

**Catholic Charities of the Archdiocese of  
Oklahoma City, Inc. and Subsidiaries**

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2018 and 2017





**Catholic Charities of the Archdiocese of  
Oklahoma City, Inc. and Subsidiaries**  
June 30, 2018 and 2017

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## Independent Auditor's Report

Most Reverend Paul S. Coakley, Archbishop of Oklahoma City  
Board of Directors  
Catholic Charities of the Archdiocese of Oklahoma City, Inc.  
Oklahoma City, Oklahoma

We have audited the accompanying consolidated financial statements of Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries (Catholic Charities), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of Villa Isenbart, Inc., a wholly owned subsidiary, whose statements reflect total assets constituting 3% of consolidated total assets at June 30, 2018 and 2017, and total revenues constituting 4% and 3% of consolidated total revenues for the years ended June 30, 2018 and 2017, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Villa Isenbart, Inc., is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Most Reverend Paul S. Coakley, Archbishop of Oklahoma City  
Board of Directors  
Catholic Charities of the Archdiocese of Oklahoma City, Inc.  
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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, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Charities as of June 30, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in *Note 17* to the consolidated financial statements, in 2018, Catholic Charities adopted new accounting guidance relating to when a not-for-profit entity that is a general partner or a limited partner should consolidate a for-profit limited partnership or similar entity. Our opinion is not modified with respect to this matter.

### ***Other Matter***

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above and the report of the other auditor, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**BKD, LLP**

Oklahoma City, Oklahoma  
December 19, 2018

**Catholic Charities of the Archdiocese of  
Oklahoma City, Inc. and Subsidiaries**  
Consolidated Statements of Financial Position  
June 30, 2018 and 2017

**Assets**

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,799,414	\$ 3,507,513
Investments	1,760,517	1,609,363
Receivables from United States Conference of Catholic Bishops	26,003	33,258
Other accounts receivable	552,667	321,040
Pledges receivable, net	1,208,895	2,010,567
Inventory	2,750	7,250
Prepaid expenses	68,023	103,480
Endowment assets	3,738,242	3,570,934
Beneficial interest in assets held by others	73,289	71,682
Restricted deposits and funded reserves	351,382	358,581
Other assets	180,788	180,977
Related-party note receivable, net	116,000	98,197
Property held for sale	85,823	-
Property and equipment, net	<u>12,368,896</u>	<u>12,759,123</u>
Total assets	<u>\$ 22,332,689</u>	<u>\$ 24,631,965</u>

**Liabilities**

Accounts payable and accrued expenses	\$ 476,631	\$ 500,965
Deferred revenue	156,822	796,334
Tenant security deposits	18,543	20,725
Notes payable	<u>919,372</u>	<u>2,151,865</u>
Total liabilities	<u>1,571,368</u>	<u>3,469,889</u>

**Net Assets**

Unrestricted		
Operating	13,132,719	13,473,032
Board-designated	5,112,547	4,759,447
Noncontrolling interest	(189,661)	(54,484)
Temporarily restricted	2,428,477	2,708,449
Permanently restricted	<u>277,239</u>	<u>275,632</u>
Total net assets	<u>20,761,321</u>	<u>21,162,076</u>
Total liabilities and net assets	<u>\$ 22,332,689</u>	<u>\$ 24,631,965</u>

**Catholic Charities of the Archdiocese of  
Oklahoma City, Inc. and Subsidiaries**  
**Consolidated Statements of Activities**  
**Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Changes in Unrestricted Net Assets</b>		
<b>Revenues, Gains and Other Support</b>		
Contributions		
Catholic Charities Annual Appeal	\$ 2,678,883	\$ 2,559,437
Other contributions	107,997	15,212
Total contributions	2,786,880	2,574,649
Fees and grants		
Federal agencies grants	309,614	613,447
State agencies and local grants	564,690	904,496
Other grants	34,537	47,424
Total fees and grants	908,841	1,565,367
Other revenue		
Program service fees	653,469	600,628
Investment income, including net realized and unrealized gains	371,993	523,538
Bequests	149,157	115,373
Special events and honorariums	342,670	497,896
Gain on sale of property and equipment	76,172	517
Miscellaneous revenue	320,213	146,452
Total other revenue	1,913,674	1,884,404
Net assets released from restrictions	1,539,963	2,001,310
Total revenues, gains and other support	7,149,358	8,025,730
<b>Expenses and Losses</b>		
Program services	6,162,472	7,770,246
Supporting services	1,109,276	1,000,103
Total expenses and losses	7,271,748	8,770,349
<b>Decrease in Unrestricted Net Assets</b>	(122,390)	(744,619)

