

CATHOLIC CHARITIES  
(A NOT-FOR-PROFIT CORPORATION)  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019



**Loveridge Hunt & Co., PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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**Loveridge Hunt & Co., PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Board of Directors  
Catholic Charities  
Portland, Oregon

### Report on Financial Statements

We have audited the accompanying consolidated financial statements of Catholic Charities (a not-for-profit corporation), (the Organization), which comprise the consolidated statement of financial position as of June 30, 2019 and the related consolidated 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.

### Auditor's 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 Organization'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 Organization'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.

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities as of June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Emphasis-of-matter

As discussed in Note 2 to the financial statements, the Organization adopted the new accounting guidance required by generally accepted accounting principles from Accounting Standard Update 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The accounting principle has been applied retrospectively to the prior period presented. Our opinion is not modified with respect to that matter.

#### Report on Summarized Comparative Information

We have previously audited Catholic Charities' 2018 consolidated financial statements, and our report dated March 20, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent in all material respects, with the audited financial statements from which it has been derived.

#### Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on pages 41 to 46 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 the Organization's 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 the Organization's internal control over financial reporting and compliance applicable to 2019.

*Loveridge Hunt & Co., PLLC*

Bellevue, Washington

March 26, 2020

CATHOLIC CHARITIES  
(A Not-for-profit Corporation)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	JUNE 30,	
	2019	2018
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,778,895	\$ 2,658,499
Accounts receivable (Notes 5 and 18)	2,557,623	2,202,008
Bequests and pledges receivable, net of allowance for doubtful accounts of \$- and \$2,673	-	134,401
Prepaid expenses and deposits	588,557	575,059
Total current assets	4,925,075	5,569,967
Restricted deposits:		
Property reserve accounts (Note 6)	2,258,757	2,807,606
	2,258,757	2,807,606
Other assets:		
Investments (Notes 4 and 19)	4,563,359	4,914,968
Long-term accounts receivable (Notes 5 and 18)	778,023	957,353
Notes receivable from related parties, net of allowance for doubtful accounts of \$421,928 and \$421,928 (Notes 7 and 18)	4,443,116	3,231,739
Interests in limited partnerships (Note 8)	748,063	687,874
Interests in charitable remainder trusts (Notes 9 and 14)	99,629	105,230
Interest in perpetual trust (Notes 9 and 14)	361,705	366,309
Property and equipment - net (partially pledged) (Note 10)	37,286,383	33,118,135
Total other assets	48,280,278	43,381,608
Total assets	\$ 55,464,110	\$ 51,759,181

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CATHOLIC CHARITIES  
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - (CONTINUED)

	JUNE 30,	
	2019	2018
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 1,371,034	\$ 1,208,805
Accrued payroll and related items	134,351	112,743
Accrued vacation	244,039	274,187
Deferred revenue	259,834	768,919
Accrued interest payable	524,932	176,798
Lines of credit (Note 19)	2,876,138	2,026,138
Current portion of long-term debt (Note 11)	496,730	389,658
Total current liabilities	5,907,058	4,957,248
Long-term debt:		
Notes payable, net of current portion (Note 11)	19,786,364	17,625,381
Total liabilities	25,693,422	22,582,629
Commitments and contingencies (Notes 8, 16 and 17)		
Net assets:		
Net assets without donor restrictions:		
Board designated (Note 13)	4,804,197	5,046,653
Undesignated	8,858,079	9,327,336
Affordable housing properties	3,904,806	4,229,619
Total net assets without donor restrictions	17,567,082	18,603,608
Net assets with donor restrictions (Note 14)	12,203,606	10,572,944
Total net assets	29,770,688	29,176,552
Total liabilities and net assets	\$ 55,464,110	\$ 51,759,181

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES  
(A Not-for-profit Corporation)

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>	
			<u>2019</u>	<u>2018</u>
Revenues and other support:				
Contributions, bequests, and foundation grants	\$ 1,781,295	\$ 284,131	\$ 2,065,426	\$ 1,018,951
Annual appeals	2,328,329	-	2,328,329	2,240,641
Multnomah County	3,043,914	-	3,043,914	2,488,503
Clackamas County	65,062	-	65,062	40,038
State of Oregon:				
Department of Human Services	573,859	-	573,859	605,626
Department of Justice	288,047	-	288,047	366,064
Department of Education	98,475	-	98,475	94,806
Federal grants	447,351	-	447,351	478,312
U.S. Catholic Conference	576,601	-	576,601	671,267
City of Portland	1,003,395	-	1,003,395	917,664
Latino Network	883,877	-	883,877	875,196
City of Gresham	53,591	-	53,591	53,591
Interest income	160,008	-	160,008	166,634
Gain (loss) on investments	245,882	-	245,882	449,030
Contract revenue	1,953,541	90,000	2,043,541	1,231,585
Other support	9,581	-	9,581	226,285
Service fees	1,173,935	-	1,173,935	478,889
Adoption service fees	\$ 33,104	\$ -	\$ 33,104	\$ 74,808

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CATHOLIC CHARITIES  
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CONSOLIDATED STATEMENTS OF ACTIVITIES - (CONTINUED)

For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>	
			<u>2019</u>	<u>2018</u>
Revenues and other support - (continued):				
Increase (decrease) in interests in charitable remainder trusts (Note 9)	\$ -	\$ (5,619)	\$ (5,619)	\$ (12,747)
Increase (decrease) in interest in perpetual trust (Note 9)	-	(4,605)	(4,605)	3,042
Housing services:				
Grants	1,910	1,518,417	1,520,327	593,995
Development fees	443,564	-	443,564	798,439
Rental income	3,327,816	-	3,327,816	2,845,782
Net assets released from restrictions (Note 15)	<u>251,662</u>	<u>(251,662)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	\$ 18,744,799	\$ 1,630,662	\$ 20,375,461	\$ 16,706,401

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CATHOLIC CHARITIES  
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CONSOLIDATED STATEMENTS OF ACTIVITIES - (CONTINUED)

For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>	
			<u>2019</u>	<u>2018</u>
Expenses:				
Program services:				
Family services	\$ 2,173,926	\$ -	\$ 2,173,926	\$ 1,889,197
Housing and homeless support services	2,678,172	-	2,678,172	2,178,493
Pregnancy and adoption services	840,760	-	840,760	551,240
Immigration legal services	1,460,982	-	1,460,982	939,189
Children and youth school retention services	1,649,245	-	1,649,245	1,620,433
Domestic violence services	1,692,185	-	1,692,185	1,629,511
Housing development and asset management	5,115,217	-	5,115,217	4,004,527
Refugee services	959,321	-	959,321	931,129
Grants and subsidies	-	-	-	32,978
Supporting services:				
General and administrative	2,377,204	-	2,377,204	2,152,943
Fundraising	<u>1,105,542</u>	<u>-</u>	<u>1,105,542</u>	<u>1,044,251</u>
 Total expenses	 <u>\$ 20,052,554</u>	 <u>\$ -</u>	 <u>\$ 20,052,554</u>	 <u>\$ 16,973,891</u>

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CATHOLIC CHARITIES  
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CONSOLIDATED STATEMENTS OF ACTIVITIES - (CONTINUED)

For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>	
			<u>2019</u>	<u>2018</u>
Increase (decrease) in net assets	\$ (1,307,755)	\$ 1,630,662	\$ 322,907	\$ (267,490)
Net assets, beginning of year	18,603,608	10,572,944	29,176,552	29,444,042
Net assets assumed (See Note 21)	<u>271,229</u>	<u>-</u>	<u>271,229</u>	<u>-</u>
Net assets, end of year	<u>\$ 17,567,082</u>	<u>\$ 12,203,606</u>	<u>\$ 29,770,688</u>	<u>\$ 29,176,552</u>

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES  
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

