

CATHOLIC CHARITIES
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017



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, 2017, 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, 2017, 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

Report on Summarized Comparative Information

We have previously audited Catholic Charities' 2016 consolidated financial statements, and our report dated March 29, 2017, 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, 2016, 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 21, 2018, 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 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 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 2017.

Loveridge Hunt + Co., PLLC

Bellevue, Washington

March 21, 2018

CATHOLIC CHARITIES
(A Not-for-profit Corporation)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	JUNE 30,	
	2017	2016
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,460,330	\$ 1,741,349
Accounts receivable (Notes 5 and 18)	1,514,892	1,357,822
Bequests and pledges receivable, net of allowance for doubtful accounts of \$3,134 and \$6,758	128,206	60,820
Prepaid expenses and deposits	611,991	255,067
Total current assets	4,715,419	3,415,058
Restricted deposits:		
Property reserve accounts (Note 6)	2,024,833	1,674,701
Construction reserves (Note 10)	461,057	-
	2,485,890	1,674,701
Other assets:		
Investments (Notes 4 and 19)	4,668,099	4,370,255
Long-term accounts receivable (Notes 5 and 18)	846,534	950,821
Notes receivable from related parties, net of allowance for doubtful accounts of \$421,928 and \$421,928 (Notes 7 and 18)	2,584,014	2,601,380
Interests in limited partnerships (Note 8)	580,231	1,121,945
Interests in charitable remainder trusts (Notes 9 and 15)	117,977	117,977
Interest in perpetual trust (Notes 9 and 16)	363,267	350,761
Property and equipment - net (partially pledged) (Note 10)	33,266,904	29,615,977
Total other assets	42,427,026	39,129,116
Total assets	\$ 49,628,335	\$ 44,218,875

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CATHOLIC CHARITIES
(A Not-for-profit Corporation)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - (CONTINUED)

	JUNE 30,	
	2017	2016
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 1,140,181	\$ 941,025
Accounts payable - construction (Note 10)	39,234	57,103
Accrued payroll and related items	72,692	-
Accrued vacation	257,442	202,764
Deferred revenue	524,780	81,645
Accrued interest payable	163,349	179,348
Lines of credit (Note 19)	1,226,138	2,081,918
Current portion of long-term debt (Note 11)	<u>360,670</u>	<u>400,923</u>
 Total current liabilities	 3,784,486	 3,944,726
Long-term debt:		
Notes payable, net of current portion (Note 11)	<u>16,399,807</u>	<u>13,160,103</u>
 Total liabilities	 20,184,293	 17,104,829
Commitments and contingencies (Notes 8, 13 and 14)		
Net assets (deficit):		
Unrestricted:		
Board designated (Note 12)	4,871,062	4,481,827
Undesignated	9,975,745	9,320,759
Affordable housing properties	<u>4,018,240</u>	<u>2,804,710</u>
 Total unrestricted	 18,865,047	 16,607,296
Temporarily restricted (Note 15)	10,215,728	10,155,989
Permanently restricted (Note 16)	<u>363,267</u>	<u>350,761</u>
 Total net assets	 <u>29,444,042</u>	 <u>27,114,046</u>
 Total liabilities and net assets	 <u>\$ 49,628,335</u>	 <u>\$ 44,218,875</u>

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, 2017 (With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2017</u>	<u>2016</u>
Revenues and other support:					
Contributions, bequests, and foundation grants	\$ 1,471,503	\$ -	\$ -	\$ 1,471,503	\$ 1,045,522
Annual appeals	3,755,212	109,131	-	3,864,343	1,900,761
Multnomah County	2,233,010	-	-	2,233,010	2,170,986
Clackamas County	79,215	-	-	79,215	61,392
State of Oregon:					
Department of Human Services	600,653	-	-	600,653	591,905
Office of Homeland Security	365,797	-	-	365,797	216,291
Department of Education	192,246	-	-	192,246	157,196
Federal grants	509,025	-	-	509,025	544,076
U.S. Catholic Conference	1,644,092	-	-	1,644,092	934,741
City of Portland	1,002,477	-	-	1,002,477	658,171
Latino Network	835,681	-	-	835,681	-
City of Gresham	51,530	-	-	51,530	51,530
Interest income	148,823	-	-	148,823	320,740
Gain (loss) on investments	433,439	-	-	433,439	12,887
Other support (Note 23)	1,046,279	-	-	1,046,279	3,835,766
Adoption service fees	\$ 113,138	\$ -	\$ -	\$ 113,138	\$ 223,761

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CATHOLIC CHARITIES
(A Not-for-profit Corporation)

CONSOLIDATED STATEMENTS OF ACTIVITIES - (CONTINUED)

For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2017</u>	<u>2016</u>
Revenues and other support - (continued):					
Increase (decrease) in interests in charitable remainder trusts (Note 9)	\$ -	\$ -	\$ -	\$ -	\$ (33,669)
Increase (decrease) in interest in perpetual trust (Note 9)	-	-	12,506	12,506	(26,629)
Housing services:					
Grants	691,741	-	-	691,741	41,410
Development fees	344,939	-	-	344,939	161,681
Rental income	2,809,865	-	-	2,809,865	2,743,828
Gain on sale of assets (Note 21)	-	-	-	-	110,085
Net assets released from restrictions (Note 17)	<u>49,392</u>	<u>(49,392)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and other support	\$ 18,378,057	\$ 59,739	\$ 12,506	\$ 18,450,302	\$ 15,722,431

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CATHOLIC CHARITIES
(A Not-for-profit Corporation)

CONSOLIDATED STATEMENTS OF ACTIVITIES - (CONTINUED)