	<u>2018</u>	<u>2017</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
United Way of Metro Oklahoma City funding Contributions	\$ 443,856	\$ 388,695
Capital campaign contributions, net	44,241	34,385
Other contributions	103,428	115,235
Fees and grants		
Catholic Charities USA May 2013 disaster Resiliency	505,194	993,106
Other grants	87,534	156,593
Investment income of permanently restricted endowments	10,518	10,584
Investment income from beneficial interest	18,611	2,077
Net assets released from restrictions	43,028	-
	<u>(1,536,382)</u>	<u>(1,997,743)</u>
<b>Decrease in Temporarily Restricted Net Assets</b>	<u>(279,972)</u>	<u>(297,068)</u>
<b>Changes in Permanently Restricted Net Assets</b>		
Gain on beneficial interest	5,188	7,029
Net assets released from restrictions	<u>(3,581)</u>	<u>(3,567)</u>
<b>Increase in Permanently Restricted Net Assets</b>	<u>1,607</u>	<u>3,462</u>
<b>Change in Net Assets</b>	(400,755)	(1,038,225)
<b>Net Assets, Beginning of Year, as Previously Reported</b>		20,685,311
<b>Adjustment for Change in Accounting Principle (See Note 17)</b>		<u>1,514,990</u>
<b>Net Assets, Beginning of Year, as Adjusted</b>	<u>21,162,076</u>	<u>22,200,301</u>
<b>Net Assets, End of Year</b>	<u>\$ 20,761,321</u>	<u>\$ 21,162,076</u>



**Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2018**

	Program Services								
	Advocacy and Outreach	Regional Offices	Family Support Services	Immigration Legal Services	Refugee Resettlement	Homeless Services	St. Joseph Counseling	Adoption and Pregnancy	Resiliency
<b>Employee Compensation</b>									
Salaries	\$ 112,255	\$ 386,129	\$ 160,147	\$ 345,214	\$ 178,178	\$ 491,157	\$ 225,645	\$ 65,756	\$ 35,048
Employee benefits	27,947	90,640	44,661	86,676	38,591	115,864	40,710	16,501	6,522
Payroll expense	9,192	28,665	14,307	26,143	12,910	37,950	16,580	10,883	2,768
Total employee compensation	149,394	505,434	219,115	458,033	229,679	644,971	282,935	93,140	44,338
<b>Expenses Before Depreciation</b>									
Professional fees and services	4,059	6,701	9,618	23,090	5,941	84,031	9,333	20,257	5
Supplies	591	3,008	1,049	2,124	1,017	5,150	916	68	66
Telephone	792	18,165	3,165	3,071	3,778	25,883	3,109	970	823
Postage and shipping	357	485	226	5,368	88	254	25	88	-
Occupancy	8,539	87,079	79,887	48,650	33,832	170,865	30,338	7,181	891
Transportation	1,006	8,736	712	2,252	1,603	3,034	945	967	7,661
Advertising	1,903	9,353	1,507	1,507	1,507	4,521	1,507	2,797	-
Printing and publications	486	1,382	1,149	581	353	853	25	92	-
Specific assistance, including disaster relief to individuals	38,510	157,964	148,075	3,568	71,279	216,670	-	3,116	3,192
Conferences, conventions and meetings	9,719	750	121	7,171	188	317	2,087	363	15,442
Bad debt expense	-	-	-	-	-	-	-	-	-
Miscellaneous	1,389	4,081	6,888	5,879	1,655	7,098	1,744	1,324	7
Affordable housing	-	-	-	-	-	-	-	-	-
Total expenses before depreciation	216,745	803,138	471,512	561,294	350,920	1,163,647	332,964	130,363	72,425
<b>Depreciation Expense</b>	-	5,808	29,996	-	5,230	38,415	-	2,072	-
2018 total expenses	<u>\$ 216,745</u>	<u>\$ 808,946</u>	<u>\$ 501,508</u>	<u>\$ 561,294</u>	<u>\$ 356,150</u>	<u>\$ 1,202,062</u>	<u>\$ 332,964</u>	<u>\$ 132,435</u>	<u>\$ 72,425</u>
2017 total expenses	<u>\$ 304,588</u>	<u>\$ 831,693</u>	<u>\$ 790,239</u>	<u>\$ 459,782</u>	<u>\$ 773,014</u>	<u>\$ 1,170,203</u>	<u>\$ 479,240</u>	<u>\$ 174,167</u>	<u>\$ 159,152</u>