	PROGRAM SERVICES									SUPPORTING SERVICES		Total Expenses	
	Family Services	Housing and Homeless Support Services	Pregnancy and Adoption Services	Immigration Legal Services	Children & Youth School Retention Services	Domestic Violence Services	Housing Development and Asset Management	Refugee Services	Total	General and Admin	Fund-Raising	2019	2018
Salaries and wages	\$ 711,697	\$ 1,124,045	\$ 483,325	\$ 664,379	\$ 866,495	\$ 771,268	\$ 681,410	\$ 390,313	\$ 5,692,932	\$ 1,332,240	\$ 486,562	\$ 7,511,734	\$ 6,719,332
Payroll taxes	61,480	96,428	41,892	56,996	72,589	66,625	58,294	33,813	488,117	92,859	39,465	620,441	566,518
Workers compensation	7,098	11,315	4,833	6,644	8,501	7,800	8,336	3,903	58,430	13,261	4,865	76,556	66,013
Employee benefits	267,020	325,034	126,612	188,746	243,030	174,147	50,330	114,061	1,488,980	249,390	95,364	1,833,734	1,511,531
Pension expense	24,842	27,495	18,302	21,600	39,475	17,234	10,918	10,917	170,783	6,328	18,074	195,185	205,036
Independent contractors	507,618	19,776	20,221	376,283	203,144	17,805	13,284	1,591	1,159,722	102,769	56,524	1,319,015	847,509
Insurance	9,618	19,497	4,891	7,007	10,272	9,924	124,071	4,523	189,803	20,982	3,334	214,119	183,172
Occupancy	60,121	50,986	15,352	22,080	30,896	90,830	5,038	14,263	289,566	(72,736)	11,184	228,014	217,580
Equipment and maintenance	32,551	120,820	25,595	36,257	5,832	20,960	647,895	25,775	915,685	92,825	17,276	1,025,786	809,136
Utilities	10,584	48,961	13,998	19,758	-	-	357,692	12,517	463,510	34,885	9,129	507,524	407,159
Professional fees	4,015	8,952	7,822	5,275	46,191	5,807	858,197	42,922	979,181	79,228	40,380	1,098,789	524,796
Office expense	24,695	48,611	6,710	21,989	52,390	31,947	309,000	28,223	523,565	159,280	182,163	865,008	583,200
Postage	1,523	1,072	1,657	6,989	91	85	563	1,478	13,458	2,970	119,096	135,524	302,754
Telephone	9,465	14,121	9,870	6,998	7,321	18,002	40,850	7,484	114,111	11,219	3,562	128,892	115,197
Printing and photocopying	13,645	8,173	1,851	2,849	3,189	9,292	333	1,405	40,737	39,789	4,456	84,982	49,772
Books and publications	140	-	(72)	464	52	-	-	-	584	578	85	1,247	1,636
Vehicle expense	5,396	21,497	4,940	3,244	13,924	17,315	5,975	25,386	97,677	18,283	1,179	117,139	101,987
Conferences and staff development	57,434	30,263	2,546	13,404	26,082	16,194	7,044	4,194	157,161	58,776	12,800	228,737	182,947
Depreciation and amortization	2,625	14,345	-	-	1,756	5,007	1,312,210	-	1,335,943	60,264	44	1,396,251	1,170,336
Interest expense	-	-	-	-	-	-	595,956	-	595,956	74,014	-	669,970	726,723
Specific assistance to individuals	362,359	686,781	50,415	20	18,015	411,943	-	236,553	1,766,086	-	-	1,766,086	1,681,557
Development costs	-	-	-	-	-	-	27,821	-	27,821	-	-	27,821	-
	<u>\$ 2,173,926</u>	<u>\$ 2,678,172</u>	<u>\$ 840,760</u>	<u>\$ 1,460,982</u>	<u>\$ 1,649,245</u>	<u>\$ 1,692,185</u>	<u>\$ 5,115,217</u>	<u>\$ 959,321</u>	<u>\$ 16,569,808</u>	<u>\$ 2,377,204</u>	<u>\$ 1,105,542</u>	<u>\$ 20,052,554</u>	<u>\$ 16,973,891</u>

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES  
(A Not-for-profit Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS  
Increase (Decrease) in Cash

	JUNE 30,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 322,907	\$ (267,490)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,396,251	1,170,336
Amortization of debt issuance costs	5,281	4,995
Gain on investments	(245,882)	(449,030)
Non-cash contributions	(420,000)	-
Compounded interest income	(144,888)	-
(Increase) decrease in interests in charitable remainder trusts (Note 9)	5,601	12,747
Increase in interest in perpetual trust (Note 9)	4,604	(3,042)
Changes in certain assets and liabilities:		
Accounts receivable	(355,615)	(687,116)
Bequests and pledges receivable	134,401	(6,195)
Prepaid expenses and deposits	(61,331)	36,932
Long-term accounts receivable	179,330	(98,893)
Accounts payable	16,970	68,624
Accrued payroll and related items	21,608	40,051
Accrued vacation	(30,148)	16,745
Deferred revenue	(509,085)	244,139
Accrued interest payable	(3,520)	13,449
Net cash provided by operating activities	316,484	96,252
Cash flows from investing activities:		
Sale of investments, net	597,491	202,161
(Increase) decrease in notes receivable from related parties	(1,518,417)	(659,651)
(Increase) decrease in interests in limited partnerships	(124,589)	(107,643)
Acquisition of property and equipment	(2,050,944)	(1,021,567)
Deposits to property reserve accounts	(222,134)	(1,015,819)
Withdrawals from property reserve accounts	1,122,637	233,046
Withdrawals from construction reserve account	-	461,057
Net cash used by investing activities	\$ (2,195,956)	\$ (1,908,416)

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CATHOLIC CHARITIES  
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CONSOLIDATED STATEMENTS OF CASH FLOWS - (CONTINUED)  
Increase (Decrease) in Cash

	JUNE 30,	
	2019	2018
Cash flows from financing activities:		
Proceeds from notes payable	\$ 585,000	\$ 4,008,400
Payments on notes payable	(435,132)	(2,758,833)
Accounts payable - construction	-	(39,234)
Proceeds from lines of credit	<u>850,000</u>	<u>800,000</u>
Net cash provided by financing activities	<u>999,868</u>	<u>2,010,333</u>
Net increase in cash and cash equivalents	(879,604)	198,169
Cash and cash equivalents, beginning of year	<u>2,658,499</u>	<u>2,460,330</u>
Cash and cash equivalents, end of year	<u>\$ 1,778,895</u>	<u>\$ 2,658,499</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 316,555	\$ 708,279
Supplemental schedule of noncash investing and financing activities:		
Transfer of construction-in-progress and related debt to Rogue River Affordable Housing, LLC:		
Construction-in-progress	\$ 358,547	\$ -
Predevelopment loan	338,267	-
Increase of cash, property, equipment, accounts payable, notes payable through the transfer of net assets related to Villa Capri LP (See Note 21):		
Cash	\$ 43,448	\$ -
Reserves	351,654	-
Other assets	47,833	-
Property and equipment	3,396,465	-
Accounts payable and other liabilities	147,390	-
Accrued interest (net of eliminations)	326,078	-
Mortgage notes payable (net of eliminations)	2,496,873	-

The accompanying notes are an integral part of these financial statements.

CATHOLIC CHARITIES  
(A Not-for-profit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES

Catholic Charities (the Organization) is a private, nonprofit 501(c)(3) corporation registered with the Corporation Division of the State of Oregon. Catholic Charities has seven corporate members with the Archbishop of the Archdiocese of Portland in Oregon (Archdiocese) as its Chair. A Board of Directors establishes policies and sets the overall direction of the Organization.

Catholic Charities' mission statement:

Inspired by the transformative power of God's love, Catholic Charities, the social service arm of the Catholic Church of Western Oregon, partners with the most vulnerable, regardless of faith, to achieve lasting solutions to poverty and injustice.

Catholic Charities' vision for society and the Organization:

Catholic Charities envisions a society in which all people: thrive economically, socially and spiritually; cultivate diverse, respectful and just communities; recognize the inherent dignity and sanctity of human life.

Catholic Charities of Oregon achieves lasting solutions to poverty and injustice by partnering with clients to meet their economic and educational goals and to support their physical and social well-being.

Catholic Charities has service programs and closely affiliated agencies that work to accomplish the mission. Two of these affiliated agencies are regional in scope: Mid-Willamette Valley and Central Coast and Lane County. Another is Archdiocesan in scope: CYO/Camp Howard. In addition, grants are given through Catholic Charities to Catholic-affiliated and other social service agencies serving the needy throughout the Archdiocese. These affiliated agencies are not consolidated in the financial statements of Catholic Charities.

Another affiliated agency is culturally specific in scope: El Programa Hispano Catolico is consolidated in the financial statements of Catholic Charities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accrual method of accounting is used for financial statement purposes.

