

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019



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**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
Saint Paul, Minnesota

We have audited the accompanying financial statements of the Catholic Services Appeal Foundation of the Saint Paul and Minneapolis Area, which comprise the statements of financial position as of December 31, 2020 and 2019, 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 the Catholic Services Appeal Foundation of the Saint Paul and Minneapolis Area as of December 31, 2020 and 2019, 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
April 13, 2021

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Cash	\$ 1,514,281	\$ 714,970
Pledges Receivable, Net	242,895	377,686
Prepaid Expenses and Other	60,496	48,786
Property and Equipment, Net	2,782	10,574
Total Assets	\$ 1,820,454	\$ 1,152,016
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 5,092	\$ 3,297
Contributions Payable to Ministries	433,530	365,702
Accrued Liabilities	20,557	18,773
Contributions Payable to Parishes	571,469	493,551
Total Liabilities	1,030,648	881,323
NET ASSETS		
Without Donor Restrictions	789,806	270,693
Total Liabilities and Net Assets	\$ 1,820,454	\$ 1,152,016

See accompanying Notes to Financial Statements.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 9,127,820	\$ -	\$ 9,127,820	\$ 9,036,898	\$ -	\$ 9,036,898
Interest Income	2,378	-	2,378	15,573	-	15,573
Total Revenues, Gains, and Other Support	<u>9,130,198</u>	<u>-</u>	<u>9,130,198</u>	<u>9,052,471</u>	<u>-</u>	<u>9,052,471</u>
EXPENSES						
Program Services	8,072,819	-	8,072,819	8,393,236	-	8,393,236
Supporting Services:						
Management and General	337,034	-	337,034	331,452	-	331,452
Fundraising	201,232	-	201,232	348,098	-	348,098
Total Supporting Services	<u>538,266</u>	<u>-</u>	<u>538,266</u>	<u>679,550</u>	<u>-</u>	<u>679,550</u>
Total Expenses	<u>8,611,085</u>	<u>-</u>	<u>8,611,085</u>	<u>9,072,786</u>	<u>-</u>	<u>9,072,786</u>
CHANGE IN NET ASSETS	519,113	-	519,113	(20,315)	-	(20,315)
Net Assets - Beginning of Year	<u>270,693</u>	<u>-</u>	<u>270,693</u>	<u>291,008</u>	<u>-</u>	<u>291,008</u>
NET ASSETS - END OF YEAR	<u>\$ 789,806</u>	<u>\$ -</u>	<u>\$ 789,806</u>	<u>\$ 270,693</u>	<u>\$ -</u>	<u>\$ 270,693</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, 2020 AND 2019**

	2020			2019				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Contributions	\$ 7,794,559	\$ -	\$ -	\$ 7,794,559	\$ 8,090,431	\$ -	\$ -	\$ 8,090,431
Salaries and Benefits	52,361	229,081	45,816	327,258	53,168	233,171	45,597	331,936
Professional Services	-	56,978	-	56,978	-	40,164	-	40,164
Travel and Meetings	1,016	121	585	1,722	3,813	2,220	461	6,494
Postage and Printing	37,314	6,294	1,349	44,957	45,565	3,116	6,408	55,089
Information Technology	75,745	3,189	797	79,731	89,721	3,313	524	93,558
Occupancy	12,186	7,022	1,446	20,654	12,147	7,072	1,468	20,687
Office Expenses	1,380	2,998	4,415	8,793	3,003	6,717	8,347	18,067
Bad Debt	53,665	-	-	53,665	58,148	-	-	58,148
Depreciation	-	7,792	-	7,792	-	12,054	-	12,054
Insurance	-	2,324	-	2,324	-	5,755	-	5,755
Campaign Supplies	-	-	114,364	114,364	-	-	134,645	134,645
Campaign Promotion	-	-	27,505	27,505	-	-	146,939	146,939
Bank and Payment Processing	44,593	21,235	4,955	70,783	37,240	17,870	3,709	58,819
Total Functional Expenses	\$ 8,072,819	\$ 337,034	\$ 201,232	\$ 8,611,085	\$ 8,393,236	\$ 331,452	\$ 348,098	\$ 9,072,786