For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2017</u>	<u>2016</u>
Expenses:					
Program services:					
Family services	\$ 1,683,797	\$ -	\$ -	\$ 1,683,797	\$ 886,009
Housing and homeless support services	1,704,659	-	-	1,704,659	1,208,655
Pregnancy and adoption services	425,675	-	-	425,675	462,470
Immigration legal services	889,614	-	-	889,614	835,814
Children and youth school retention services	1,350,839	-	-	1,350,839	1,694,189
Domestic violence services	1,765,451	-	-	1,765,451	1,311,996
Housing development and asset management	3,458,688	-	-	3,458,688	3,946,161
Refugee services	1,841,959	-	-	1,841,959	1,192,164
Grants and subsidies	130,000	-	-	130,000	160,186
Supporting services:					
General and administrative	2,007,444	-	-	2,007,444	1,564,189
Fundraising	<u>862,180</u>	<u>-</u>	<u>-</u>	<u>862,180</u>	<u>746,293</u>
 Total expenses	 <u>\$ 16,120,306</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 16,120,306</u>	 <u>\$ 14,008,126</u>

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CATHOLIC CHARITIES
(A Not-for-profit Corporation)

CONSOLIDATED STATEMENTS OF ACTIVITIES - (CONTINUED)

For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2017</u>	<u>2016</u>
Increase (decrease) in net assets	\$ 2,257,751	\$ 59,739	\$ 12,506	\$ 2,329,996	\$ 1,714,305
Net assets, beginning of year	<u>16,607,296</u>	<u>10,155,989</u>	<u>350,761</u>	<u>27,114,046</u>	<u>25,399,741</u>
Net assets, end of year	<u>\$ 18,865,047</u>	<u>\$ 10,215,728</u>	<u>\$ 363,267</u>	<u>\$ 29,444,042</u>	<u>\$ 27,114,046</u>

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

CATHOLIC CHARITIES
(A Not-for-profit Corporation)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

	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	Grants and Subsidies	Total	General and Admin	Fund-Raising	2017	2016
Salaries and wages	\$ 525,952	\$ 584,423	\$ 260,692	\$ 551,835	\$ 818,366	\$ 775,890	\$ 509,022	\$ 580,404	\$ -	\$ 4,606,584	\$ 1,306,026	\$ 335,469	\$ 6,248,079	\$ 5,559,965
Payroll taxes	43,522	49,175	21,796	46,198	70,077	68,536	35,472	49,346	-	384,122	5,591	26,270	415,983	423,318
Workers compensation	5,158	5,753	2,621	5,562	8,226	7,847	3,928	5,804	-	44,899	12,061	3,355	60,315	55,062
Employee benefits	157,650	155,297	53,345	133,433	191,256	174,645	25,528	115,718	-	1,006,872	192,346	51,558	1,250,776	1,091,135
Pension expense	18,872	9,907	9,940	14,830	32,252	10,630	8,271	10,921	-	115,623	41,614	9,353	166,590	152,096
Independent contractors	371,421	217,413	10,653	1,200	91,317	21,866	9,260	10,780	-	733,910	32,888	6,675	773,473	289,722
Insurance	10,709	10,638	2,865	7,204	10,065	11,909	88,723	9,979	-	152,092	11,092	2,820	166,004	175,506
Occupancy	38,664	22,484	5,893	16,530	12,938	46,936	3,310	17,942	-	164,697	29,898	6,396	200,991	199,152
Equipment and maintenance	25,527	33,400	15,256	38,364	4,436	32,788	412,038	42,847	-	604,656	63,661	16,138	684,455	785,620
Utilities	10,713	11,903	6,926	17,608	1,858	13,701	257,104	19,479	-	339,292	25,828	6,788	371,908	420,343
Professional fees	1,583	3,362	2,975	53	33,350	4,684	189,669	40,383	-	276,059	89,077	41,349	406,485	430,387
Office expense	8,636	15,357	13,136	22,401	33,196	9,716	282,287	31,656	-	416,385	93,011	29,619	539,015	431,053
Postage	1,458	1,032	568	9,932	848	1,585	311	1,252	-	16,986	1,962	239,737	258,685	40,350
Telephone	5,683	6,915	6,103	7,198	5,874	11,974	28,763	12,162	-	84,672	11,050	3,021	98,743	98,811
Printing and photocopying	1,823	850	393	3,214	809	1,557	133	524	-	9,303	4,678	70,472	84,453	77,294
Books and publications	7,158	56	376	-	-	24	-	-	-	7,614	1,185	141	8,940	6,162
Vehicle expense	3,366	7,644	5,766	3,628	14,789	21,351	988	28,127	-	85,659	7,466	917	94,042	89,207
Conferences and staff development	26,200	5,163	1,787	10,424	13,927	25,932	8,446	6,597	-	98,476	44,465	12,102	155,043	143,788
Depreciation and amortization	-	6,351	-	-	3,661	2,882	1,066,463	-	-	1,079,357	33,489	-	1,112,846	1,066,871
Interest expense	-	-	-	-	-	-	520,014	-	-	520,014	-	-	520,014	737,805
Specific assistance to individuals	419,702	557,536	4,584	-	3,594	520,998	693	858,038	-	2,365,145	56	-	2,365,201	1,363,149
Development costs	-	-	-	-	-	-	8,265	-	-	8,265	-	-	8,265	211,144
Grants to other organizations	-	-	-	-	-	-	-	-	130,000	130,000	-	-	130,000	160,186
	<u>\$ 1,683,797</u>	<u>\$ 1,704,659</u>	<u>\$ 425,675</u>	<u>\$ 889,614</u>	<u>\$ 1,350,839</u>	<u>\$ 1,765,451</u>	<u>\$ 3,458,688</u>	<u>\$ 1,841,959</u>	<u>\$ 130,000</u>	<u>\$ 13,250,682</u>	<u>\$ 2,007,444</u>	<u>\$ 862,180</u>	<u>\$ 16,120,306</u>	<u>\$ 14,008,126</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,	
	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 2,329,996	\$ 1,714,305
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,112,846	1,066,871
Amortization of debt issuance costs	5,160	4,415
Gain on investments	(433,439)	(12,887)
Non-cash contributions	(921,010)	(3,095,441)
(Increase) decrease in interests in charitable remainder trusts (Note 9)	-	33,669
Increase in interest in perpetual trust (Note 9)	(12,506)	26,629
Changes in certain assets and liabilities:		
Accounts receivable	(157,070)	(192,694)
Bequests and pledges receivable	(67,386)	(40,283)
Prepaid expenses and deposits	(356,924)	(12,113)
Long-term accounts receivable	104,287	(194,623)
Accounts payable	199,156	97,612
Accrued payroll and related items	72,692	(52,909)
Accrued vacation	54,678	(23,831)
Deferred revenue	443,135	(45,716)
Accrued interest payable	(15,999)	(36,309)
Net cash provided (used) by operating activities	2,357,616	(763,305)
Cash flows from investing activities:		
Sale of investments, net	135,595	17,505
(Increase) decrease in notes receivable from related parties	17,366	(71,519)
(Increase) decrease in notes receivable	-	(300,000)
(Increase) decrease in interests in limited partnerships	-	(177,155)
Acquisition of property and equipment	(2,787,475)	77,307
Proceeds from sale of property and equipment	-	382,540
Deposits to property reserve accounts	(369,504)	(169,017)
Withdrawals from property reserve accounts	19,372	196,151
Deposits to construction reserve account	(461,057)	-
Withdrawals from interest reserve account	-	44,288
Net cash provided (used) by investing activities	\$ (3,445,703)	\$ 100