CATHOLIC CHARITIES  
(A Not-for-profit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Consolidation

The consolidated financial statements of Catholic Charities also include the accounts of Catholic Charities' affiliates, Caritas Housing Initiatives, LLC (CHILLC), Caritas Community Housing Corporation (CCHC), Caritas Powell Properties, LLC (CPPLLC), Caritas Preservation Properties LLC (CPRPLLC), Clark Family Center (CFC), Caritas Sacred Heart Villa, LLC (CSHVLLC), El Programa Hispano Catolico (EPHC), Rain Garden GP, LLC (RGGPLLC), McCoy Village GP, LLC (MVGPLLC), Caritas Villa Capri GP, LLC (CVCGPLLC), Good Shepherd Village LLC (GSVLLC), Renaissance Court, Inc. (RCI), Caritas Plaza (formerly St. Vincent dePaul Plaza) (CP), and Caritas Villa (formerly St. Vincent dePaul Villa) (CV). Catholic Charities is the sole member of CHILLC, EPHC and GSVLLC, and has majority representation on the Boards of Directors of CCHC, CFC, RCI, CP and CV. CHILLC is the sole member of CPPLLC, CPRPLLC, CSHVLLC, MVGPLLC and CVCGPLLC and these entities are included in the CHILLC column in the consolidation schedule. CCHC is the sole member of RGGPLLC and this entity is included in the CCHC column in the consolidation schedule. All inter-organizational accounts and transactions have been eliminated in consolidation. CP and CV are included in the consolidation schedule in the column HUD Properties. Separate audits for these entities are available upon request.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain amounts as previously presented have been reclassified to conform with the current year presentation.

Property and Equipment

Property and equipment acquisitions are capitalized at cost, when purchased, or at fair value at the date of gift, when donated. Depreciation and amortization of property and equipment is computed for financial statement purposes using the straight-line method over the estimated useful lives of the related assets.



CATHOLIC CHARITIES  
(A Not-for-profit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Net Assets

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets 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 such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Catholic Charities' consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Recognition of Donor Restricted Contributions

Catholic Charities reports gifts of cash and other assets as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a purpose for the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Bequests and Pledges Receivable

Bequests and pledges receivable that are collectible within one year are recorded at estimated net realizable value. Bequests and pledges receivable collectible in more than one year are recorded at the present value of estimated future cash flows.

Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments available for current use with an initial maturity of three months or less are deemed to be cash equivalents.

Concentration of Credit Risk

Catholic Charities maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. Catholic Charities has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk on cash and cash equivalents.

CATHOLIC CHARITIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Investments

Investments are recorded at fair value based on market prices, as defined in Note 4.

Receivables

Receivables consist of grants and contracts receivable and are stated at net realizable value.

Interest in Limited Partnerships

The Organization accounts for its interest in the various housing limited partnerships using the cost method.

Revenue Recognition

A substantial portion of the public support and revenue of the Organization is derived from grants and contracts administered by various federal, state and local government agencies. Revenue from these grants and contracts is subject to audits that could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first reasonably be determined, normally upon notification by the government agency. During the years ended June 30, 2019 and 2018, no such adjustments were made.

Interest in Charitable Remainder Trust

Catholic Charities has a 100 percent remainder interest in one charitable remainder trust held by a third party trustee.

Catholic Charities' interest in the trust has been recorded as a net asset with donor restriction measured at the present value of future cash receipts from the trust's assets, which is estimated to be Catholic Charities' percentage of the fair value of the trust's assets.

Distributions from the trust is recorded as revenue without donor restrictions when received. Changes in the amount reported as an asset are recorded as an increase or decrease to net assets with donor restrictions.

Interest in Perpetual Trust

The Organization has a 25 percent beneficial interest in a perpetual trust. The assets in this trust are held and managed by a bank. Under the terms of the trust, the Organization has the irrevocable right to receive a percentage of the income earned on the trust assets in perpetuity, but never receives the assets held in trust.

The Organization's interest in the trust has been recorded as a net asset with donor restriction measured at the present value of future cash receipts from the trust's assets (estimated to be the fair value of the trusts assets).

Distributions from the trust are recorded as revenue without donor restrictions when received. Changes in the amount reported as an asset are recorded as an increase or decrease in net assets with donor restrictions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Financial Instruments

The Organization's financial instruments consist of accounts receivable, investments, pledges receivable, notes receivable, interests in charitable remainder trusts, interest in perpetual trust, accounts payable, other accrued liabilities, and long-term debt. The investments, interests in charitable remainder trusts and interest in perpetual trust are adjusted to fair value based on quoted market price (level 1 inputs) at each balance sheet date. Therefore, those assets are exposed to significant market fluctuation. It is management's opinion that the Organization is not exposed to significant interest rate risk or credit risk arising from any of the aforementioned instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

Deferred Revenue

Deferred revenue represents amounts received on exchange transactions for which qualifying expenditures have not yet been incurred.

Donated Services, Materials and Equipment

The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During 2019, in-kind equipment donations totaled \$420,000.

Also, a substantial number of volunteers have donated significant amounts of their time to the Organization's program services and fund raising campaigns. However, these donated services have not been reflected in the accompanying financial statements since the appropriate criteria for valuing/recognizing these services have not been met.

Development Fees

CHILLC, CCHC, and CPPLLC earn development fees on housing projects developed for related entities (limited partnerships in which either CHILLC, CCHC, or CPPLLC is the general partner or developer) and on projects owned directly by CHILLC, CCHC, or CPPLLC. Revenue from development fees is recognized over the development period of the project.

Development Costs

Development costs consist of costs incurred during the process of identifying new development projects. Management evaluates the recoverability of development costs based on the likelihood that the development project will be completed, and the costs are stated at net realizable value.

Income Tax

Catholic Charities, CCHC, CFC, , EPHC, RCI, CP, and CV are exempt from federal and state income taxes as entities described in Section 501(c)(3) of the Internal Revenue Code and similar state provisions. No income taxes were paid in 2019 and 2018. Generally, the Organization's tax returns remain open for three years for federal and state income tax examination.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Functional Allocation of Expenses

Costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited using square footage and full-time equivalents.

Amortization of Debt Issuance Costs

Debt issuance (loan) costs related to a recognized debt liability are presented in the balance sheets as a direct deduction from the carrying amount of that debt liability and amortization of debt issuance costs are reported as interest expense in accordance with ASU 2015-03. See Note 11 for additional information. Debt issuance costs are amortized over the period the obligation is outstanding using the straight-line method. This does not result in a significant difference from the effective interest rate method.

Adoption of Accounting Standards Update

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. The additional disclosures with qualitative and quantitative information are presented in Note 12 regarding how the Organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statements of financial position date. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Event

Management of the Organization has evaluated events and transactions occurring after June 30, 2019 through March 26, 2020, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events and transactions that required recognition and disclosures in the financial statements, except as disclosed in Notes 4 and 22.

NOTE 3 - PROGRAM AND SUPPORTING SERVICES

Program Services

*Family Services* - Includes a broad array of Latino family strengthening and anti-poverty services, including rent and energy assistance, information and referral services, counseling, parenting education, health relationship classes, health care access, elder services, tax clinic, and community education programming.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - PROGRAM AND SUPPORTING SERVICES - (CONTINUED)

*Housing and Homeless Support Services* - Specialized outreach and housing placement services for chronically homeless women, day center services, and resident services and advocacy for tenants of Caritas Housing projects.

*Pregnancy and Adoption Services* - General and emergency assistance to pregnant women, intensive case management services, rent and general financial assistance, adoption placement services, on-going support to birth parents and adoptive families.

*Immigration Legal Services* - Provides professional legal services and representation to low-income immigrants and refugees throughout Oregon. Family reunification cases receive special attention. Services include family visas, residency, naturalization, asylum, special relief for battered women, deferred action for childhood arrivals, and assistance to victims of human trafficking.

*Childhood & Youth School Retention Services* - A broad array of support and intervention services designed to promote healthy child development and academic achievement, particularly within the Latino community. Services include community school programs, academic enrichment services, tutorial services, school retention case management, services designed to promote high school and post secondary educational success, Plaza Comunitarias (Spanish language adult basic education centers), cultural environment, and art related youth activities.

*Domestic Violence Services* - Extensive support services for victims of domestic violence and sexual assault. Services include case management, emergency assistance, crisis intervention, 24 hr Spanish crisis line services, safety planning, short-term housing, community education, support groups, special parenting education for children exposed to domestic violence, and long term housing support.

*Housing Development and Asset Management* - Caritas Housing constructs, rehabilitates, and maintains affordable housing for a wide variety of populations, including low income families, seniors, migrant farm workers, disabled adults, people living with chronic mental illness, and other at-risk and high need populations. Presently, Caritas manages approximately 580 units of housing.

*Refugee Services* - Assists in the relocation of refugees into the Portland area from refugee camps in foreign lands. The program provides new arrivals with housing, clothing, food, access to education and health care, job search assistance, and general case management and support.

*Grants and Subsidies* - Direct cash grants to Catholic Charities member agencies and small grant recipients, primarily parish and community based programs and ministries. Supports a wide range of initiatives, including food pantry services, basic emergency assistance, utility and other forms of direct assistance, special support to pregnant women, migrant farm worker support, short term shelter, etc.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - PROGRAM AND SUPPORTING SERVICES - (CONTINUED)

Supporting Services

General and administrative activities include business management, record-keeping, budgeting, financing, human resources management, government agency grant and contract acquisition management, licensing and certification compliance, and related administrative activities. These services provide the necessary development, organizational, and management support for effective operation of the programs.

