | 2,842,013 |
| Loans Receivable | - | 37,840,140 | - | - | - | - | - | 37,840,140 |
| Loans Receivable-Related Party | 15,652,965 | - | - | - | - | - | - | 15,652,965 |
| Land, Building, and Equipment, Net | 16,578,686 | - | 11,642,305 | 26,804,247 | 19,151,634 | 2,240,701 | - | 76,417,573 |
| Land and Buildings Held for Sale | - | - | - | - | - | 70,000 | - | 70,000 |
| Total Assets | \$ 109,326,916 | \$ 38,125,275 | \$ 12,079,564 | \$ 28,030,863 | \$ 20,184,025 | \$ 3,674,199 | \$ (681,352) | \$ 210,739,490 |
| LIABILITIES AND NET ASSETS | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts Payable | \$ 2,031,876 | \$ - | \$ - | \$ 36,001 | \$ 1,150,603 | \$ 451 | \$ (681,252) | \$ 2,537,679 |
| Accrued Payroll and Payroll Expenses | 2,949,025 | - | - | - | - | - | - | 2,949,025 |
| Other Accrued Liabilities | 989,258 | - | - | - | - | 589,353 | - | 1,578,611 |
| Obligations of Split-Interest Agreements | 1,986,620 | - | - | - | - | - | - | 1,986,620 |
| Accrued Pension Liability | 1,511,669 | - | - | - | - | - | - | 1,511,669 |
| Notes and Mortgages Payable | 8,100,453 | - | 13,353,867 | 21,357,839 | 17,372,610 | 2,566,253 | - | 62,751,022 |
| Total Liabilities | \$ 17,568,901 | \$ - | \$ 13,353,867 | \$ 21,393,840 | \$ 18,523,213 | \$ 3,156,057 | \$ (681,252) | \$ 73,314,626 |
| NET ASSETS | | | | | | | | |
| Without Donor Restrictions | 75,371,869 | 38,125,275 | (1,274,303) | 6,637,023 | 1,660,812 | 518,142 | (100) | 121,038,718 |
| With Donor Restrictions | 16,386,146 | - | - | - | - | - | - | 16,386,146 |
| Total Net Assets | \$ 91,758,015 | \$ 38,125,275 | \$ (1,274,303) | \$ 6,637,023 | \$ 1,660,812 | \$ 518,142 | \$ (100) | \$ 137,424,864 |
| Total Liabilities and Net Assets | \$ 109,326,916 | \$ 38,125,275 | \$ 12,079,564 | \$ 28,030,863 | \$ 20,184,025 | \$ 3,674,199 | \$ (681,352) | \$ 210,739,490 |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLI

CONSOLIDATING BALANCE SHEET

JUNE 30, 2022

(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

| | Glenwood Limited Partnership | Evergreen Mpls Housing LP | CCSPM-1 LLC | Dorothy Day LLC | DD Residence GP, LLC | Elliott Park Housing, GP | Evergreen Glenwood, LLC | DD Condo Association | DD Opportunity Condo Association | Exodus II Condo Association | Total All Other Consolidating Entities |
|---|------------------------------|---------------------------|------------------|-----------------|----------------------|--------------------------|-------------------------|----------------------|----------------------------------|-----------------------------|--|
| ASSETS | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 528,811 | \$ 637,220 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,166,031 |
| Accounts and Contracts Receivable, Net | - | - | - | - | - | - | - | - | - | - | - |
| Accounts and Contracts Receivable - Related Party | 7,000 | 7,382 | - | - | 10 | - | - | 3,352 | - | - | 17,744 |
| Pledges Receivable | - | - | - | - | - | - | - | - | - | - | - |
| Prepaid Expenses and Other Assets | - | - | - | 100 | 179,523 | 100 | - | - | - | - | 179,723 |
| Investments | - | - | - | - | - | - | - | - | - | - | - |
| Charitable Trusts Receivable | - | - | - | - | - | - | - | - | - | - | - |
| Loans Receivable | - | - | - | - | - | - | - | - | - | - | - |
| Loans Receivable-Related Party | - | - | - | - | - | - | - | - | - | - | - |
| Land, Building, and Equipment, Net | 655,771 | 1,584,930 | - | - | - | - | - | - | - | - | 2,240,701 |
| Land and Buildings Held for Sale | - | - | 70,000 | - | - | - | - | - | - | - | 70,000 |
| Total Assets | \$ 1,191,582 | \$ 2,229,532 | \$ 70,000 | \$ 100 | \$ 179,533 | \$ 100 | \$ - | \$ 3,352 | \$ - | \$ - | \$ 3,674,199 |
| LIABILITIES AND NET ASSETS | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 170 | \$ 181 | \$ - | \$ 100 | \$ - | \$ - | \$ - | \$ - | \$ 451 |
| Accrued Payroll and Payroll Expenses | - | - | - | - | - | - | - | - | - | - | - |
| Other Accrued Liabilities | 390,815 | 198,538 | - | - | - | - | - | - | - | - | 589,353 |
| Obligations of Split-Interest Agreements | - | - | - | - | - | - | - | - | - | - | - |
| Accrued Pension Liability | - | - | - | - | - | - | - | - | - | - | - |
| Notes and Mortgages Payable | 1,404,020 | 1,162,233 | - | - | - | - | - | - | - | - | 2,566,253 |
| Total Liabilities | 1,794,835 | 1,360,771 | 170 | 181 | - | 100 | - | - | - | - | 3,156,057 |
| NET ASSETS | | | | | | | | | | | |
| Without Donor Restrictions | (603,253) | 868,761 | 69,830 | (81) | 179,533 | - | - | 3,352 | - | - | 518,142 |
| With Donor Restrictions | - | - | - | - | - | - | - | - | - | - | - |
| Total Net Assets | (603,253) | 868,761 | 69,830 | (81) | 179,533 | - | - | 3,352 | - | - | 518,142 |
| Total Liabilities and Net Assets | \$ 1,191,582 | \$ 2,229,532 | \$ 70,000 | \$ 100 | \$ 179,533 | \$ 100 | \$ - | \$ 3,352 | \$ - | \$ - | \$ 3,674,199 |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLI

CONSOLIDATING BALANCE SHEET

JUNE 30, 2021

(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

| | <u>CCSPM</u> | <u>DDC Cap Corp</u> | <u>DD Shelter LLC</u> | <u>DD Opportunity Center LLC</u> | <u>Parkview CC, LLC</u> | <u>All Other Consolidating Entities</u> | <u>Eliminating Entries</u> | <u>Total</u> |
|--|-----------------------|----------------------|-----------------------|----------------------------------|-------------------------|---|----------------------------|-----------------------|
| ASSETS | | | | | | | | |
| Cash and Cash Equivalents | \$ 7,828,074 | \$ 262,904 | \$ 431,928 | \$ 867,313 | \$ 7,025,213 | \$ 997,537 | \$ - | \$ 17,412,969 |
| Accounts and Contracts Receivable, Net | 5,266,286 | - | - | 320,792 | 566,287 | - | - | 6,153,365 |
| Accounts and Contracts Receivable - Related Pa | 1,449,218 | - | 17,487 | 41,513 | - | 67,362 | (151,855) | 1,423,725 |
| Pledges Receivable | 4,303,189 | - | - | - | - | - | - | 4,303,189 |
| Prepaid Expenses and Other Assets | 1,650,193 | - | - | 36,465 | - | 179,722 | (100) | 1,866,280 |
| Investments | 64,599,169 | - | - | - | - | - | - | 64,599,169 |
| Charitable Trusts Receivable | 3,230,391 | - | - | - | - | - | - | 3,230,391 |
| Loans Receivable | - | 37,840,140 | - | - | - | - | - | 37,840,140 |
| Loans Receivable-Related Party | 15,108,298 | - | - | - | - | - | - | 15,108,298 |
| Land, Building, and Equipment, Net | 11,596,277 | - | 12,078,019 | 27,876,625 | 12,946,508 | 2,522,713 | - | 67,020,142 |
| Land and Buildings Held for Sale | - | - | - | - | - | 70,000 | - | 70,000 |
| Total Assets | \$ 115,031,095 | \$ 38,103,044 | \$ 12,527,434 | \$ 29,142,708 | \$ 20,538,008 | \$ 3,837,334 | \$ (151,955) | \$ 219,027,668 |
| LIABILITIES AND NET ASSETS | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts Payable | \$ 1,373,565 | \$ 25 | \$ - | \$ 47,830 | \$ 2,206,213 | \$ 38,638 | \$ (151,855) | \$ 3,514,416 |
| Accrued Payroll and Payroll Expenses | 3,151,166 | - | - | - | - | - | - | 3,151,166 |
| Other Accrued Liabilities | 1,123,889 | - | - | - | - | 566,843 | - | 1,690,732 |
| Obligations of Split-Interest Agreements | 2,483,323 | - | - | - | - | - | - | 2,483,323 |
| Accrued Pension Liability | 1,843,857 | - | - | - | - | - | - | 1,843,857 |
| Notes and Mortgages Payable | 8,190,729 | - | 13,334,955 | 21,339,129 | 17,396,830 | 2,561,650 | - | 62,823,293 |
| Total Liabilities | 18,166,529 | 25 | 13,334,955 | 21,386,959 | 19,603,043 | 3,167,131 | (151,855) | 75,506,787 |
| NET ASSETS | | | | | | | | |
| Without Donor Restrictions | 69,147,826 | 38,103,019 | (807,521) | 7,755,749 | 934,965 | 670,203 | (100) | 115,804,141 |
| With Donor Restrictions | 27,716,740 | - | - | - | - | - | - | 27,716,740 |
| Total Net Assets | 96,864,566 | 38,103,019 | (807,521) | 7,755,749 | 934,965 | 670,203 | (100) | 143,520,881 |
| Total Liabilities and Net Assets | \$ 115,031,095 | \$ 38,103,044 | \$ 12,527,434 | \$ 29,142,708 | \$ 20,538,008 | \$ 3,837,334 | \$ (151,955) | \$ 219,027,668 |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLI

CONSOLIDATING BALANCE SHEET

JUNE 30, 2021

(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

| | Glenwood Limited Partnership | Evergreen Mpls Housing LP | CCSPM-1 LLC | Dorothy Day LLC | DD Residence GP, LLC | Elliott Park Housing, GP | Evergreen Glenwood, LLC | DD Condo Association | DD Opportunity Condo Association | Exodus II Condo Association | Total All Other Consolidating Entities |
|--|------------------------------|---------------------------|------------------|-----------------|----------------------|--------------------------|-------------------------|----------------------|----------------------------------|-----------------------------|--|
| ASSETS | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 412,955 | \$ 584,582 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 997,537 |
| Accounts and Contracts Receivable, Net | - | - | - | - | - | - | - | - | - | - | - |
| Accounts and Contracts Receivable - Related Pa | 39,000 | - | - | - | 10 | - | - | 3,352 | 25,000 | - | 67,362 |
| Pledges Receivable | - | - | - | - | - | - | - | - | - | - | - |
| Prepaid Expenses and Other Assets | - | - | - | 99 | 179,523 | 100 | - | - | - | - | 179,722 |
| Investments | - | - | - | - | - | - | - | - | - | - | - |
| Charitable Trusts Receivable | - | - | - | - | - | - | - | - | - | - | - |
| Loans Receivable | - | - | - | - | - | - | - | - | - | - | - |
| Loans Receivable-Related Party | - | - | - | - | - | - | - | - | - | - | - |
| Land, Building, and Equipment, Net | 785,963 | 1,736,750 | - | - | - | - | - | - | - | - | 2,522,713 |
| Land and Buildings Held for Sale | - | - | 70,000 | - | - | - | - | - | - | - | 70,000 |
| Total Assets | \$ 1,237,918 | \$ 2,321,332 | \$ 70,000 | \$ 99 | \$ 179,533 | \$ 100 | \$ - | \$ 3,352 | \$ 25,000 | \$ - | \$ 3,837,334 |
| LIABILITIES AND NET ASSETS | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | |
| Accounts Payable | \$ - | \$ 13,355 | \$ - | \$ 183 | \$ - | \$ 100 | \$ - | \$ - | \$ 25,000 | \$ - | \$ 38,638 |
| Accrued Payroll and Payroll Expenses | - | - | - | - | - | - | - | - | - | - | - |
| Other Accrued Liabilities | 376,749 | 190,094 | - | - | - | - | - | - | - | - | 566,843 |
| Obligations of Split-Interest Agreements | - | - | - | - | - | - | - | - | - | - | - |
| Accrued Pension Liability | - | - | - | - | - | - | - | - | - | - | - |
| Notes and Mortgages Payable | 1,403,618 | 1,158,032 | - | - | - | - | - | - | - | - | 2,561,650 |
| Total Liabilities | 1,780,367 | 1,361,481 | - | 183 | - | 100 | - | - | 25,000 | - | 3,167,131 |
| NET ASSETS | | | | | | | | | | | |
| Without Donor Restrictions | (542,449) | 959,851 | 70,000 | (84) | 179,533 | - | - | 3,352 | - | - | 670,203 |
| With Donor Restrictions | - | - | - | - | - | - | - | - | - | - | - |
| Total Net Assets | (542,449) | 959,851 | 70,000 | (84) | 179,533 | - | - | 3,352 | - | - | 670,203 |
| Total Liabilities and Net Assets | \$ 1,237,918 | \$ 2,321,332 | \$ 70,000 | \$ 99 | \$ 179,533 | \$ 100 | \$ - | \$ 3,352 | \$ 25,000 | \$ - | \$ 3,837,334 |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLI

**CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

| | CCSPM | DDC Cap Corp | DD Shelter LLC | DD Opportunity Center LLC | Parkview CC, LLC | All Other Consolidating Entities | Eliminating Entries | Total |
|--|-------------------|-----------------|-------------------|------------------------------|------------------|-------------------------------------|------------------------|-------------------|
| REVENUE AND SUPPORT | | | | | | | | |
| Revenue: | | | | | | | | |
| Government Fees and Grants | \$ 18,683,348 | \$ - | \$ - | \$ - | \$ 1,014,024 | \$ - | \$ - | \$ 19,697,372 |
| Program Service Fees | 12,898,072 | - | 224,339 | 334,320 | 51,000 | 172,560 | (782,219) | 12,898,072 |
| Other Revenues | 3,586,117 | - | - | - | - | 25,000 | (450,000) | 3,161,117 |
| Total Revenue | <u>35,167,537</u> | <u>-</u> | <u>224,339</u> | <u>334,320</u> | <u>1,065,024</u> | <u>197,560</u> | <u>(1,232,219)</u> | <u>35,756,561</u> |
| Support: | | | | | | | | |
| Contributions and Private Grants, Net | 14,320,991 | - | - | - | - | - | - | 14,320,991 |
| In-kind Contributions | 2,000,619 | - | - | - | - | - | - | 2,000,619 |
| United Way | 637,800 | - | - | - | - | - | - | 637,800 |
| Total Support | <u>16,959,410</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>16,959,410</u> |
| Net Assets Released from Restrictions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Revenue and Support | <u>52,126,947</u> | <u>-</u> | <u>224,339</u> | <u>334,320</u> | <u>1,065,024</u> | <u>197,560</u> | <u>(1,232,219)</u> | <u>52,715,971</u> |
| EXPENSES | | | | | | | | |
| Employee Compensation: | | | | | | | | |
| Salaries | 27,924,991 | - | - | - | - | - | - | 27,924,991 |
| Employee Benefits | 5,414,904 | - | - | - | - | - | - | 5,414,904 |
| Payroll Taxes | 2,371,194 | - | - | - | - | - | - | 2,371,194 |
| Total Employee Compensation | <u>35,711,089</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>35,711,089</u> |
| Other Expenses: | | | | | | | | |
| Employee Related | 375,304 | - | - | - | - | - | - | 375,304 |
| Professional Services | 1,466,964 | - | 61,143 | 164,638 | 75,420 | 275 | - | 1,768,440 |
| Outside Services | 1,542,163 | - | - | - | - | - | - | 1,542,163 |
| Travel and Entertainment | 22,113 | - | - | - | - | - | - | 22,113 |
| Occupancy | 5,934,202 | - | - | - | - | 25,170 | (782,219) | 5,177,153 |
| Office Expense | 3,556,076 | - | - | - | - | - | - | 3,556,076 |
| Program Expense | 7,460,378 | - | - | - | - | - | - | 7,460,378 |
| Interest | 22,625 | - | 193,574 | 172,999 | 40,376 | 42,160 | - | 471,734 |
| Miscellaneous | 312,827 | 450,219 | 689 | - | 38,114 | 66 | (450,000) | 351,915 |
| Total Other Expenses | <u>20,692,652</u> | <u>450,219</u> | <u>255,406</u> | <u>337,637</u> | <u>153,910</u> | <u>67,671</u> | <u>(1,232,219)</u> | <u>20,725,276</u> |
| Total Expenses Before Depreciation and Amortization | 56,403,741 | 450,219 | 255,406 | 337,637 | 153,910 | 67,671 | (1,232,219) | 56,436,365 |
| Depreciation of Property, Plant, and Equipment | 974,050 | - | 435,714 | 1,115,410 | 185,268 | 282,011 | - | 2,992,453 |
| Total Expenses | <u>57,377,791</u> | <u>450,219</u> | <u>691,120</u> | <u>1,453,047</u> | <u>339,178</u> | <u>349,682</u> | <u>(1,232,219)</u> | <u>59,428,818</u> |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLI

CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

| | <u>CCSPM</u> | <u>DDC Cap Corp</u> | <u>DD Shelter LLC</u> | <u>DD Opportunity Center LLC</u> | <u>Parkview CC, LLC</u> | <u>All Other Consolidating Entities</u> | <u>Eliminating Entries</u> | <u>Total</u> |
|--|----------------------|----------------------|-----------------------|----------------------------------|-------------------------|---|----------------------------|-----------------------|
| NONOPERATING ACTIVITY | | | | | | | | |
| Net Pension Losses: | | | | | | | | |
| Net Periodic Pension Benefit | \$ 620,430 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 620,430 |
| Other Changes in Plan Assets and Benefit Obligations | (288,242) | - | - | - | - | - | - | (288,242) |
| Total Net Pension Losses | <u>332,188</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>332,188</u> |
| Changes in Split-Interest Agreements and Annuities | (328,189) | - | - | - | - | - | - | (328,189) |
| Gain on Fixed Assets | 6,971,935 | - | - | - | - | - | - | 6,971,935 |
| Investment Income <Loss> | (6,831,643) | 472,475 | - | - | - | 56 | - | (6,359,112) |
| Total Nonoperating Activity | <u>144,291</u> | <u>472,475</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>56</u> | <u>-</u> | <u>616,822</u> |
| CHANGE IN NET ASSETS | (5,106,553) | 22,256 | (466,781) | (1,118,727) | 725,846 | (152,066) | - | (6,096,025) |
| Net Assets - Beginning of Year | <u>96,864,568</u> | <u>38,103,019</u> | <u>(807,522)</u> | <u>7,755,750</u> | <u>934,966</u> | <u>670,208</u> | <u>(100)</u> | <u>143,520,889</u> |
| NET ASSETS - END OF YEAR | <u>\$ 91,758,015</u> | <u>\$ 38,125,275</u> | <u>\$ (1,274,303)</u> | <u>\$ 6,637,023</u> | <u>\$ 1,660,812</u> | <u>\$ 518,142</u> | <u>\$ (100)</u> | <u>\$ 137,424,864</u> |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLI

**CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

| | Glenwood Limited Partnership | Evergreen Mpls Housing LP | CCSPM-1, LLC | Dorothy Day, LLC | Dorothy Day Residence GP, LLC | Elliott Park Housing GP | Evergreen Glenwood, LLC | DD Condo Association | Opportunity Condo Association | Exodus II Condo Association | Total All Other Consolidating Entities |
|---|------------------------------|---------------------------|--------------|------------------|-------------------------------|-------------------------|-------------------------|----------------------|-------------------------------|-----------------------------|--|
| REVENUE AND SUPPORT | | | | | | | | | | | |
| Revenue: | | | | | | | | | | | |
| Government Fees and Grants | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Program Service Fees | 84,000 | 88,560 | - | - | - | - | - | - | - | - | 172,560 |
| Other Revenues | - | - | - | 3 | - | - | - | 25,000 | - | - | 25,003 |
| Total Revenue | 84,000 | 88,560 | - | 3 | - | - | - | 25,000 | - | - | 197,563 |
| Support: | | | | | | | | | | | |
| Contributions and Private Grants, Net | - | - | - | - | - | - | - | - | - | - | - |
| United Way | - | - | - | - | - | - | - | - | - | - | - |
| Total Support | - | - | - | - | - | - | - | - | - | - | - |
| Net Assets Released from Restrictions | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue and Support | 84,000 | 88,560 | - | 3 | - | - | - | 25,000 | - | - | 197,563 |
| EXPENSES | | | | | | | | | | | |
| Employee Compensation: | | | | | | | | | | | |
| Salaries | - | - | - | - | - | - | - | - | - | - | - |
| Employee Benefits | - | - | - | - | - | - | - | - | - | - | - |
| Payroll Taxes | - | - | - | - | - | - | - | - | - | - | - |
| Total Employee Compensation | - | - | - | - | - | - | - | - | - | - | - |
| Other Expenses: | | | | | | | | | | | |
| Employee Related | - | - | - | - | - | - | - | - | - | - | - |
| Professional Services | 138 | 137 | - | - | - | - | - | - | - | - | 275 |
| Outside Services | - | - | - | - | - | - | - | - | - | - | - |
| Travel and Entertainment | - | - | - | - | - | - | - | - | - | - | - |
| Occupancy | - | - | 170 | - | - | - | - | 25,000 | - | - | 25,170 |
| Office Expense | - | - | - | - | - | - | - | - | - | - | - |
| Program Expense | - | - | - | - | - | - | - | - | - | - | - |
| Interest | 14,467 | 27,693 | - | - | - | - | - | - | - | - | 42,160 |
| Miscellaneous | 36 | 28 | - | - | - | - | - | - | - | - | 64 |
| Total Other Expenses | 14,641 | 27,858 | 170 | - | - | - | - | 25,000 | - | - | 67,669 |
| Total Expenses Before Depreciation and Amortization | 14,641 | 27,858 | 170 | - | - | - | - | 25,000 | - | - | 67,669 |
| Depreciation of Property, Plant, and Equipment | 130,192 | 151,819 | - | - | - | - | - | - | - | - | 282,011 |
| Total Expenses | 144,833 | 179,677 | 170 | - | - | - | - | 25,000 | - | - | 349,680 |

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF ST. PAUL AND MINNEAPOLI

**CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

| | Glenwood Limited Partnership | Evergreen Mpls Housing LP | CCSPM-1, LLC | Dorothy Day, LLC | Dorothy Day Residence GP, LLC | Elliott Park Housing GP | Evergreen Glenwood, LLC | DD Condo Association | Opportunity Condo Association | Exodus II Condo Association | Total All Other Consolidating Entities |
|--|------------------------------|---------------------------|------------------|------------------|-------------------------------|-------------------------|-------------------------|----------------------|-------------------------------|-----------------------------|--|
| CHANGE IN NET ASSETS FROM OPERATIONS | \$ (60,833) | \$ (91,117) | \$ (170) | \$ 3 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (152,117) |
| NONOPERATING ACTIVITY | | | | | | | | | | | |
| Net Pension Losses: | | | | | | | | | | | |
| Net Periodic Pension Benefit | - | - | - | - | - | - | - | - | - | - | - |
| Other Changes in Plan Assets and | - | - | - | - | - | - | - | - | - | - | - |
| Benefit Obligations | - | - | - | - | - | - | - | - | - | - | - |
| Total Net Pension Losses | - | - | - | - | - | - | - | - | - | - | - |
| Changes in Split-Interest Agreements and Annuities | - | - | - | - | - | - | - | - | - | - | - |
| Gain on Fixed Assets | - | - | - | - | - | - | - | - | - | - | - |
| Investment Income <Loss> | 29 | 27 | - | - | - | - | - | - | - | - | 56 |
| Total Nonoperating Activity | 29 | 27 | - | - | - | - | - | - | - | - | 56 |
| Purchase of Partnership Interest | - | - | - | - | - | - | - | - | - | - | - |
| CHANGE IN NET ASSETS | (60,804) | (91,090) | (170) | 3 | - | - | - | - | - | - | (152,061) |
| Net Assets - Beginning of Year | (542,449) | 959,851 | 70,000 | (84) | 179,533 | - | - | 3,352 | - | - | 670,203 |
| NET ASSETS - END OF YEAR | <u>\$ (603,253)</u> | <u>\$ 868,761</u> | <u>\$ 69,830</u> | <u>\$ (81)</u> | <u>\$ 179,533</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,352</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 518,142</u> |