

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2014**

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Catholic Services Appeals Foundation  
of the Saint Paul and Minneapolis Area  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Catholic Services Appeals Foundation of the Saint Paul and Minneapolis Area, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors  
Catholic Services Appeals Foundation of the Saint Paul  
And Minneapolis Area

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Services Appeals Foundation of the Saint Paul and Minneapolis Area as of December 31, 2014, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
February 27, 2015

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014**

**ASSETS**

Cash	\$	163,307
Pledges Receivable, Net		252,000
Prepaid Expenses and Other		20,293
Property and Equipment, Net		<u>34,737</u>
Total Assets	\$	<u><u>470,337</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	\$	56,201
Accrued Liabilities		8,617
Contributions Payable to Parishes		<u>345,684</u>
Total Liabilities		410,502

**NET ASSETS**

Unrestricted		<u>59,835</u>
Total Net Assets		<u><u>59,835</u></u>
Total Liabilities and Net Assets	\$	<u><u>470,337</u></u>

*See accompanying Notes to Financial Statements.*

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Contributions	\$ 9,889,516	\$ -	\$ -	\$ 9,889,516
Investment Income	256	-	-	256
Total Revenues, Gains and Other Support	<u>9,889,772</u>	<u>-</u>	<u>-</u>	<u>9,889,772</u>
<b>EXPENSES</b>				
Program Services	9,008,095	-	-	9,008,095
Supporting Services:				
Management and General	408,591	-	-	408,591
Fundraising	413,251	-	-	413,251
Total Supporting Services	<u>821,842</u>	<u>-</u>	<u>-</u>	<u>821,842</u>
Total Expenses	<u>9,829,937</u>	<u>-</u>	<u>-</u>	<u>9,829,937</u>
<b>CHANGE IN NET ASSETS</b>	59,835	-	-	59,835
Net Assets - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 59,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,835</u>

See accompanying Notes to Financial Statements.

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2014**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contributions	\$ 8,837,305	\$ -	\$ -	\$ 8,837,305
Salaries and Benefits	120,960	96,768	24,192	241,920
Professional Services	-	72,570	4,483	77,053
Travel and Meetings	-	9,195	-	9,195
Postage and Printing	12,105	12,105	66,538	90,748
Information Technology	37,725	98,085	15,090	150,900
Occupancy	-	6,386	-	6,386
Office Expenses	-	2,727	340	3,067
Telemarketing	-	-	144,364	144,364
Depreciation	-	4,009	-	4,009
Insurance	-	7,204	-	7,204
Campaign Supplies	-	-	110,839	110,839
Campaign Promotion	-	-	47,405	47,405
Bank and Payment Processing	-	99,542	-	99,542
Total Expenses	<u>\$ 9,008,095</u>	<u>\$ 408,591</u>	<u>\$ 413,251</u>	<u>\$ 9,829,937</u>

*See accompanying Notes to Financial Statements.*

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 59,835
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	4,009
(Increase) Decrease in Assets:	
Prepaid Expenses and Other	(20,293)
Pledges Receivable	(252,000)
Increase (Decrease) in Liabilities:	
Accounts Payable	56,201
Accrued Expenses	8,617
Contributions Payable to Parishes	345,684
Net Cash Provided by Operating Activities	202,053

**CASH FLOW FROM INVESTING ACTIVITIES**

Purchase of Property and Equipment	(38,746)
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**NET CHANGE IN CASH**

163,307

Cash - Beginning of Year

-

**CASH - END OF YEAR**

\$ 163,307

*See accompanying Notes to Financial Statements.*

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description**

The Catholic Services Appeal Foundation of the Saint Paul and Minneapolis Area (the Foundation) is a nonprofit organization formed under Minnesota law in December 2013 for the purpose of conducting, with the parishes of the Archdiocese, the annual Catholic Services Appeal (CSA) within the Archdiocese of Saint Paul and Minneapolis (the Archdiocese). The Foundation provides funds for ministries that serve families, strengthen parishes, support Catholic school students, form local Church leaders, and reach out to invite others to full life in the faith. All gifts to the Foundation are restricted to conduct the campaign and the support of designated ministries.

As outlined in the bylaws of the Foundation, the recipients of contributions from the Foundation are to include the following designated ministries. Parishes also receive contributions based on giving levels.

**Clergy Services**

- St John Vianney – seminarian support
- St Paul Seminary – seminarian support
- Hospital Chaplains
- Prison Chaplains

**Community Services**

- Catholic Charities

**Education**

- Elementary Schools
- Secondary Schools – tuition aid
- Campus Ministries

**Parish Outreach**

- ACCW
- Latino Ministry
- Indian Ministry
- Deaf Ministry
- Venezuelan Mission

**Marriage, Family and Life**

- Archdiocesan Youth Day
- Disabilities Outreach
- Preparation for end of life issues

**Evangelization and Mission**

- Rediscover

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

**Basis of Presentation – Accounting for Net Assets**

The Foundation's financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues and gains and losses are classified based on the existence or absence of donor imposed restriction. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

**Unrestricted** – Those resources over which the board of directors has discretionary control.

**Temporarily Restricted** – Those resources subject to donor imposed restrictions that are satisfied by actions of the Foundation or passage of time.