Fundraising activities include conducting fundraising campaigns, preparing and distributing fundraising materials, conducting other activities involving soliciting contributions from individuals, foundations, and others, and public relations efforts.

NOTE 4 - INVESTMENTS AND SUBSEQUENT EVENT

The composition of investments at June 30 is as follows:

	<u>2019</u>	<u>2018</u>
Bond funds	\$ 1,728,742	\$ 1,770,536
Common stock funds	<u>2,834,617</u>	<u>3,144,432</u>
	<u>\$ 4,563,359</u>	<u>\$ 4,914,968</u>

At each reporting period, all assets for which the fair value measurement is based on quoted price in active markets for identical assets are classified as Level 1.

As defined in ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - INVESTMENTS AND SUBSEQUENT EVENT- (CONTINUED)

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value to such assets or liabilities.

Subsequent Event

Due to economic conditions after year-end, the investments have incurred an unrealized loss of approximately 10 percent.

NOTE 5 - ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Clackamas County	\$ 29,428	\$ 11,076
Multnomah County	839,083	532,084
Internal Revenue Service	37,437	37,619
State of Oregon	143,701	320,912
Oregon Health	-	36,367
U.S. Catholic Conference	165,255	211,406
IRCO	42,733	-
Related parties (long-term) (see Note 18)	778,023	957,353
Housing management fees	304,469	120,960
HOME Forward	61,964	62,588
Gresham Barlow School District	-	58,031
Oregon Law Foundation	-	67,500
City of Portland	166,135	107,925
Transitions Project	63,295	-
JOIN	53,951	-
Providence	144,927	38,768
Department of Justice	62,416	62,416
Latino Network	86,926	162,206
Other	<u>355,903</u>	<u>372,150</u>
	<u>\$ 3,335,646</u>	<u>\$ 3,159,361</u>

NOTE 6 - PROPERTY RESERVE ACCOUNTS

The Loan Agreements between CCHC and Rural Housing Services (RHS) require CCHC to deposit \$75,857 annually into a separate reserve account until the account reaches \$717,840. Regulatory agreements with HUD require CP, CV and RCI to deposit \$1,603, \$625 and \$873 per month, respectively, to the replacement reserve accounts. Casa Verde, North Slope and Villa Capri are required to make monthly deposits of \$780, \$924 and \$2,184, respectively, per partnership and/or loan agreements. Withdrawals from the reserve accounts require prior approval from the appropriate regulatory agency or partner.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - NOTES RECEIVABLE FROM RELATED PARTIES

	2019	2018
Note receivable from Rogue River Affordable Housing, LLC, includes interest at 2.0 percent compounded annually. Annual payments are to be made from available cash flow. The note is secured by the deed of trust on property. The note is due in December, 2070.	\$ 50,333	\$ -
Note receivable from Rogue River Affordable Housing, LLC, includes interest at 2.0 percent compounded annually. Annual payments are to be made from available cash flow. The note is secured by the deed of trust on property. The note is due in December, 2070.	521,873	\$ -
Note receivable from Rogue River Affordable Housing, LLC, includes interest at 2.0 percent compounded annually. Annual payments are to be made from available cash flow. The note is secured by the deed of trust on property. The note is due in December, 2020.	704,667	-
Note receivable from Rogue River Affordable Housing, LLC, includes interest at 2.0 percent compounded annually. Annual payments are to be made from available cash flow. The note is secured by the deed of trust on property. The note is due in December, 2070.	251,667	-
Note receivable from Kateri Park, LP, includes interest at 5.5 percent per annum. The note is secured by the deed of trust on property. The note is due in December, 2043.	75,000	75,000
Note receivable from Esperanza Court, LP, includes interest at 5.31 percent per annum. Annual payments are to be made from available cash flow. The note is secured by the deed of trust on property. The note is due in September, 2037.	150,000	150,000
Note receivable from Kateri Park, LP, includes interest at 2.18 percent compounded annually. Annual payments are to be made from available cash. The note is unsecured. The note is due in August 2046.	\$ 682,793	\$ 668,226



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - NOTES RECEIVABLE FROM RELATED PARTIES - (CONTINUED)

	2019	2018
Note receivable from Molalla Gardens, LP, includes interest at 2.25 percent compounded annually. Annual payments are to be made from available cash. The note is secured by a trust deed on property. The note is due in July, 2046.	\$ 577,925	\$ 565,208
Note receivable from Molalla Gardens, LP, includes interest at 2.25 percent per annum. Annual payments are to be made on or before April 15, commencing April 15, 2018. The note is secured by the deed of trust on the property. The note is due by July 1, 2046.	238,282	233,039
Note receivable from Rain Garden, LP, includes interest at 6.25 percent per annum, compounded annually. Annual payments are to be made from available cash. The note is secured by the deed of trust on property. The note is due in July, 2038.	1,128,352	1,061,977
Note receivable from Villa Capri, LP, includes interest at 0.88 percent per annum. Annual payments are to be made from available cash beginning in 2017. The note is secured by the deed of trust on property. The note is due in December, 2035. See Note 21.	-	301,928
Note receivable from Villa Capri, LP, includes interest at 6 percent per annum. Annual payments are to be made from available cash. The note is secured by the deed of trust on property. The note is due in December, 2035. See Note 21.	-	150,000
Note receivable from GMV Apartments, LP, includes interest at 8 percent per annum, compounded annually. Annual payments are to be made from available cash. The note is secured by the deed of trust on property. The note matures the earlier of 1) June 17, 2061 or, 2) upon sale or refinance.	484,152	448,289
	4,865,044	3,653,667
Less allowance for doubtful accounts	(421,928)	(421,928)
	\$ 4,443,116	\$ 3,231,739

The operations generated by investment in limited partnerships and the related real estate are subject to various governmental rules, regulations and restrictions which make it impracticable to estimate the fair value of the related notes receivable.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - INTERESTS IN LIMITED PARTNERSHIPS

	<u>2019</u>	<u>2018</u>
Interests in limited partnerships - at cost:		
Kateri Park, LP	\$ 167,832	\$ 43,243
Esperanza Court, LP	5,000	5,000
St. Francis Park, LP	177,155	177,155
Rain Garden, LP	397,976	397,976
Villa Capri Apartments, LP (Note 21)	-	64,400
GMV Apartments, LP	<u>100</u>	<u>100</u>
	<u>\$ 748,063</u>	<u>\$ 687,874</u>

CHILLC, CPPLL, MVGPLLC and CCHC have agreed to guarantee that the use of the property inside the partnerships is for low-income housing and that the purchase of limited partnership interests will occur as described in the partnership agreements.

The operations generated by investment in limited partnerships and the related real estate are subject to various governmental rules, regulations and restrictions which make it impracticable to estimate the fair value of the interests in limited partnerships.

NOTE 9 - INTERESTS IN CHARITABLE REMAINDER TRUSTS AND PERPETUAL TRUST

	<u>2019</u>	<u>2018</u>
Interests in charitable remainder trusts:		
Balance at beginning of year	\$ 105,230	\$ 117,977
Change in value	<u>(5,601)</u>	<u>(12,747)</u>
Balance at end of year	<u>\$ 99,629</u>	<u>\$ 105,230</u>
Interest in perpetual trust:		
Balance at beginning of year	\$ 366,309	\$ 363,267
Change in value	<u>(4,604)</u>	<u>3,042</u>
Balance at end of year	<u>\$ 361,705</u>	<u>\$ 366,309</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - PROPERTY AND EQUIPMENT

	2019	2018
Land	\$ 6,369,818	\$ 5,361,391
Building and improvements	48,219,563	39,914,033
Leasehold improvements	157,448	150,601
Equipment	2,345,026	1,716,679
Construction in progress	332,402	827,384
	57,424,257	47,970,088
 Less: accumulated depreciation and amortization	 (20,137,874)	 (14,851,953)
 Net property and equipment	 \$ 37,286,383	 \$ 33,118,135

As of the end of December 2012, the transfer of an eleven-acre property located in Happy Valley, Oregon, was completed. The property, valued at \$1,305,000 per a 2012 appraisal from Colliers International, was donated to Catholic Charities. In April 2013, the property was transferred to Good Shepherd Village LLC (GSVLLC), a single-asset entity. A portion of the land is undevelopable and will be maintained as an open landscaped area by GSVLLC. As of June 30, 2019 and 2018, property holding costs incurred by GSVLLC totaled \$286,001 and \$227,870, respectively.

During 2016, Catholic Charities began working with Salesforce to develop software. They also contracted with Stellar Active to improve website design. These charges have been included in construction in progress and as of June 30, 2019 and 2018, totaled \$46,401 and \$57,512, respectively.