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CATHOLIC CHARITIES
(A Not-for-profit Corporation)

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

	JUNE 30,	
	2017	2016
Cash flows from financing activities:		
Proceeds from notes payable	\$ 3,073,000	\$ -
Payments on notes payable	(392,283)	(1,473,287)
Accounts payable - construction	(17,869)	(58,146)
Proceeds from lines of credit	250,000	1,109,188
Payments on lines of credit	<u>(1,105,780)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>1,807,068</u>	<u>(422,245)</u>
Net increase (decrease) in cash and cash equivalents	718,981	(1,185,450)
Cash and cash equivalents, beginning of year	<u>1,741,349</u>	<u>2,926,799</u>
Cash and cash equivalents, end of year	<u>\$ 2,460,330</u>	<u>\$ 1,741,349</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 536,013	\$ 769,699
Supplemental schedule of noncash investing and financing activities:		
Acquisition of property and equipment financed by:		
In-kind donation	\$ 921,010	\$ -
Predevelopment costs financed by:		
Accounts payable - construction	-	141,115
Transactions related to CFC:		
Conversion of notes receivable to investments	-	7,894,559
Conversion of notes payable to equity	-	10,990,000
Molalla Gardens, LP (purchaser of Fenton Rondel Court)		
Increase of notes receivable	-	222,986
Assumption of debt	-	250,000
Increase of cash, property, equipment, accounts payable, notes payable through the transfer of net assets related to Casa Verde LP and North Slope LP (See Note 22):		
Accounts receivable and cash	279,393	-
Other assets	17,165	-
Property and equipment	2,144,958	-
Accounts payable and other liabilities	299,250	-
Mortgage notes payable	\$ 513,574	\$ -

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. RCI, 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)

Basis of Presentation

Net assets and all balances are presented based on the existence of donor-imposed restrictions. The net assets and changes in net assets are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that will be met either by the actions of Catholic Charities or by the passage of time. Temporarily restricted contributions are classified as unrestricted where the restriction is met in the same fiscal year the contribution is received.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the 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, 2016, from which the summarized information was derived.

Recognition of Donor Restricted Contributions

Catholic Charities reports gifts of cash and other assets as temporarily restricted 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, temporarily restricted net assets are reclassified to unrestricted net assets 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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.

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, 2017 and 2016, no such adjustments were made.

Interest in Charitable Remainder Trusts

Catholic Charities has a 100 percent remainder interest in two charitable remainder trusts held by third party trustees.

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

Distributions from the trusts are recorded as unrestricted revenue when received. Changes in the amount reported as an asset are recorded as an increase or decrease to temporarily restricted net assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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 permanently restricted net asset 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 unrestricted revenue when received. Changes in the amount reported as an asset are recorded as an increase or decrease in permanently restricted net assets.

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

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.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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 2017 and 2016.

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.

Change in Accounting Principle

Effective June 30, 2017, the Organization retrospectively adopted the provisions of ASU No. 2015-03 ("ASU 2015-03"), Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires that debt issuance (loan) costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability and amortization of debt issuance costs be reported as interest expense. See Note 11 for additional information. The adoption of ASU 2015-03 did not affect the Organization's net assets, statements of activities, or cash flows for the years ended June 30, 2017 or 2016. The adoption had an effect on the balance sheet by reducing prepaid expenses and deposits and also notes payable by \$120,263.

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.

Subsequent Event

Management of the Organization has evaluated events and transactions occurring after June 30, 2017 through March 21, 2018, 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.