See Notes to Consolidated Financial Statements

	Program Services				Supporting Services			2018 Total Expense
	May 2013 Disaster Relief	2015 Flood Relief	Affordable Housing	Total	Administration	Fund Raising	Total	
<b>Employee Compensation</b>								
Salaries	\$ 80,915	\$ 462,603	\$ -	\$ 2,543,047	\$ 74,713	\$ 197,085	\$ 271,798	\$ 2,814,845
Employee benefits	11,637	54,798	-	534,547	69,902	31,476	101,378	635,925
Payroll expense	6,580	50,601	-	216,579	12,467	15,077	27,544	244,123
Total employee compensation	99,132	568,002	-	3,294,173	157,082	243,638	400,720	3,694,893
<b>Expenses Before Depreciation</b>								
Professional fees and services	4,186	24,095	-	191,316	88,136	31,030	119,166	310,482
Supplies	759	763	-	15,511	7,347	1,317	8,664	24,175
Telephone	1,280	862	-	61,898	9,088	1,853	10,941	72,839
Postage and shipping	25	597	-	7,513	25,819	6,823	32,642	40,155
Occupancy	50,503	30,437	-	548,202	63,703	36,135	99,838	648,040
Transportation	2,682	9,888	-	39,486	3,842	484	4,326	43,812
Advertising	-	-	-	24,602	3,722	8,704	12,426	37,028
Printing and publications	62	-	-	4,983	3,145	23,438	26,583	31,566
Specific assistance, including disaster relief to individuals	442,749	-	-	1,085,123	8,943	12,379	21,322	1,106,445
Conferences, conventions and meetings	1,678	248	-	38,084	14,278	5,123	19,401	57,485
Bad debt expense	-	-	-	-	(40,649)	-	(40,649)	(40,649)
Miscellaneous	58,999	-	-	89,064	30,024	19,409	49,433	138,497
Affordable housing	-	-	498,301	498,301	-	-	-	498,301
Total expenses before depreciation	662,055	634,892	498,301	5,898,256	374,480	390,333	764,813	6,663,069
<b>Depreciation Expense</b>	-	-	182,695	264,216	342,982	1,481	344,463	608,679
2018 total expenses	<u>\$ 662,055</u>	<u>\$ 634,892</u>	<u>\$ 680,996</u>	<u>\$ 6,162,472</u>	<u>\$ 717,462</u>	<u>\$ 391,814</u>	<u>\$ 1,109,276</u>	<u>\$ 7,271,748</u>
2017 total expenses	<u>\$ 1,006,763</u>	<u>\$ 990,317</u>	<u>\$ 631,088</u>	<u>\$ 7,770,246</u>	<u>\$ 672,497</u>	<u>\$ 327,606</u>	<u>\$ 1,000,103</u>	

**Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2017**

	Program Services								
	Advocacy and Outreach	Regional Offices	Family Support Services	Immigration Legal Services	Refugee Resettlement	Homeless Services	St. Joseph Counseling	Adoption and Pregnancy	Resiliency
<b>Employee Compensation</b>									
Salaries	\$ 164,803	\$ 393,584	\$ 202,686	\$ 278,381	\$ 334,133	\$ 541,127	\$ 327,802	\$ 92,612	\$ 75,152
Employee benefits	36,068	101,035	74,199	66,840	81,047	129,703	73,124	21,691	12,925
Payroll expense	12,642	26,462	19,161	19,611	23,885	40,305	25,938	6,260	5,715
Total employee compensation	213,513	521,081	296,046	364,832	439,065	711,135	426,864	120,563	93,792
<b>Expenses Before Depreciation</b>									
Professional fees and services	1,712	11,713	5,635	6,339	8,634	81,739	4,674	11,555	142
Supplies	1,237	3,408	2,341	4,288	3,053	6,860	1,306	1,165	1,975
Telephone	1,428	14,175	3,816	2,100	6,690	25,667	2,583	889	899
Postage and shipping	420	1,195	281	8,936	668	325	32	321	12
Occupancy	14,151	76,542	90,584	39,477	43,706	177,228	26,657	7,467	4,615
Transportation	817	6,283	557	1,569	2,568	1,631	1,657	612	19,397
Advertising	3,812	9,530	1,906	2,451	1,906	5,718	1,906	1,937	-
Printing and publications	747	2,813	892	939	412	841	232	1,020	872
Specific assistance, including disaster relief to individuals	53,994	171,630	356,504	26,597	256,301	124,825	11,584	22,570	26,193
Conferences, conventions and meetings	10,141	2,068	1,648	2,254	2,100	13	315	2,446	11,140
Bad debt expense	-	-	-	-	-	-	-	-	-
Miscellaneous	2,616	6,161	-	-	2,681	-	1,430	1,257	(1)
Affordable housing	-	-	-	-	-	-	-	-	-
Total expenses before depreciation	304,588	826,599	760,210	459,782	767,784	1,135,982	479,240	171,802	159,036
<b>Depreciation Expense</b>	-	5,094	30,029	-	5,230	34,221	-	2,365	116
2017 total expenses	<u>\$ 304,588</u>	<u>\$ 831,693</u>	<u>\$ 790,239</u>	<u>\$ 459,782</u>	<u>\$ 773,014</u>	<u>\$ 1,170,203</u>	<u>\$ 479,240</u>	<u>\$ 174,167</u>	<u>\$ 159,152</u>