During 2018, CHI began preliminary planning for the potential acquisition and rehabilitation of three apartment projects in southern Oregon. As of June 30, 2018, predevelopment costs for these projects totaled \$358,547. During 2019, the predevelopment costs were transferred to Rogue River Affordable Housing, LLC.

During 2018, work began on rehabilitations at Caritas Plaza and Caritas Villa. As of June 30, 2018, rehabilitation costs for these projects totaled \$183,455. During 2019, the rehabilitations were completed.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Note payable to Clackamas County Community Development Division is non-interest bearing. The note is secured by a note receivable from Casa Verde Apartments, LP and related security interest in property. The loan is due if the property is sold, there is a change in use, the property ceases to be affordable to low-income tenants, or there is material non-compliance with the terms of the HOME Rental Project agreement.	\$ 250,000	\$ 250,000
Note payable to Rural Housing Services (RHS) accrues interest at 1 percent. The note is secured by a trust deed in Sandy Vista. Payments of principal and interest of \$3,997 began May 2004 and continue through April 2037.	742,741	783,055
Note payable to RHS accrues interest at 1 percent. The note is secured by a trust deed in Sandy Vista. Payments of principal and interest of \$6,374 began in July, 2005 and continue through June 2038.	1,259,553	1,323,103
Note payable to RHS accrues interest at 1 percent. The note is secured by a trust deed in Cedar Park Gardens. Payments of principal and interest of \$2,892 began January 2005, and continue through December 2035.	349,651	362,939
Note payable to RHS accrues interest at 1 percent. The note is secured by a trust deed in Cedar Park Gardens. Payments of principal and interest of \$2,208 began January 2005, and continue through December 2034.	266,987	277,133
Note payable to Oregon Department of Human Services, Office of Mental Health and Addictions is non-interest bearing. The note is due in full in July 2056. The note is secured by a trust deed in Renaissance Court.	200,000	200,000
Note payable to Clackamas County Community Development Division is non-interest bearing. The note is secured by a trust deed in RCI. The loan is due if the property is sold, there is a change in use, the property ceases to be affordable to low-income tenants, or there is material non-compliance with the terms of the HOME Rental Project agreement during the 20 year compliance period which ends in April 2028.	\$ 420,000	\$ 420,000

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - LONG-TERM DEBT - (CONTINUED)

	2019	2018
<p>Note payable to M &amp; T Realty Capital Corporation accrued interest at 6.55 percent. The note was secured by a trust deed in Caritas Plaza. Payments of principal and interest began November 2008. During 2018, the loan was refinanced. The new note is payable to Bellwether Enterprise Real Estate Capital, LLC and accrues interest at 3.84 percent. The note is secured by a trust deed in Caritas Plaza. Payments of principal and interest of \$9,112 began May 2018 and continue through April 2053. HUD has insured the mortgage under the provision of Section 207, pursuant to Section 223 (f) of the National Housing Act.</p>		
<p>The notes as of June 30, 2019 and 2018 totaled \$2,098,430 and \$2,098,430, respectively (less unamortized issuance costs of \$115,303 and \$118,741, respectively).</p>	\$ 1,953,855	\$ 1,979,689
<p>Note payable to M &amp; T Realty Capital Corporation accrued interest at 6.55 percent. The note was secured by a trust deed in Caritas Villa. Payments of principal and interest began November 2008. During 2018, the loan was refinanced. The new note is payable to Bellwether Enterprise Real Estate Capital, LLC and accrues interest at 4.14 percent. The note is secured by a trust deed in Caritas Villa. Payments of principal and interest of \$7,017 began May 2018 and continue through April 2053. HUD has insured the mortgage under the provision of Section 207, pursuant to Section 223 (f) of the National Housing Act.</p>		
<p>The notes as of June 30, 2019 and 2018 totaled \$1,551,891 and \$1,551,891, respectively (less unamortized issuance costs of \$87,589 and \$89,833, respectively).</p>	1,443,960	1,462,058
<p>Note payable to Oregon Department of Human Services, Office of Mental Health and Addictions accrues interest at 5 percent. The note is due in full in May 2057. The note is secured by a trust deed in Renaissance Court.</p>	285,000	285,000
<p>Note payable to U.S. Bank accrues interest at 4 percent. The note is unsecured. The initial maturity date of the loan was May 2016. The lender is required to extend the maturity date in one year increments for five more years if all conditions of the loan agreement are still met. After an additional five years, the lender can opt to continue to extend the maturity date if it so desires.</p>	\$ 250,000	\$ 250,000

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - LONG TERM DEBT - (CONTINUED)

	2019	2018
<p>Note payable to First Interstate Bank accrues interest at 4.43 percent as long as Casa Verde Apartments, LP qualifies as low-income housing tax credit project, otherwise the rate would be 8.43 percent. The note is secured by a trust deed in Casa Verde Apartments, LP. Payments of principal and interest of \$2,893 began May 2000 and continue through 2031.</p>		
<p>The note as of June 30, 2019 and 2018 totaled \$314,093 and \$334,403, respectively (less unamortized issuance costs of \$6,622 and \$7,202, respectively).</p>	\$ 307,471	\$ 327,201
<p>Note payable to U.S. Bank accrues interest at 3.26 percent as long as North Slope, LP qualifies as low-income housing tax credit project, otherwise the rate would be 7.26 percent. The note is secured by a trust deed in North Slope, LP. Payments of principal and interest of \$1,331 began May 2000, and continue through 2030.</p>		
<p>The note as of June 30, 2019 totaled \$138,839 and \$150,081 respectively (less unamortized issuance costs of \$9,838 and \$10,270, respectively).</p>	129,001	139,811
<p>Note payable to Network for Oregon Affordable Housing accrues interest at 5.15 percent. The note is secured by a trust deed in Villa Capri Apartments, LP. Payments of principal and interest of \$14,148 began April 2004, and continue through 2034. See Note 21.</p>		
<p>The note as of June 30, 2019 totaled \$1,751,758 (less unamortized issuance costs of \$33,939).</p>	1,717,819	-
<p>Note payable to Washington County accrues interest at 3 percent. The note is secured by a trust deed in Villa Capri Apartments, LP. Interest payments equal to the lesser of \$60,000 or available Net Cash Flow, as defined in the Partnership Agreement, are due each June 30th. Principal and any accrued but unpaid interest are due at maturity on June 30, 2040. See Note 21.</p>	731,941	-
<p>Note payable to Network for Oregon Affordable Housing, an Oregon nonprofit public benefit corporation, bears interest at 5.00 percent and has an initial maturity date of July 2020. The note was paid in 2019.</p>	\$ -	\$ 338,267

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - LONG-TERM DEBT - (CONTINUED)

	2019	2018
Note payable to US Bank accrues interest at 5.39 percent. The note is secured by a trust deed in CSHVLLC. Payments of principal and interest of \$20,927 began August 2009, and continue through 2039.	\$ 3,059,892	\$ 3,134,535
Note payable to Portland Housing Bureau (PHB) is non-interest bearing. The note matures upon full repayment. Payments on the loan are subject to available cash flow. The note is secured by a trust deed in CSHVLLC.	3,374,724	3,412,317
Note payable to US Bank accrues interest at 4.00 percent. The note is secured by a trust deed in CSHVLLC. Payments of principal and interest of \$1,460 began May 2015 and continue through October 2021.	39,030	54,624
Note payable to Columbia Bank (formerly Pacific Continental Bank) accrues interest at 3.228 percent. The note is secured by a trust deed in CFC. Interest only payments were due from November 2016 through October 2017. In November 2017, payments of principal and interest in the amount of \$15,345 began and continue through October 2041. The note allows for interest rate resets in October 2026 and 2036.	2,929,140	3,015,307
Note payable to Heritage bank accrues interest at 5.47 percent. The note is secured by a trust deed in CFC. In October 2018, payments of principal and interest in the amount of \$3,610 began and continue through September 2028 when a balloon payment is due. The note allows for an interest rate reset in October 2023.	<u>572,329</u>	<u>-</u>
	20,283,094	18,015,039
Less current portion	<u>(496,730)</u>	<u>(389,658)</u>
Total long-term debt	<u>\$ 19,786,364</u>	<u>\$ 17,625,381</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - LONG-TERM DEBT - (CONTINUED)

Principal payments on the notes payable for the next five years are as follows:

<u>Year</u>	<u>Principal</u>
2020	\$ 496,730
2021	523,146
2022	531,830
2023	546,640
2024	567,275
2025 and later years	<u>17,870,764</u>
	<u>\$ 20,536,385</u>