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 519,113	\$ (20,315)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,792	12,054
Change in Allowance for Doubtful Accounts	(27,104)	(45,501)
(Increase) Decrease in Assets:		
Prepaid Expenses and Other	(11,710)	128,883
Pledges Receivable	161,895	(194,041)
Increase (Decrease) in Liabilities:		
Accounts Payable	1,795	(1,726)
Contributions Payable to Ministries	67,828	345,144
Accrued Liabilities	1,784	1,844
Contributions Payable to Parishes	77,918	(85,207)
Net Cash Provided by Operating Activities	<u>799,311</u>	<u>141,135</u>
 NET CHANGE IN CASH	 799,311	 141,135
Cash - Beginning of Year	<u>714,970</u>	<u>573,835</u>
 CASH - END OF YEAR	 <u>\$ 1,514,281</u>	 <u>\$ 714,970</u>

See accompanying Notes to Financial Statements.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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
- St. Vincent De Paul Society
- Abria Pregnancy Resources
- Rachel's Vineyard

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, 2020 AND 2019**

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:

Net Assets Without Donor Restrictions - 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.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions that: a) restrict their use to a specific purpose and/or the passage of time; b) require that they be maintained in perpetuity by the Foundation, generally, the donor of these assets permits the Foundation to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

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 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 is 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. Depreciation on equipment is computed using the straight-line method over an estimated useful life of 3 to 5 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.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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 exceed 100% of that goal, the parish will receive a contribution from the Foundation of 50% of the amount raised exceeding that goal. Additionally, if the amount raised from members of a parish in 2020 exceed the amount raised in 2019, the parish will receive 25% of the amount raised above the 2019 amount. 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 2020 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 without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. The Foundation has elected to present donor restricted contributions, when restrictions are fulfilled in the same time period as received, within the without donor restriction net asset class.

Functional Allocation of Expenses

The expenses incurred to provide the various programs and other activities have been summarized on a functional basis in the statements 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.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status

The Foundation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code 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.

Risk and Uncertainties

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. It is expected the COVID-19 could potentially impact the Foundation's 2021 operations resulting in a decline in contributions as well as other additional, unanticipated costs.

Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing subsequent to fiscal year-end.

Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through April 13, 2021, the date at which the financial statements were available to be issued.

NOTE 2 LIQUIDITY

The Foundation conducts the annual Catholic Services Appeal (the Appeal) within the geographic area served by the Archdiocese of Saint Paul and Minneapolis. The Foundation works with all the parishes of the Archdiocese to raise funds for the annual operating expenses of Catholic Ministries operating within the Archdiocese. The annual Appeal is conducted within each parish by means of an "in pew" ask on a designated Sunday before Lent, and a simultaneous "direct mailing" solicitation.

Most of the funds raised by the Appeal are raised in the first four months of the calendar year. Amounts are contributed to the ministries over the course of the year. Parishes can earn a rebate based on the amount collected, most of which is paid in December of each Appeal year, and the balance in May of the following year. As a result, the Appeal has an excess amount of funds on hand versus amounts scheduled to be contributed to the ministries until December of each year.

The Foundation has the objective of contributing substantially all the funds it raises each year to the ministries. In the fourth quarter, based on amounts raised that year, the board of the Foundation determines if it will be able to fully fund projected contributions to the ministries. If funds are deemed insufficient, then the board reduces the amounts it gives to the ministries.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 LIQUIDITY (CONTINUED)

Because the Foundation carries a payable to the parishes at year-end for the unpaid balance of the rebate parishes earn, the Foundation always has a sizable cash on hand balance at year-end which carries the Appeal over the first two months of the calendar year. In February of every year, new funds begin to be collected for the Appeal, and the cash on hand grows again. Because of the foregoing, the Appeal never has a cash shortage. The ability to reduce amounts given to the ministries, all of such amounts being completely at the discretion of the Foundation and its board, allows the Foundation to manage funds in the fourth quarter of each year.