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 (see Note).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The composition of investments at June 30 is as follows:

	<u>2017</u>	<u>2016</u>
Bond funds	\$ 1,646,037	\$ 1,650,867
Common stock funds	<u>3,022,062</u>	<u>2,719,388</u>
	<u>\$ 4,668,099</u>	<u>\$ 4,370,255</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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - INVESTMENTS - (CONTINUED)

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.

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.

NOTE 5 - ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Clackamas County	\$ 31,343	\$ 13,106
Multnomah County	400,329	244,434
Internal Revenue Service	32,803	26,750
State of Oregon	210,763	171,163
U.S. Catholic Conference	65,826	93,267
Related parties (long-term) (see Note 18)	846,534	950,821
Housing management fees	48,856	73,348
HOME Forward	190,657	46,397
Gresham Barlow School District	52,914	-
David Douglas School District	-	36,288
City of Portland	59,138	52,997
City of Gresham	6,380	42,638
Refugee mentoring	118,821	86,397
Providence	82,815	53,114
Department of Justice	94,535	96,570
Other	<u>119,712</u>	<u>321,353</u>
	<u>\$ 2,361,426</u>	<u>\$ 2,308,643</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 \$2,708, \$863 and \$873 per month, respectively, to the replacement reserve accounts. Casa Verde and North Slope are required to make monthly deposits of \$780 and \$924, 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

	<u>2017</u>	<u>2016</u>
Note receivable from Casa Verde Apartments, LP, includes interest at 3 percent per annum. The note is secured by the deed of trust on property. Caritas Housing Initiatives, LLC is currently obligated under a note payable secured by the same property. The note is due in December, 2030. See Note 22.	\$ -	\$ 250,000
Note receivable from Casa Verde Apartments, LP, includes interest at 1 percent per annum. The note is secured by the deed of trust on property. The note is due in December, 2030. See Note 22.	-	129,870
Note receivable from North Slope, LP, includes interest at 2 percent per annum. The note is secured by the deed of trust on property. The note is due in May, 2040. See Note 22.	-	366,000
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.	653,969	-
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.	227,911	222,896
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.	\$ 998,576	\$ 940,713

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	2017	2016
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.	\$ 343,482	\$ 340,825
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.	282,004	273,004
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.	275,000	275,000
	3,005,942	3,023,308
Less allowance for doubtful accounts	(421,928)	(421,928)
	\$ 2,584,014	\$ 2,601,380

The allowance for doubtful accounts is related to the Villa Capri notes receivable.

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.

NOTE 8 - INTERESTS IN LIMITED PARTNERSHIPS

	2017	2016
Interests in limited partnerships - at cost:		
Casa Verde Apartments, LP (see Note 22)	\$ -	\$ 405,636
Esperanza Court, LP	5,000	5,000
St. Francis Park, LP	177,155	177,155
Rain Garden, LP	397,976	397,976
North Slope, LP (see Note 22)	-	136,078
GMV Apartments, LP	100	100
	\$ 580,231	\$ 1,121,945

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - INTERESTS IN LIMITED PARTNERSHIPS - (CONTINUED)

CHILLC, CPPLLC, 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>2017</u>	<u>2016</u>
Interests in charitable remainder trusts:		
Balance at beginning of year	\$ 117,977	\$ 151,646
Change in value	<u>-</u>	<u>(33,669)</u>
Balance at end of year	<u>\$ 117,977</u>	<u>\$ 117,977</u>
Interest in perpetual trust:		
Balance at beginning of year	\$ 350,761	\$ 377,390
Change in value	<u>12,506</u>	<u>(26,629)</u>
Balance at end of year	<u>\$ 363,267</u>	<u>\$ 350,761</u>

NOTE 10 - PROPERTY AND EQUIPMENT

	<u>2017</u>	<u>2016</u>
Land	\$ 5,361,391	\$ 4,484,218
Building and improvements	38,212,896	33,827,989
Leasehold improvements	26,982	26,982
Equipment	1,496,294	1,244,236
Construction in progress	<u>1,867,789</u>	<u>326,702</u>
	46,965,352	39,910,127
Less accumulated depreciation and amortization	<u>(13,698,448)</u>	<u>(10,294,150)</u>
Net property and equipment	<u>\$ 33,266,904</u>	<u>\$ 29,615,977</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - PROPERTY AND EQUIPMENT - (CONTINUED)

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, 2017 and 2016, property transfer costs incurred by GSVLLC totaled \$162,101 and \$103,204, respectively.

On September 17, 2014, the general partner of St. Francis Limited Partnership, with Caritas Community Housing Corporation (CCHC) as its sole member, purchased a 1-acre parcel of land from St. Francis of Assisi Catholic Church of Portland, Oregon. The purchase was financed by a \$950,000 promissory note. During 2016, management determined the initial development costs were no longer recoverable and wrote-them off.

During 2015, CCHC incurred predevelopment costs associated with a future tax credit project and the resyndication of an existing tax credit project. As of June 30, 2017 and 2016, the predevelopment costs totaled \$101,055 each year.

During 2015, Catholic Charities sold the 12th Street building and applied the proceeds towards expansion of the Clark Family Center office space and purchase of additional property to support Catholic Charities' operations. As of June 30, 2017 and 2016, construction in progress for CFC totaled \$1,531,140 and \$60,313, respectively.

