

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

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

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

We have audited the accompanying financial statements of Catholic Services Appeal Foundation of the Saint Paul and Minneapolis Area, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Appeal 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 Appeal Foundation of the Saint Paul and Minneapolis Area as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 28, 2018

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
Cash	\$ 863,225	\$ 804,912
Pledges Receivable, Net	123,479	79,480
Planned Giving Receivable	-	270,000
Prepaid Expenses and Other	40,737	27,469
Property and Equipment, Net	20,497	49,299
Total Assets	\$ 1,047,938	\$ 1,231,160
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 8,999	24,779
Contributions Payable to Ministries	399,629	284,314
Planned Giving Payable	-	270,000
Accrued Liabilities	20,529	14,890
Contributions Payable to Parishes	442,155	502,538
Total Liabilities	871,312	1,096,521
NET ASSETS		
Unrestricted	176,626	134,639
Total Liabilities and Net Assets	\$ 1,047,938	\$ 1,231,160

See accompanying Notes to Financial Statements.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT								
Contributions	\$ 9,720,709	\$ -	\$ -	\$ 9,720,709	\$ 9,159,714	\$ -	\$ -	\$ 9,159,714
Planned Giving	-	-	-	-	270,000	-	-	270,000
Interest Income	827	-	-	827	-	-	-	-
Total Revenues, Gains, and Other Support	<u>9,721,536</u>	<u>-</u>	<u>-</u>	<u>9,721,536</u>	<u>9,429,714</u>	<u>-</u>	<u>-</u>	<u>9,429,714</u>
EXPENSES								
Program Services	8,824,324	-	-	8,824,324	8,464,079	-	-	8,464,079
Supporting Services:								
Management and General	409,485	-	-	409,485	527,916	-	-	527,916
Fundraising	445,740	-	-	445,740	414,488	-	-	414,488
Total Supporting Services	<u>855,225</u>	<u>-</u>	<u>-</u>	<u>855,225</u>	<u>942,404</u>	<u>-</u>	<u>-</u>	<u>942,404</u>
Total Expenses	<u>9,679,549</u>	<u>-</u>	<u>-</u>	<u>9,679,549</u>	<u>9,406,483</u>	<u>-</u>	<u>-</u>	<u>9,406,483</u>
CHANGE IN NET ASSETS	41,987	-	-	41,987	23,231	-	-	23,231
Net Assets - Beginning of Year	<u>134,639</u>	<u>-</u>	<u>-</u>	<u>134,639</u>	<u>111,408</u>	<u>-</u>	<u>-</u>	<u>111,408</u>
NET ASSETS - END OF YEAR	<u>\$ 176,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,626</u>	<u>\$ 134,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,639</u>

See accompanying Notes to Financial Statements.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Contributions	\$ 8,650,275	\$ -	\$ -	\$ 8,650,275	\$ 8,289,956	\$ -	\$ -	\$ 8,289,956
Salaries and Benefits	145,242	116,195	29,048	290,485	143,575	114,860	28,715	287,150
Professional Services	-	56,700	-	56,700	-	48,534	185	48,719
Travel and Meetings	-	1,356	-	1,356	-	2,731	-	2,731
Postage and Printing	12,831	12,831	29,376	55,038	14,565	14,565	30,236	59,366
Information Technology	15,976	53,614	6,390	75,980	15,983	52,889	6,393	75,265
Occupancy	-	19,074	-	19,074	-	18,143	-	18,143
Office Expenses	-	10,080	16,045	26,125	-	7,797	7,784	15,581
Telemarketing	-	-	134,087	134,087	-	-	134,850	134,850
Depreciation	-	28,802	-	28,802	-	31,040	-	31,040
Insurance	-	10,579	-	10,579	-	10,324	-	10,324
Campaign Supplies	-	-	193,968	193,968	-	-	167,168	167,168
Campaign Promotion	-	-	36,826	36,826	-	-	39,157	39,157
Bank and Payment Processing	-	100,254	-	100,254	-	93,833	-	93,833
Uncollectible Pledges	-	-	-	-	-	133,200	-	133,200
Total Expenses	\$ 8,824,324	\$ 409,485	\$ 445,740	\$ 9,679,549	\$ 8,464,079	\$ 527,916	\$ 414,488	\$ 9,406,483

See accompanying Notes to Financial Statements.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 41,987	\$ 23,231
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	28,802	31,040
Change in Allowance for Doubtful Accounts	27,422	49,693
(Increase) Decrease in Assets:		
Prepaid Expenses and Other	(13,268)	10,848
Pledges Receivable	(71,421)	59,573
Planned Giving Receivable	270,000	(270,000)
Increase (Decrease) in Liabilities:		
Accounts Payable	(15,780)	8,149
Contributions Payable to Ministries	115,315	284,314
Planned Giving Payable	(270,000)	270,000
Accrued Liabilities	5,639	5,358
Contributions Payable to Parishes	(60,383)	(66,409)
Net Cash Provided by Operating Activities	58,313	405,797
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(12,298)
 NET CHANGE IN CASH	58,313	393,499
Cash - Beginning of Year	804,912	411,413
 CASH - END OF YEAR	\$ 863,225	\$ 804,912

See accompanying Notes to Financial Statements.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 to support the 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 APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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 Net Assets – Those resources over which the board of directors has discretionary control subject to the restrictions and limitations of the Foundation's articles of incorporation and bylaws.