Liquidity consisted of the following at December 31:

	2020	2019
Cash	\$ 1,514,281	\$ 714,970
Pledges Receivable	242,895	377,686
Operating Reserve Available	<u>1,757,176</u>	<u>1,092,656</u>
Contributions Payable to Ministries	433,530	365,702
Contributions Payable to Parishes	571,469	493,551
Outstanding Operating Expenses	<u>1,004,999</u>	<u>859,253</u>
Operating Reserve	<u>\$ 752,177</u>	<u>\$ 233,403</u>

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable at December 31 are summarized as follows:

	2020	2019
Pledges Receivable	\$ 308,434	\$ 470,329
Allowance for Uncollectible Pledges	(65,539)	(92,643)
Net Pledges Receivable	<u>\$ 242,895</u>	<u>\$ 377,686</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2020	2019
Software and Other Assets	\$ 85,586	\$ 85,586
Office Furniture and Equipment	40,247	40,247
Total	125,833	125,833
Accumulated Depreciation and Amortization	(123,051)	(115,259)
Net Property and Equipment	<u>\$ 2,782</u>	<u>\$ 10,574</u>

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 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 \$5,668 and \$10,381 for the years ended December 31, 2020 and 2019, respectively.

NOTE 6 OPERATING LEASES

During 2015, the Foundation signed a lease for office space that requires monthly payments of \$1,475 through March 1, 2019. In 2019, the Foundation extended the lease through March 1, 2022 that requires monthly payments of \$1,595. Rental expense for the years ended December 31, 2020 and 2019 was \$20,654 and \$20,687, respectively. The Foundation has future required minimum lease payments of:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 19,140
2022	4,785
Total	<u>\$ 23,925</u>

NOTE 7 CATHOLIC COMMUNITY FOUNDATION OF MINNESOTA HOLDINGS

The Foundation is a named beneficiary in three separate investment funds held at the Catholic Community Foundation of Minnesota. The funds were initially established by the Archdiocese of Saint Paul and Minneapolis in 1997 with a subsequent amendment issued in December 2014 that named the Foundation as the beneficiary of the distributions from these funds. The investment funds are not recorded on the Foundation's statement of financial position as the Foundation is only a named beneficiary in the distributions from the funds and did not initially establish the investment funds with the Catholic Community Foundation of Minnesota. In addition, the Catholic Community Foundation of Minnesota has the ability to redirect the distributions from these funds to another organization. Distributions from these funds are to be used to help defray the promotional expense of the annual Catholic Services Appeal campaign and to provide an additional income stream to offset loss of major contributions due to death or relocation. Distributions received from these funds totaled \$20,900 and \$20,600 for the years ended December 31, 2020 and 2019, respectively.

**CATHOLIC SERVICES APPEAL FOUNDATION
OF THE SAINT PAUL AND MINNEAPOLIS AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 CONTRIBUTION EXPENSES

During the years ended December 31, 2020 and 2019, the Foundation approved contributions to beneficiary organizations as listed below.

	<u>2020</u>	<u>2019</u>
Community Services:		
Catholic Charities	\$ 700,000	\$ 630,000
St. Vincent De Paul Society	50,000	45,000
Abria Pregnancy Resources	50,000	45,000
Rachel's Vineyard	26,875	24,188
Total Community Services	<u>826,875</u>	<u>744,188</u>
Clergy Services:		
Hospital Chaplains	670,034	581,720
Prison Chaplains	12,201	20,383
Saint Paul Seminary	933,383	848,774
St. John Vianney	193,800	268,622
Total Clergy Services	<u>1,809,418</u>	<u>1,719,499</u>
Donor Designated Gifts Paid to Beneficiaries	-	56,913
Education:		
Campus Ministries-St. Lawrence-Newman Center	264,000	237,600
Campus Ministries-St. Paul's Outreach	11,000	9,900
Elementary Schools Scholarships	400,000	400,000
Elementary School Support	1,303,125	1,172,813
High Schools	800,000	800,000
Total Education	<u>2,778,125</u>	<u>2,620,313</u>
Evangelization, Mission	92,268	140,415
Marriage and Family Life/Youth and Young Adults	339,932	295,827
Parish Outreach (Ministries):		
ACCW	25,585	23,027
Deaf Ministry	47,635	37,654
Indian Ministry	181,894	186,841
Latino Ministry	335,713	328,063
Venezuelan Mission	185,000	103,628
Ministries to be allocated	8,904	69,480
Total Parish Outreach (Ministries)	<u>784,731</u>	<u>748,693</u>
Parishes	<u>1,163,210</u>	<u>1,764,583</u>
Total	<u>\$ 7,794,559</u>	<u>\$ 8,090,431</u>