During 2016, Catholic Charities began working with Salesforce to develop software upgrades and training for staff. They also contracted with Stellar Active to improve website design. These charges have been included in construction in progress and as of June 30, 2017 and 2016, totaled \$70,193 and \$58,830, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - LONG-TERM DEBT

	2017	2016
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 RHS accrues interest at 1 percent. The note is secured by a trust deed in Sandy Vista. Payments of principal and interest began May 2004 and continue through April 2037.	822,967	862,483
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 began in July, 2005 and continue through June 2038.	1,386,021	1,448,313
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 began January 2005, and continue through December 2035.	375,455	387,244
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 began January 2005, and continue through December 2034.	286,690	295,692
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)

	2017	2016
<p>Note payable to M & T Realty Capital Corporation accrues interest at 6.55 percent. The note is secured by a trust deed in Caritas Plaza. Payments of principal and interest began November 2008, and continue through 2043. HUD has insured the mortgage under the provision of Section 207, pursuant to Section 223 (f) of the National Housing Act.</p> <p>As a result from the change as discussed in Note 2, the note originally stated at \$1,114,056 as of June 30, 2016 has been re-presented to be \$1,054,728 to reflect \$59,328 of unamortized issuance costs previously included as prepaid expenses and deposits. The note as of June 30, 2017 and 2016 total \$1,098,901 and \$1,114,056, respectively (less unamortized issuance costs of \$57,157 and \$59,328, respectively).</p>	\$ 1,041,744	\$ 1,054,728
<p>Note payable to M & T Realty Capital Corporation accrues interest at 6.55 percent. The note is secured by a trust deed in Caritas Villa. Payments of principal and interest began November 2008, and continue through 2043. HUD has insured the mortgage under the provision of Section 207, pursuant to Section 223 (f) of the National Housing Act.</p> <p>As a result from the change as discussed in Note 2, the note originally stated at \$1,207,629 as of June 30, 2016 has been re-presented to be \$1,146,695 to reflect \$60,935 of unamortized issuance costs previously included as prepaid expenses and deposits. The note as of June 30, 2017 and 2016 total \$1,191,201 and \$1,207,629, respectively (less unamortized issuance costs of \$58,690 and \$60,935, respectively).</p>	1,132,511	1,146,694
<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 Wells Fargo accrues interest at 2 percent and has an initial maturity date of July 2011. The note is unsecured. The loan can be extended by one year provided no events of default have occurred. If the loan is extended, quarterly payments are required in an amount to pay the loan fully in one year.</p>	\$ 31,250	\$ 156,250

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - LONG TERM DEBT - (CONTINUED)

	2017	2016
<p>Note payable to U.S. Bank accrues interest at 4 percent. The note is unsecured. The initial maturity date of the loan is 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
<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 began May 2000, and continue through 2031. See Note 22.</p>		
<p>The note as of June 30, 2017 totaled \$353,834 (less unamortized issuance costs of \$7,782).</p>	346,052	-
<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 began May 2000, and continue through 2030. See Note 22.</p>		
<p>The note as of June 30, 2017 totaled \$160,889 (less unamortized issuance costs of \$11,132).</p>	149,757	-
<p>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 began August 2009, and continue through 2039.</p>	\$ 3,212,018	\$ 3,285,390

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - LONG TERM DEBT - (CONTINUED)

	2017	2016
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.	\$ 3,428,422	\$ 3,435,272
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 began May 2015 and continue through October 2021.	69,590	83,960
Note payable to Pacific Continental Bank accrues interest at 3.228 percent. The note is secured by a trust deed in CFC. Interest only payments are due from November 2016 through October 2017. Beginning in November 2017, payments of principal and interest in the amount of begin and continue through October 2041. The note allows for interest rate resets in October 2026 and 2036.	3,073,000	-
	16,760,477	13,561,026
Less current portion	(360,670)	(400,923)
Total long-term debt	\$ 16,399,807	\$ 13,160,103

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

<u>Year</u>	<u>Principal</u>
2018	\$ 360,670
2019	383,068
2020	397,468
2021	412,566
2022	416,503
2023 and later years	14,924,963
	\$ 16,895,238

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - BOARD DESIGNATED UNRESTRICTED NET ASSETS

The Board of Directors of the Organization has designated the use of unrestricted net assets for specific purposes as follows:

	2017	2016
Quasi-Endowment	\$ 4,587,496	\$ 4,202,992
Reserve	283,566	278,835
	\$ 4,871,062	\$ 4,481,827

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 unrestricted bequests within the Quasi-Endowment with the remaining amount recorded in undesignated and unrestricted revenue and other support. An allocation to undesignated and unrestricted net assets 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 undesignated and unrestricted net assets. During 2017 and 2016, distributions of \$300,000 and \$312,000, 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.

CATHOLIC CHARITIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - COMMITMENTS

Operating Leases

The Organization leases facilities and equipment under various noncancelable operating lease agreements expiring through June 2019. Minimum payments remaining under the leases are as follows:

Years Ending <u>June 30,</u>	<u>Amount</u>
2018	\$ 219,502
2019	233,108
2020	219,295
2021	225,874
2022	<u>232,650</u>
	<u>\$ 1,130,429</u>

Rent expense for the years ended June 30, 2017 and 2016 totaled \$267,035 and \$318,181, 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>
2018	\$ 919,296
2019	919,296
2020	919,296
2021	919,296
2022 and later years	<u>17,466,624</u>
	<u>\$ 21,143,808</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 13 - COMMITMENTS - (CONTINUED)

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

Years Ending	<u>Amount</u>
<u>June 30,</u>	
2018	\$ 33,896
2019	34,574
2020	35,266
2021	35,971
2022 and after	<u>24,460</u>
	<u>\$ 164,167</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.

CATHOLIC CHARITIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - 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.