**Permanently Restricted** – Those resources subject to a donor imposed restriction that they be maintained permanently by the Foundation. The donors of these resources permitted the Foundation to use all or part of the income earned, including capital appreciation on related investments, for unrestricted or temporarily restricted purposes.

The Foundation does not have any temporarily or permanently restricted net assets.

**Cash**

For purposes of the statements of cash flows, the Foundation considers cash to include cash on hand and on deposit in banks. At times such deposits may be in excess of FDIC insurance limits.

**Pledges Receivable**

Pledges receivable are stated at the amount management expects to collect from balances outstanding at year-end. An allowance for uncollectible pledges has been established based on management's experience. Net pledges receivable are considered current and are due within the next year.

**Property and Equipment**

Property, which consists of leasehold improvements, office furniture and equipment, and software, is stated at cost, if purchased or fair value at date of acquisition for donated property. Depreciation on equipment is computed using the straight line method over an estimated useful life of three to five year. Amortization of property is computed over the term of the lease. When assets are retired or otherwise dispose of, the recorded value and related accumulated depreciation or amortization is removed from the accounts and any resulting gain or loss is reflected as revenue or expense for the period.

Equipment purchased at a cost of less than \$1,000 is expensed when acquired.

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

**Contributions Payable to Parishes**

The Foundation establishes a fundraising goal for each parish within the Archdiocese. If members of a parish contribute 90% of that goal, the parish will receive a contribution from the Foundation of 10% of the amount raised. If the amount raised exceeds the fundraising goal the parish will receive 25% of the amount raised. Contributions to parishes are distributed twice a year with the final payment based on the campaign to be distributed in April 2015. Contributions payable to parishes are estimated based on amounts raised through December 2014 less amounts previously paid to the parish. Contributions to parishes are included within contributions expenses in the statement of functional expenses.

**Revenue Recognition**

Contributions, including unconditional promises to give, are recognized as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor restricted support is reported as an increase in the temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Foundation has elected to present temporarily restricted contributions, when restrictions are fulfilled in the same time period as received, within the unrestricted net asset class.

**In-Kind Contributed Material and Services**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Donated services are recognized as contributions if the services require specialized skills, and are performed by persons with those skills and would otherwise be purchased. No in-kind materials or services were received for the year ended December 31, 2014. The Foundation also benefits from the services of many volunteers; such services have not been recorded because they do not meet the stated criteria.

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

**Functional Allocation of Expenses**

The expenses incurred to provide the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Except for certain expenses allocated directly, expenses are allocated among the program and supporting services categories based upon estimates of time expended by employees in each of those categories.

**Use of Estimates**

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

**Tax Exempt Status**

The Foundation is a tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) and Minnesota Statute 290.05. The Foundation follows the income tax standard for evaluating uncertain tax positions and has no current liability for unrelated business income tax. The Foundation is a religiously affiliated organization under the group exemption of the Roman Catholic Church and therefore, does not file tax returns to the IRS.

**Subsequent Events**

The Foundation has evaluated subsequent events from the statement of financial position date through February 27, 2015, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

**NOTE 2 PLEDGES RECEIVABLE**

Pledges receivable at December 31, 2014 are summarized as follows:

Pledges Receivable	\$ 591,163
Allowance For Uncollectible Pledges	(339,163)
Net Pledges Receivable	<u>\$ 252,000</u>

**CATHOLIC SERVICES APPEALS FOUNDATION  
OF THE SAINT PAUL AND MINNEAPOLIS AREA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2014:

Software and Other Assets	\$ 35,975
Office Furniture and Equipment	<u>2,771</u>
Totals	38,746
Accumulated Depreciation and Amortization	<u>(4,009)</u>
Net Property and Equipment	<u><u>\$ 34,737</u></u>

Depreciation and amortization expense totaled \$4,009 for the year ended December 31, 2014.

**NOTE 4 RETIREMENT PLAN**

Employees of the Foundation meeting certain eligibility requirements are eligible to participate in a contributory 401(k) retirement plan. The Foundation contributes a discretionary amount to the plan which was \$2,371 for the year ended December 31, 2014.

**NOTE 5 OPERATING LEASES**

The Foundation leases office space under a lease that calls for monthly payments of \$1,099 through May 1, 2015. The Foundation has future minimum lease payments of \$4,396 in 2015.