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

Permanently Restricted Net Assets – 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 as of December 31, 2017 and 2016.

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 Federal Deposit Insurance Corporation (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.

Planned Giving

Planned giving receivable consisted of one estate gift recorded at the estimated value of the Foundation's portion of the estate. Planned giving receivables are recorded at the present value of any long-term portion of the expected payout. Planned giving payable consists of the estate gift funds that were contributed to designated ministries but unpaid at year-end.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property, which consists of leasehold improvements, office furniture and equipment, and software, is stated at cost, if purchased. Depreciation on equipment is computed using the straight-line method over an estimated useful life of three to five years. Amortization of property is computed over the term of the lease. When assets are retired or otherwise disposed 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 for the period. Equipment purchased at a cost of less than \$1,000 is expensed when acquired.

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 meets or 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 of the following year. Contributions payable to parishes are estimated based on amounts raised through December 2017 less amounts previously paid to the parish. Contributions to parishes are included within contributions expenses in the statements of functional expenses.

Contributions Payable to Ministries

The Foundation records contributions payable for contributions awarded by the board of directors to beneficiaries that have not yet been paid out at year-end.

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.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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 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 is considered an integrated auxiliary of the Roman Catholic Church, therefore, does not file tax returns with the IRS.

Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through March 28, 2018, 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 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Pledges Receivable	\$ 389,341	\$ 317,920
Allowance for Uncollectible Pledges	(265,862)	(238,440)
Net Pledges Receivable	<u>\$ 123,479</u>	<u>\$ 79,480</u>

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Software and Other Assets	\$ 69,591	\$ 69,591
Office Furniture and Equipment	37,752	37,752
Total	<u>107,343</u>	<u>107,343</u>
Accumulated Depreciation and Amortization	<u>(86,846)</u>	<u>(58,044)</u>
Net Property and Equipment	<u>\$ 20,497</u>	<u>\$ 49,299</u>

NOTE 4 RETIREMENT PLAN

Employees of the Foundation meeting certain eligibility requirements are eligible to participate in a contributory 403(b) retirement plan. The Foundation contributes a discretionary amount to the plan which was \$5,412 and \$3,461 for the years ended December 31, 2017 and 2016, respectively.

NOTE 5 OPERATING LEASES

During 2015, the Foundation signed a lease for office space that calls for monthly payments of \$1,475 through May 1, 2019. Rental expense for the years ended December 31, 2017 and 2016 was \$19,074 and \$18,143, respectively. The Foundation has future minimum lease payments of:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 17,700
2019	4,425
Total	<u>\$ 22,125</u>

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 6 CONTRIBUTION EXPENSES

During the years ended December 31, 2017 and 2016, the Foundation approved contributions to beneficiary organizations as listed below. As of December 31, 2017 and 2016, the Foundation recorded contributions payable of \$399,629 and \$554,314, respectively, included in the amounts below.

	<u>2017</u>	<u>2016</u>
Catholic Charities	\$ 1,100,000	\$ 962,500
Clergy Services:		
Companions of Christ	-	10,800
Hospital Chaplains	600,000	600,000
Prison Chaplains	30,526	25,381
Saint Paul Seminary	741,897	844,307
St. John Vianney	<u>302,400</u>	<u>306,149</u>
Total Clergy Services	1,674,823	1,786,637
Donor Designated Gifts Paid to Beneficiaries	34,724	46,108
Education:		
ACCW	25,585	25,585
Campus Ministries-St. Lawrence-Newman Center	264,000	231,000
Campus Ministries-St. Paul's Outreach	11,000	11,000
Elementary Schools	1,253,125	1,375,000
Graduate Education	18,485	67,729
Grade School Scholarships	170,000	-
High Schools	<u>800,000</u>	<u>800,000</u>
Total Education	2,542,195	2,510,314
Evangelization, Mission	150,000	150,000
Marriage & Family Life/Youth & Young Adults	420,531	316,559
Parish Outreach (Ministries):		
Deaf Ministry	39,733	39,733
Indian Ministry	170,796	200,000
Latino Ministry	350,000	293,534
Venezuelan Mission	<u>204,163</u>	<u>204,162</u>
Total Parish Outreach (Ministries)	764,692	737,429
Parishes	<u>1,963,310</u>	<u>1,780,409</u>
Total	<u>\$ 8,650,275</u>	<u>\$ 8,289,956</u>