CATHOLIC CHARITIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - 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 - Villa Capri Apartments, LP

Catholic Charities has entered into a guaranty agreement with Villa Capri Apartments, LP., whereby Catholic Charities guarantees that the general partner of Villa Capri Apartments, LP, CVCGPLLC, will perform all obligations required of the general partner as fully described in the Villa Capri Apartments, 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.

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;

NOTE 14 - 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.

CATHOLIC CHARITIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, temporarily restricted net assets were available for the following purposes:

	2017	2016
Emergency assistance	\$ 7,655	\$ 7,495
Interest in charitable remainder trust	117,977	117,977
For use in future periods	101,476	19,897
Haven House (CHILLC)	274,990	274,990
Howard House (CHILLC)	1,662,838	1,662,838
RCI	2,622,628	2,625,961
Sandy Vista, Cedar Park Gardens and Rain Garden (CCHC)	4,123,164	4,141,831
Good Shepherd Village (CHILLC)	1,305,000	1,305,000
	\$ 10,215,728	\$ 10,155,989

NOTE 16 - PERMANENTLY RESTRICTED NET ASSETS

	2017	2016
Interest in perpetual trust	\$ 363,267	\$ 350,761

NOTE 17 - 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	\$ 27,392
Rain Garden (CCHC)	18,667
RCI	3,333
Total	\$ 49,392

CATHOLIC CHARITIES
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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, 2017 and 2016:

Casa Verde Apartments, LP, a limited partnership .01 percent owned by Caritas Housing Initiatives, LLC (see Note 22)

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

North Slope, LP, a limited partnership .01 percent owned by Caritas Housing Initiatives, LLC (See Note 22)

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

Statement of Financial Position:	2017	2016
Included in assets -		
Accounts receivable:		
Casa Verde Apartments, LP	\$ -	\$ 144,670
Molalla Gardens, LP	172,354	28,038
North Slope, LP	-	103,041
GMV Apartments, LP	155,379	123,965
Villa Capri Apartments, LP	64,400	64,400
Kateri Park, LP	223,966	278,617
Rain Garden, LP	365	15
Esperanza Court, LP	230,070	208,075
	\$ 846,534	\$ 950,821

CATHOLIC CHARITIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Notes receivable from related parties (See Note 7)	\$ <u>2,584,014</u>	\$ <u>2,601,380</u>
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Statement of Activities:

	2017	2016
Included in revenues and other support -		
Development fees:		
Molalla Gardens, LP	\$ -	\$ 146,190
Interest income:		
Casa Verde Apartments, LP	\$ -	\$ 15,336
Kateri Park, LP	18,077	21,234
Rain Garden, LP	57,100	54,189
Esperanza Court, LP	14,261	21,494
Villa Capri Apartments, LP	11,657	17,150
GMV Apartments, LP	30,648	29,513
North Slope, LP	-	7,105
	\$ 131,743	\$ 166,021
Resident services and asset management fees:		
Casa Verde Apartments, LP	\$ -	\$ 24,015
GMV Apartments, LP	31,913	41,669
	\$ 31,913	\$ 65,684

NOTE 19 - LINES OF CREDIT

The Organization has three lines of credit with US Bank and can borrow up to \$2,800,000. Interest is payable monthly at prime less 1.0 percentage points (2.5 percent at June 30, 2017). The lines of credit are secured by investments held at US Bank and mature May 31, 2018. As of June 30, 2017 and 2016, the total amount outstanding on the lines of credit was \$1,226,138 and \$2,081,918, respectively.

CATHOLIC CHARITIES
(A Not-for-profit Corporation)

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, 2017 and 2016, Catholic Charities contributed \$144,138 and \$151,688, respectively, to the defined contribution plan. The plan offers a tiered matching component based on employees' years of service with the agency.

NOTE 21 - FENTON RONDEL AND SALE OF PROJECT TO MOLALLA GARDENS, LP

In April 2016, Molalla Gardens, LP was formed to take ownership of Rondel Apartments and initiate a rehabilitation for the project. The General Partner of Molalla Gardens is Caritas Molalla Gardens, LLC whose sole member is Caritas Community Housing Corporation and its limited partner is U.S. Bancorp Community Development Corporation. A loan agreement with US Bank with Catholic Charities being the Guarantor was established for the purpose of the rehabilitation. On June 22, 2016, Molalla Gardens, LP purchased Rondel Apartments from Fenton Rondel Court, LP. As part of the sale, Molalla Gardens, LP assumed two loans due to Clackamas County and related accrued interest from Fenton Rondel Court, LP in the amounts of \$250,000 and \$90,000. Accrued interest assumed totaled about \$84,000. Molalla Gardens, LP has entered into a note owed to Fenton Rondel Court, LP in the amount of \$222,896. Due to sale of the project, Fenton Rondel Court, LP recorded a gain on sale of approximately \$100,000.

NOTE 22 - CASA VERDE APARTMENTS, LP AND NORTH SLOPE, LP AND CONSOLIDATION

During 2017, Casa Verde Apartments, LP and North Slope, LP became 100 percent owned by entities controlled by Catholic Charities.

Prior to October 31, 2016, Casa Verde Apartments, LP was owned by Caritas Housing Initiatives, LLC, the general partner, with a .01 percent interest and Enterprise Housing Partners VII Limited Partnership, the limited partner, with a 99.99 percent interest. On October 31, 2016, Enterprise Housing Partners VII Limited Partnership 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, 2017, Casa Verde 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 October 31, 2016 (before consolidation) are listed below.