The operations generated by the investment in limited partnerships and the related real estate are subject to various rules, regulations and restrictions which make it impracticable to estimate the fair value of the related notes payable.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources. The Organization's financial assets available within one year of the statement of financial position for general expenditure are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Financial assets at year end:		
Cash	\$ 1,778,895	\$ 2,658,499
Accounts receivable	2,557,623	2,202,008
Investments	<u>4,563,359</u>	<u>4,914,968</u>
Total financial assets	8,899,877	9,775,475
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(279,235)	(134,785)
Quasi endowment established by the board	<u>(4,804,197)</u>	<u>(5,046,653)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,816,445</u>	<u>\$ 4,594,037</u>



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors of the Organization has designated the use of net assets without donor restrictions for specific purposes as follows:

	2019	2018
Quasi-Endowment	\$ 4,525,492	\$ 4,762,884
Reserve	278,705	283,769
	\$ 4,804,197	\$ 5,046,653

Quasi-Endowment

This includes bequests to Catholic Charities for which the Board of Directors has designated that the principal be invested in perpetuity and only the income be utilized to assist the funding of Catholic Charities' executive department administrative expenses. It is Catholic Charities' policy to include at a minimum 75 percent of all bequests without donor restrictions within the Quasi-Endowment with the remaining amount recorded in revenue without donor restrictions and other support. An allocation to net assets without donor restrictions from that portion of the Quasi-Endowment invested in equities and bonds is set annually by the Board of Directors. Income from other investments in the Quasi-Endowment is also recorded as net assets without donor restrictions. During 2019 and 2018, distributions of \$281,250 and \$225,000, respectively, were made from the Quasi-Endowment fund.

Reserve

This includes amounts designated by the Board of Directors for emergency needs of Catholic Charities and Catholic Charities-affiliated agencies. It is Catholic Charities' policy to attempt to maintain the Reserve balance at the greater of 4 percent of the operating budget or \$265,000, whichever best meets Catholic Charities' needs. Annually, the Board of Directors is to replenish this balance in order to maintain the minimum balance of \$265,000.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2019 and 2018, net assets with donor restrictions were available for the following purposes:

	<u>2019</u>	<u>2018</u>
Specific Purpose		
Emergency assistance	\$ 7,717	\$ 7,717
Interest in charitable remainder trust	99,629	105,230
For use in future periods	-	127,068
Program and administrative services	271,518	-
Interest in perpetual trust	361,705	366,309
Haven House (CHILLC)	274,990	274,990
Howard House (CHILLC)	1,662,838	1,662,838
RCI (CCHC)	2,615,962	2,619,295
Sandy Vista, Cedar Park Gardens and Rain Garden (CCHC)	4,085,830	4,104,497
Rogue River Affordable Housing (CHI and CCHC)	1,518,417	-
Good Shepherd Village (CC)	<u>1,305,000</u>	<u>1,305,000</u>
	<u>\$ 12,203,606</u>	<u>\$ 10,572,944</u>

At June 30, 2019 and 2018, net assets without donor restrictions are as follows:

	<u>2019</u>	<u>2018</u>
Board Designated	\$ 4,804,197	\$ 5,046,653
Affordable Housing properties	3,904,806	4,229,619
Undesignated	<u>8,858,079</u>	<u>9,327,336</u>
	<u>\$ 17,567,082</u>	<u>\$ 18,603,608</u>

NOTE 15 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose:

For use in future periods	\$ 127,068
Program and administrative services	102,594
Rain Garden (CCHC)	18,667
RCI	<u>3,333</u>
Total	<u>\$ 251,662</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - COMMITMENTS

Operating Leases

The Organization leases facilities and equipment under various noncancelable operating lease agreements expiring through June 2023. Minimum payments remaining under the leases are as follows:

Years Ending <u>June 30,</u>	<u>Amount</u>
2020	\$ 223,108
2021	219,295
2022	225,874
2023	<u>232,650</u>
	<u>\$ 900,927</u>

Rent expense for the years ended June 30, 2019 and 2018 totaled \$282,316 and \$257,139, respectively.

Lease between CFC and Catholic Charities

A lease has been entered into between CFC ("landlord") and Catholic Charities ("tenant") to lease office space at CFC. The lease payments began in July 2010 and continue through 2040. The related lease revenue and expense has been eliminated in consolidation. Projected income to the landlord and expense to the tenant is below:

Years Ending <u>June 30,</u>	<u>Amount</u>
2020	\$ 185,000
2021	185,000
2022	185,000
2023	185,000
2024 and later years	<u>3,145,000</u>
	<u>\$ 3,885,000</u>

Leases and Subleases entered into by Catholic Charities

Catholic Charities has entered one sublease of commercial space at CFC. The lease with Drop in Day Care, Inc. DBA Grandma's Place continues through February 2021. Rental income from the leases and subleases over the next five years is projected as follows:

CATHOLIC CHARITIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - COMMITMENTS - (CONTINUED)

Leases and Subleases entered into by Catholic Charities - (Continued)

Years Ending	<u>Amount</u>
<u>June 30,</u>	
2020	\$ 35,971
2021	<u>24,460</u>
	<u>\$ 60,431</u>

Operating Deficit Guaranty Agreement

CHILLC has entered into an operating deficit guaranty with Kateri Park, LP as set forth in the Kateri Park, LP partnership agreement. CHILLC has agreed to provide funds up to \$202,400 to Kateri Park, LP after the funds in the operating reserve account are used. The operating deficit period begins when Kateri Park, LP achieves breakeven operations and ends on the later of the third anniversary of breakeven operations or three consecutive twelve month periods with a debt coverage ratio of 1.15 or better. Kateri Park, LP began rental operations in October 2005. Payments made in accordance with the agreement through the operating guaranty period are to be non-interest bearing and shall be repayable in accordance with provisions set forth in the Kateri Park, LP partnership agreement.

Repurchase Obligation

CHILLC is obligated to repurchase the limited partner's interest up to the limited partner's contributions plus \$25,000 and costs associated with entering into Kateri Park, LP as set forth in the Kateri Park, LP partnership agreement if certain conditions are met as further defined in the Kateri Park, LP partnership agreement.

Guaranty Agreement - Kateri Park, LP

Catholic Charities has entered into a guaranty agreement with Kateri Park, LP., whereby Catholic Charities guarantees that CHILLC will perform all obligations required of the general partner as fully described in the Kateri Park, LP partnership agreement and to the extent the general partner fails to perform all duties required, Catholic Charities is obligated to complete these same duties. Payments made in accordance with the agreement are to be non-interest bearing and shall be repayable in accordance with provisions set forth in the Kateri Park, LP partnership agreement.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - COMMITMENTS - (CONTINUED)

Guaranty Agreement - Esperanza Court, LP

Catholic Charities has entered into a guaranty agreement as of August 17, 2007 with Esperanza Court, LP. Catholic Charities has guaranteed the following in regards to the operations of Esperanza Court, LP:

1. Fund operating deficits of up to \$500,000 beginning with stabilization and ending when certain conditions are met as defined in the Esperanza Court, LP partnership agreement (the Agreement);
2. Fund developer fee advances if necessary as defined in the agreement;
3. Credit adjuster guaranty if necessary as described in the agreement;
4. Guaranty of obligation to purchase interest of the limited partner if certain conditions are met as described in the agreement;
5. Ensure completion of other covenants and conditions agreed to by the general partner as defined in the agreement;

Guaranty Agreement - Rain Garden, LP

Catholic Charities has entered into a guaranty agreement as of August 5, 2008 with Rain Garden, LP. Catholic Charities has guaranteed the following in regards to the operations of Rain Garden, LP:

1. Fund unlimited operating deficits up to the stabilization date, as defined in the partnership agreement. After the stabilization date, up to a maximum of \$28,000 in operating deficits. The obligation ends when certain conditions are met as stipulated in the Rain Garden, LP partnership agreement;
2. Credit adjuster guaranty if necessary as described in the Rain Garden, LP partnership agreement;
3. Guaranty of obligation to purchase interest of the limited partner if certain conditions are met as described in the agreement.

Caritas Sacred Heart Villa

CSHVLLC has entered into the following agreements related to the purchase of Caritas Sacred Heart Villa, a multifamily residential and commercial development in Portland, Oregon.

1. Guaranty of obligation of payment and prompt performance related to the US Bank loan;
2. Regulatory agreement with the Portland Housing Bureau (PHB) that requires the property be operated as affordable housing for sixty years.