	As of October 31, <u>2016</u>
Cash	\$ 251,327
Other assets	2,898
Rental property (net of depreciation)	923,966
Land	<u>324,640</u>
Total assets	<u>\$ 1,502,831</u>

CATHOLIC CHARITIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22 - CASA VERDE APARTMENTS, LP AND NORTH SLOPE, LP AND CONSOLIDATION - (CONTINUED)

	As of October 31, <u>2016</u>
Accounts payable	\$ 20,621
Accrued interest payable	143,673
Notes payable	737,877
Net assets	<u>600,660</u>
Total liabilities and net assets	<u>\$ 1,502,831</u>

Prior to January 31, 2017, North Slope, LP was owned by Caritas Housing Initiatives, LLC, the general partner, with a .01 percent interest and Columbia Housing Partners Affordable Housing Fund I Limited Partnership, the limited partner, with a 99.99 percent interest. On January 31, 2017, Columbia Housing Partners Affordable Housing Fund I Limited Partnership 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, 2017, North Slope, 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 January 31, 2016 (before consolidation) are listed below.

	As of January 31, <u>2017</u>
Cash	\$ 28,066
Other assets	14,267
Rental property (net of depreciation)	809,319
Land	<u>85,033</u>
Total assets	<u>\$ 936,685</u>
Accounts payable	\$ 27,178
Accrued interest payable	107,778
Notes payable	519,815
Net assets	<u>281,914</u>
Total liabilities and net assets	<u>\$ 936,685</u>

CATHOLIC CHARITIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23 - NEW MARKET TAX CREDIT WINDUP AND CLARK FAMILY CENTER

In May of 2016, New Market Tax Credit financing that had been used to finance the building of Clark Family Center matured. Upon maturity Catholic Charities eliminated \$7.6 million notes receivable and \$11.6 million notes payable, as well as recognizing approximately \$3.0 million of revenue in the form of non-cash contributions. Accounts affected and their respective balances are as follows:

	<u>June 30,</u> <u>2016</u>
Assets:	
Property and equipment	\$ 11,750,633
Liabilities:	
Notes payable	\$ 1,087,830
Net Assets	\$ 10,662,803

CATHOLIC CHARITIES
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Schedule of Consolidation for Catholic Charities and its Subsidiaries

STATEMENTS OF FINANCIAL POSITION

June 30, 2017

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>Caritas Sacred Heart Villa, LLC</u>	<u>HUD Properties</u>	<u>El Programa Hispano Catolico</u>	<u>Eliminating Entries</u>	<u>Totals</u>
Assets:									
Cash and cash equivalents	\$ 906,714	\$ 612,652	\$ 400,893	\$ 19,781	\$ 295,566	\$ 106,905	\$ 117,819	\$ -	\$ 2,460,330
Accounts receivable	2,313,980	703,169	463,390	-	(327)	1,673	999,824	(2,966,817)	1,514,892
Bequests and pledges receivable	128,206	-	-	-	-	-	-	-	128,206
Prepaid expenses and deposits	424,326	16,214	14,788	-	31,138	88,912	36,613	-	611,991
Property reserve accounts	-	389,627	843,167	-	234,189	557,850	-	-	2,024,833
Construction reserves	-	-	-	461,057	-	-	-	-	461,057
Investments	4,668,099	-	-	-	-	-	-	-	4,668,099
Long-term accounts receivable	631,634	214,900	-	-	-	-	-	-	846,534
Notes receivable from related parties	\$ -	\$ 2,331,308	\$ 998,576	\$ -	\$ -	\$ -	\$ -	\$ (745,870)	\$ 2,584,014

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CATHOLIC CHARITIES
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Schedule of Consolidation for Catholic Charities and its Subsidiaries

STATEMENTS OF FINANCIAL POSITION - (CONTINUED)

June 30, 2017

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>Caritas Sacred Heart Villa, LLC</u>	<u>HUD Properties</u>	<u>El Programa Hispano Catolico</u>	<u>Eliminating Entries</u>	<u>Totals</u>
Interests in limited partnerships	\$ -	\$ 790,513	\$ 397,976	\$ -	\$ -	\$ -	\$ -	\$ (608,258)	\$ 580,231
Interests in charitable remainder trusts	117,977	-	-	-	-	-	-	-	117,977
Interest in perpetual trust	363,267	-	-	-	-	-	-	-	363,267
Investments in consolidated LLC's	11,345,779	-	339,096	-	-	-	-	(11,684,875)	-
Property and equipment - net	<u>1,544,905</u>	<u>5,184,273</u>	<u>6,920,825</u>	<u>11,359,242</u>	<u>5,315,492</u>	<u>3,465,468</u>	<u>64,835</u>	<u>(588,136)</u>	<u>33,266,904</u>
Total assets	<u>\$ 22,444,887</u>	<u>\$ 10,242,656</u>	<u>\$ 10,378,711</u>	<u>\$ 11,840,080</u>	<u>\$ 5,876,058</u>	<u>\$ 4,220,808</u>	<u>\$ 1,219,091</u>	<u>\$ (16,593,956)</u>	<u>\$ 49,628,335</u>

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CATHOLIC CHARITIES
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Schedule of Consolidation for Catholic Charities and its Subsidiaries

STATEMENT OF FINANCIAL POSITION - (CONTINUED)

June 30, 2017

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>Caritas Sacred Heart Villa, LLC</u>	<u>HUD Properties</u>	<u>El Programa Hispano Catolico</u>	<u>Eliminating Entries</u>	<u>Totals</u>
Liabilities and net assets:									
Accounts payable	\$ 760,765	\$ 628,050	\$ 627,516	\$ 271,649	\$ 139,578	\$ 161,124	\$ 1,097,937	\$ (2,546,438)	\$ 1,140,181
Accounts payable - construction	-	(210,964)	25,734	-	-	-	-	224,464	39,234
Accrued payroll and related items	72,692	-	-	-	-	-	-	-	72,692
Accrued vacation	257,442	-	-	-	-	-	-	-	257,442
Deferred revenue	420,192	-	15,563	-	-	-	89,025	-	524,780
Accrued interest payable	-	268,557	1,841	-	-	156,781	-	(263,830)	163,349
Lines of credit	1,226,138	-	-	-	-	-	-	-	1,226,138
Long-term debt	281,250	1,491,679	3,291,133	3,073,000	6,710,030	3,079,255	-	(1,165,870)	16,760,477
Net assets	<u>19,426,408</u>	<u>8,065,334</u>	<u>6,416,924</u>	<u>8,495,431</u>	<u>(973,550)</u>	<u>823,648</u>	<u>32,129</u>	<u>(12,842,282)</u>	<u>29,444,042</u>
Total liabilities and net assets	<u>\$ 22,444,887</u>	<u>\$ 10,242,656</u>	<u>\$ 10,378,711</u>	<u>\$ 11,840,080</u>	<u>\$ 5,876,058</u>	<u>\$ 4,220,808</u>	<u>\$ 1,219,091</u>	<u>\$ (16,593,956)</u>	<u>\$ 49,628,335</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, 2017

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>Caritas Sacred Heart Villa, LLC</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	\$ 1,445,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 804,261	\$ (778,647)	\$ 1,471,503
Annual appeals	3,864,343	-	-	-	-	-	-	-	3,864,343
Multnomah County	278,560	-	-	-	-	-	1,954,450	-	2,233,010
Clackamas County	-	-	-	-	-	-	79,215	-	79,215
State of Oregon:									
Department of Human Resources	246,101	-	-	-	-	-	354,552	-	600,653
Office of Homeland Security	47,541	-	-	-	-	-	318,256	-	365,797
Department of Education	-	-	-	-	-	-	192,246	-	192,246
Federal grants	389,150	-	-	-	-	-	119,875	-	509,025
U.S.Catholic Conference	1,644,092	-	-	-	-	-	-	-	1,644,092
City of Portland	-	-	-	-	-	-	1,002,477	-	1,002,477
Latino Network	\$ (20,100)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 855,781	\$ -	\$ 835,681

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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, 2017

	<u>Catholic Charities</u>	<u>Caritas Housing Initiatives, LLC</u>	<u>Caritas Community Housing Corporation</u>	<u>Clark Family Center</u>	<u>Caritas Sacred Heart Villa, LLC</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,530	\$ -	\$ 51,530
Interest income	-	90,649	58,165	-	9	-	-	-	148,823
Gain on investments	433,439	-	-	-	-	-	-	-	433,439
Other support	182,953	335,878	-	-	-	-	527,448	-	1,046,279
Adoption service fees	113,138	-	-	-	-	-	-	-	113,138
Increase in interest in perpetual trust	12,506	-	-	-	-	-	-	-	12,506
Housing services:									
Grants	-	668,017	13,000	-	-	10,724	-	-	691,741
Development fees	195,024	-	149,915	-	-	-	-	-	344,939
Housing fees/rent	<u>1,147,202</u>	<u>409,701</u>	<u>627,516</u>	<u>919,296</u>	<u>717,523</u>	<u>785,632</u>	<u>-</u>	<u>(1,797,005)</u>	<u>2,809,865</u>
Total revenue and other support	<u>\$ 9,979,838</u>	<u>\$ 1,504,245</u>	<u>\$ 848,596</u>	<u>\$ 919,296</u>	<u>\$ 717,532</u>	<u>\$ 796,356</u>	<u>\$ 6,260,091</u>	<u>\$ (2,575,652)</u>	<u>\$ 18,450,302</u>

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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, 2017

	Catholic Charities	Caritas Housing Initiatives, LLC	Caritas Community Housing Corporation	Clark Family Center	Caritas Sacred Heart Villa, LLC	HUD Properties	El Programa Hispano Catolico	Eliminating Entries	Totals
Expenses:									
Family services	\$ 624,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,058,902	\$ -	\$ 1,683,797
Housing and homeless support services	594,668	-	-	-	-	-	1,109,991	-	1,704,659
Pregnancy and adoption services	425,675	-	-	-	-	-	-	-	425,675
Immigration legal services	889,614	-	-	-	-	-	-	-	889,614
Children & youth school retention services	-	-	-	-	-	-	1,350,839	-	1,350,839
Domestic violence services	-	-	-	-	-	-	1,765,451	-	1,765,451
Housing development and asset management	1,116,366	529,852	774,992	1,181,174	785,609	867,700	-	(1,797,005)	3,458,688
Refugee services	1,841,959	-	-	-	-	-	-	-	1,841,959
Grants and subsidies	908,647	-	-	-	-	-	-	(778,647)	130,000
General & administrative	1,058,003	-	-	-	-	-	949,441	-	2,007,444
Fundraising	<u>862,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>862,180</u>
Total expenses	<u>8,322,007</u>	<u>529,852</u>	<u>774,992</u>	<u>1,181,174</u>	<u>785,609</u>	<u>867,700</u>	<u>6,234,624</u>	<u>(2,575,652)</u>	<u>16,120,306</u>
Increase in net assets	<u>\$ 1,657,831</u>	<u>\$ 974,393</u>	<u>\$ 73,604</u>	<u>\$ (261,878)</u>	<u>\$ (68,077)</u>	<u>\$ (71,344)</u>	<u>\$ 25,467</u>	<u>\$ -</u>	<u>\$ 2,329,996</u>