Guaranty Agreement - GMV Apartments LP

Catholic Charities and CHILLC have entered into a guaranty agreement with GMV Apartments, LP., whereby Catholic Charities and CHILLC guarantee that the general partner and developer of GMV Apartments, LP, MVGPLLC and CHILLC, respectively, will perform all obligations required of the general partner and developer as fully described in the GMV Apartments, LP partnership agreement and development agreement and to the extent the general partner or developer fail to perform all duties required, Catholic Charities and CHILLC are obligated to complete these same duties.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - COMMITMENTS - (CONTINUED)

Operating Deficit Guaranty Agreement - GMV Apartments LP

Catholic Charities has entered an operating deficit guaranty with GMV Apartments LP as set forth in the GMV Apartments LP partnership agreement. Under the guaranty, the general partner is obligated to fund operating deficits in an unlimited amount through the stabilization date, as defined in GMV Apartment LP's partnership agreement. Subsequent to the stabilization date, the general partner's obligation is limited to \$202,000 for deficits not funded by the operating reserve. The obligation terminates on the date that the following have occurred simultaneously:

1. The project has operating at breakeven for at least 3 consecutive years following the stabilization date;
2. The balance in the operating reserve is at least \$217,410.

Guaranty Agreement - Molalla Gardens, LP

Pursuant to the Repayment and Completion Guaranty Agreement, Caritas Community Housing Corporation and Catholic Charities (the Guarantors) entered into an agreement with U.S. Bank National Association (the Lender) to guarantee Molalla Gardens, LP (the Borrower) obligation to repay the construction loan totaling \$5,879,485. The Lender refused to make the loan unless this Guaranty is executed by the Guarantors and delivered to the lender. The Guarantors promise to pay the loan if the borrower is unable.

Guaranty Agreement - St. Francis Park, LP

Catholic Charities entered into a Guaranty Agreement (the Agreement) with Key Community Development Corporation, the limited partner in St. Francis Park, LP. Catholic Charities has guaranteed the following:

1. Fund operating deficits as defined in the Agreement
2. Bank account loss, loan shortfall and tax abatement guarantees as defined in the agreement;
3. Indemnification and capital contribution guarantees as defined in the agreement;
4. Repurchase obligation related to the limited partners interest due to certain events defined in the agreement;

Guaranty Agreement - Rogue River Affordable Housing, LLC

Catholic Charities entered into a Guaranty Agreement (the Agreement) with Enterprise Community Investment Corporation, the investment member in Rogue River Affordable Housing, LLC. Catholic Charities has guaranteed the due and punctual performance by the Managing Member and the Developer of all of their obligations under the Operating Agreement, as the same may be amended from time to time, with or without the consent of, or notice to, the Guarantor and the Development Services Agreement, as the same may be amended from time to time, with or without the consent of, or notice to, the Guarantor.

NOTE 17 - CONTINGENCIES

Amounts receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future that have not already been provided for.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - RELATED PARTY TRANSACTIONS

The Organization has transacted business with the following related parties during the years ended June 30, 2019 and 2018:

Rogue River Affordable Housing, LLC, a limited liability company .01 percent owned by Caritas Housing Initiatives, LLC

Esperanza Court, LP, a limited partnership .01 percent owned by Caritas Powell Properties, LLC

Kateri Park, LP, a limited partnership .01 percent owned by Caritas Housing Initiatives, LLC

Molalla Gardens, LP, a limited partnership .01 percent owned by Caritas Community Housing Corporation

Rain Garden, LP, a limited partnership .01 percent owned by Caritas Community Housing Corporation

GMV Apartments, LP, a limited partnership .01 percent owned by McCoy Village GP, LLC

St. Francis Park, LP, a limited partnership .01 percent owned by St. Francis Park GP, LLC

Villa Capri Apartments, LP, a limited partnership .01 percent owned by Caritas Villa Capri GP, LLC (see Note 21)

Statement of Financial Position:

	<u>2019</u>	<u>2018</u>
Included in assets -		
Accounts receivable:		
Molalla Gardens, LP	\$ 73,270	\$ 314,900
Esperanza Court, LP	57,525	61,474
Rogue River Affordable Housing, LLC	388,056	-
Kateri Park, LP	13,999	173,594
Rain Garden, LP	-	515
Interest receivable (several entities)	<u>245,173</u>	<u>406,870</u>
	<u>\$ 778,023</u>	<u>\$ 957,353</u>

CATHOLIC CHARITIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - RELATED PARTY TRANSACTIONS - (CONTINUED)

	<u>2019</u>	<u>2018</u>
Notes receivable from related parties (See Note 7)	\$ <u>4,443,116</u>	\$ <u>3,231,739</u>
Statement of Activities:		
	<u>2019</u>	<u>2018</u>
Included in revenues and other support -		
Development fees:		
Molalla Gardens, LP (to adjust to actual received)	\$ (196,427)	\$ 576,164
Rogue River Affordable Housing, LLC	<u>639,991</u>	<u>-</u>
	<u>\$ 443,564</u>	<u>\$ 576,164</u>
Interest income:		
Molalla Gardens, LP	\$ 17,961	\$ 15,546
Rogue River Affordable Housing, LLC	10,123	-
Kateri Park, LP	18,692	18,077
Rain Garden, LP	66,374	57,100
Esperanza Court, LP	7,965	14,261
Villa Capri Apartments, LP	-	11,657
GMV Apartments, LP	<u>35,863</u>	<u>30,648</u>
	<u>\$ 156,978</u>	<u>\$ 147,289</u>
Resident services and asset management fees:		
GMV Apartments, LP	<u>\$ 60,123</u>	<u>\$ 58,371</u>

NOTE 19 - LINES OF CREDIT

The Organization has three lines of credit with US Bank and can borrow up to \$2,900,000. Interest is payable monthly at prime less 1.0 percentage points (2.5 percent at June 30, 2019). The lines of credit are secured by investments held at US Bank and mature May 31, 2020. As of June 30, 2019 and 2018, the total amount outstanding on the lines of credit was \$2,876,138 and \$2,026,138, respectively.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 - RETIREMENT PLAN

Catholic Charities maintains a defined contribution plan. All employees with a minimum of one year of service are eligible for the Plan. Under the terms of the Plan, Catholic Charities contributes a certain percentage, determined annually, of employee compensation on a monthly basis. For the years ended June 30, 2019 and 2018, Catholic Charities contributed \$183,815 and \$179,794, respectively, to the defined contribution plan. The plan offers a tiered matching component based on employees' years of service with the agency.

NOTE 21 - VILLA CAPRI APARTMENTS, LP AND CONSOLIDATION

During 2019, Villa Capri Apartments, LP became 100 percent owned by entities controlled by Catholic Charities.

Prior to April 15, 2019, Villa Capri Apartments, LP was owned by Caritas Housing Initiatives, LLC, the general partner, with a .01 percent interest and TCIG Guaranteed Tax Credit Fund III, LLC, the limited partner, with a 99.99 percent interest. On April 15, 2019, CIG Guaranteed Tax Credit Fund III, LLC assigned its interest to Caritas Preservation Properties, LLC. The sole member of Caritas Preservation, LLC is Caritas Housing Initiatives, LLC. Therefore, as of June 30, 2019, Villa Capri Apartments, LP's assets and liabilities will be consolidated with Caritas Housing Initiatives, LLC and certain items such as accounts receivable, notes receivable, and investment in will be eliminated. Assets and liabilities transferred to Caritas Housing Initiatives, LLC on April 15, 2019 (before consolidation) are listed below.

	As of April 15, <u>2019</u>
Cash and reserves	\$ 395,102
Other assets	47,833
Rental property (net of depreciation)	2,504,802
Land	<u>891,663</u>
Total assets	<u>\$ 3,839,400</u>
Accounts payable	\$ 147,390
Accrued interest payable	506,706
Notes payable	2,914,075
Net assets	<u>271,229</u>
Total liabilities and net assets	<u>\$ 3,839,400</u>

CATHOLIC CHARITIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22 - SUBSEQUENT EVENTS DISCLOSURE

In September 2019, land and building owned by Catholic Charities and located in Cornelius, Oregon was sold to an outside party for \$400,000, resulting in a reported gain of \$91,722.

In December 2019, the remaining 99% ownership interest in Kateri Park, LP was assigned from NEF Assignment Corporation to Caritas Preservation Properties, LLC, which is wholly owned by Caritas Housing Initiatives, LLC. Underlying significant assets and assumed liabilities of the partnership to be combined in the consolidated group at lower of cost or market are as follows:

Assets:	
Cash and equivalents	\$ 353,476
Current assets	46,860
Property and equipment	4,933,297
Other assets	<u>45,543</u>
Total assets	<u>\$ 5,379,176</u>
Liabilities:	
Current liabilities	\$ 791,615
Loans payable	3,491,902
Net assets	<u>1,095,659</u>
Total liabilities and net assets	<u>\$ 5,379,176</u>

CATHOLIC CHARITIES  
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Schedule of Consolidation for Catholic Charities and its Subsidiaries

STATEMENT OF FINANCIAL POSITION

June 30, 2019

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>HUD Properties</u>	<u>El Programa Hispano Catolico</u>	<u>Eliminating Entries</u>	<u>Totals</u>
Assets:								
Cash and cash equivalents	\$ 290,915	\$ 896,803	\$ 220,145	\$ 53,087	\$ 285,578	\$ 32,367	\$ -	\$ 1,778,895
Accounts receivable	2,235,432	1,649,705	570,928	(103,917)	53,763	1,214,618	(3,062,906)	2,557,623
Bequests and pledges								
Prepaid expenses and deposits	444,279	68,682	24,114	-	14,869	36,613	-	588,557
Property reserve accounts	-	1,034,355	763,940	-	460,462	-	-	2,258,757
Investments	4,563,359	-	-	-	-	-	-	4,563,359
Long-term accounts receivable	778,023	-	-	-	-	-	-	778,023
Notes receivable from related parties	\$ 126,778	\$ 3,682,971	\$ 1,957,943	\$ -	\$ -	\$ -	\$ (1,324,576)	\$ 4,443,116

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Schedule of Consolidation for Catholic Charities and its Subsidiaries

STATEMENT OF FINANCIAL POSITION - (CONTINUED)

June 30, 2019

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>HUD Properties</u>	<u>El Programa Hispano Catolico</u>	<u>Eliminating Entries</u>	<u>Totals</u>
Interests in limited partnerships	\$ -	\$ 956,201	\$ 737,072	\$ -	\$ -	\$ -	\$ (945,210)	\$ 748,063
Interests in charitable remainder trusts	99,629	-	-	-	-	-	-	99,629
Interest in perpetual trust	361,705	-	-	-	-	-	-	361,705
Investments in consolidated LLC's	11,345,779	-	-	-	-	-	(11,345,779)	-
Property and equipment - net	<u>3,685,818</u>	<u>11,582,998</u>	<u>9,282,168</u>	<u>11,733,424</u>	<u>1,474,990</u>	<u>115,121</u>	<u>(588,136)</u>	<u>37,286,383</u>
Total assets	<u>\$ 23,931,717</u>	<u>\$ 19,871,715</u>	<u>\$ 13,556,310</u>	<u>\$ 11,682,594</u>	<u>\$ 2,289,662</u>	<u>\$ 1,398,719</u>	<u>\$ (17,266,607)</u>	<u>\$ 55,464,110</u>

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Schedule of Consolidation for Catholic Charities and its Subsidiaries

STATEMENT OF FINANCIAL POSITION - (CONTINUED)

June 30, 2019

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>HUD Properties</u>	<u>El Programa Hispano Catolico</u>	<u>Eliminating Entries</u>	<u>Totals</u>
Liabilities and net assets:								
Accounts payable	\$ 554,389	\$ 844,054	\$ 450,327	\$ 292,426	\$ 255,643	\$ 1,181,895	\$ (2,207,700)	\$ 1,371,034
Accrued payroll and related items	134,351	-	-	-	-	-	-	134,351
Accrued vacation	244,039	-	-	-	-	-	-	244,039
Deferred revenue	219,101	-	11,063	-	-	29,670	-	259,834
Accrued interest payable	-	812,761	174,450	-	11,913	-	(474,192)	524,932
Lines of credit	2,876,138	-	-	-	-	-	-	2,876,138
Long-term debt	250,000	10,807,677	3,943,931	3,501,469	3,397,815	126,779	(1,744,577)	20,283,094
Net assets	<u>19,653,699</u>	<u>7,407,223</u>	<u>8,976,539</u>	<u>7,888,699</u>	<u>(1,375,709)</u>	<u>60,375</u>	<u>(12,840,138)</u>	<u>29,770,688</u>
Total liabilities and net assets	<u>\$ 23,931,717</u>	<u>\$ 19,871,715</u>	<u>\$ 13,556,310</u>	<u>\$ 11,682,594</u>	<u>\$ 2,289,662</u>	<u>\$ 1,398,719</u>	<u>\$ (17,266,607)</u>	<u>\$ 55,464,110</u>

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CATHOLIC CHARITIES  
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Schedule of Consolidation for Catholic Charities and its Subsidiaries

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>HUD Properties</u>	<u>El Programa Hispano Catolico</u>	<u>Eliminating Entries</u>	<u>Totals</u>
Revenues and other support:								
Contributions, bequests, and grants	\$ 1,621,479	\$ -	\$ -	\$ -	\$ -	\$ 1,003,290	\$ (559,343)	\$ 2,065,426
Annual appeals	2,328,329	-	-	-	-	-	-	2,328,329
Multnomah County	714,133	-	-	-	-	2,329,781	-	3,043,914
Clackamas County	-	-	-	-	-	65,062	-	65,062
State of Oregon:								
Department of Human Resources	190,740	-	-	-	-	383,119	-	573,859
Department of Justice	-	-	-	-	-	288,047	-	288,047
Department of Education	-	-	-	-	-	98,475	-	98,475
Federal grants	368,964	-	-	-	-	78,387	-	447,351
U.S.Catholic Conference	576,601	-	-	-	-	-	-	576,601
City of Portland	-	-	-	-	-	1,003,395	-	1,003,395
Latino Network	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 883,877	\$ -	\$ 883,877

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CATHOLIC CHARITIES  
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Schedule of Consolidation for Catholic Charities and its Subsidiaries

STATEMENT OF ACTIVITIES - (CONTINUED)

For the Year Ended June 30, 2019

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>HUD Properties</u>	<u>El Programa Hispano Catolico</u>	<u>Eliminating Entries</u>	<u>Totals</u>
Revenues and other support - (continued):								
City of Gresham	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,591	\$ -	\$ 53,591
Interest income	31,896	78,374	81,387	-	-	-	(31,649)	160,008
Contract revenue	969,449	-	-	-	-	1,074,092	-	2,043,541
Gain on investments	245,882	-	-	-	-	-	-	245,882
Other support	9,581	-	-	-	-	-	-	9,581
Service fees	1,173,935	-	-	-	-	-	-	1,173,935
Adoption service fees	33,104	-	-	-	-	-	-	33,104
Decrease in interests in charitable remainder trusts	(5,619)	-	-	-	-	-	-	(5,619)
Increase in interest in perpetual trust	(4,605)	-	-	-	-	-	-	(4,605)
Housing services:								
Grants	-	1,268,417	251,910	-	274,726	-	(274,726)	1,520,327
Development fees	(88,175)	1,287,215	(196,427)	-	-	-	(559,049)	443,564
Housing fees/rent	<u>465,979</u>	<u>1,537,028</u>	<u>848,760</u>	<u>109,846</u>	<u>766,352</u>	<u>-</u>	<u>(400,149)</u>	<u>3,327,816</u>
Total revenue and other support	\$ 8,631,673	\$ 4,171,034	\$ 985,630	\$ 109,846	\$ 1,041,078	\$ 7,261,116	\$ (1,824,916)	\$ 20,375,461

Continued on Page 46.

CATHOLIC CHARITIES  
(A Not-for-profit Corporation)

Schedule of Consolidation for Catholic Charities and its Subsidiaries

STATEMENT OF ACTIVITIES - (CONTINUED)

For the Year Ended June 30, 2019

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>HUD Properties</u>	<u>El Programa Hispano Catolico</u>	<u>Eliminating Entries</u>	<u>Totals</u>
Expenses:								
Family services	\$ 951,704	\$ -	\$ -	\$ -	\$ -	\$ 1,222,222	\$ -	\$ 2,173,926
Housing and homeless support services	1,171,121	-	-	-	-	1,507,051	-	2,678,172
Pregnancy and adoption services	840,760	-	-	-	-	-	-	840,760
Immigration legal services	1,460,982	-	-	-	-	-	-	1,460,982
Children & youth school retention services	-	-	-	-	-	1,649,245	-	1,649,245
Domestic violence services	-	-	-	-	-	1,692,185	-	1,692,185
Housing development and asset management	483,729	2,852,049	1,127,880	476,002	1,316,347	-	(1,140,790)	5,115,217
Refugee services	959,321	-	-	-	-	-	-	959,321
Grants and subsidies	559,343	-	-	-	-	-	(559,343)	-
General & administrative	1,384,203	-	-	-	-	1,117,784	(124,783)	2,377,204
Fundraising	<u>1,032,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,629</u>	<u>-</u>	<u>1,105,542</u>
Total expenses	<u>8,844,076</u>	<u>2,852,049</u>	<u>1,127,880</u>	<u>476,002</u>	<u>1,316,347</u>	<u>7,261,116</u>	<u>(1,824,916)</u>	<u>20,052,554</u>
Increase in net assets	<u>\$ (212,403)</u>	<u>\$ 1,318,985</u>	<u>\$ (142,250)</u>	<u>\$ (366,156)</u>	<u>\$ (275,269)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,907</u>