See Notes to Consolidated Financial Statements

	Program Services				Supporting Services			2017 Total Expense
	May 2013 Disaster Relief	2015 Flood Relief	Affordable Housing	Total	Administration	Fund Raising	Total	
<b>Employee Compensation</b>								
Salaries	\$ 169,717	\$ 756,957	\$ -	\$ 3,336,954	\$ 32,085	\$ 37,324	\$ 69,409	\$ 3,406,363
Employee benefits	46,813	48,150	-	691,595	(6,327)	8,347	2,020	693,615
Payroll expense	12,128	56,037	-	248,144	3,576	3,183	6,759	254,903
Total employee compensation	228,658	861,144	-	4,276,693	29,334	48,854	78,188	4,354,881
<b>Expenses Before Depreciation</b>								
Professional fees and services	2,314	53,981	-	188,438	67,976	22,748	90,724	279,162
Supplies	578	5,409	-	31,620	10,813	1,392	12,205	43,825
Telephone	3,736	-	-	61,983	8,680	3,057	11,737	73,720
Postage and shipping	220	2,956	-	15,366	19,962	7,215	27,177	42,543
Occupancy	28,104	6,275	-	514,806	47,298	34,646	81,944	596,750
Transportation	6,611	27,435	-	69,137	1,983	391	2,374	71,511
Advertising	-	-	-	29,166	3,190	6,226	9,416	38,582
Printing and publications	33	1,277	-	10,078	5,186	28,409	33,595	43,673
Specific assistance, including disaster relief to individuals	736,116	30,698	-	1,817,012	7,103	26,775	33,878	1,850,890
Conferences, conventions and meetings	322	1,039	-	33,486	36,962	141,836	178,798	212,284
Bad debt expense	-	-	-	-	52,250	-	52,250	52,250
Miscellaneous	71	103	-	14,318	89,579	4,495	94,074	108,392
Affordable housing	-	-	449,284	449,284	-	-	-	449,284
Total expenses before depreciation	1,006,763	990,317	449,284	7,511,387	380,316	326,044	706,360	8,217,747
<b>Depreciation Expense</b>	-	-	181,804	258,859	292,181	1,562	293,743	552,602
2017 total expenses	<u>\$ 1,006,763</u>	<u>\$ 990,317</u>	<u>\$ 631,088</u>	<u>\$ 7,770,246</u>	<u>\$ 672,497</u>	<u>\$ 327,606</u>	<u>\$ 1,000,103</u>	<u>\$ 8,770,349</u>

# Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	2018	2017
<b>Operating Activities</b>		
Change in net assets	\$ (400,755)	\$ (1,038,225)
Items not requiring (providing) cash		
Depreciation	608,679	560,147
Change in value of beneficial interest in assets held by others	(5,188)	(7,029)
Net realized and unrealized gain	(303,910)	(447,014)
Gain on disposal of property	(76,172)	-
Provision for bad debts (annual campaign)	35,687	22,171
Provision for bad debts (capital campaign)	(78,667)	(1,333)
Contributions restricted for long-term purposes	(10,000)	(1,583)
Changes in		
Pledges receivable	945,330	1,650,122
Other receivables	(355,235)	(16,587)
Prepaid expenses	35,456	20,451
Disaster relief – gift card inventory	4,500	(5,000)
Deferred revenue	(639,512)	(521,568)
Accounts payable and accrued expenses	(44,235)	121,240
Net cash provided by (used in) operating activities	(284,022)	335,792
<b>Investing Activities</b>		
Purchases of property and equipment	(307,668)	(126,901)
Proceeds from sale of property and equipment	79,671	-
Purchase of investments	(200,028)	(138,825)
Sale of investments	194,403	141,158
Deposits into restricted deposits and reserves	(77,973)	(43,162)
Withdrawals from restricted deposits and reserves	77,541	76,974
Distribution from beneficial interests in assets held by others	32,470	3,567
Net cash used in investing activities	(201,584)	(87,189)
<b>Financing Activities</b>		
Contributions restricted for long-term purposes	10,000	1,583
Payments on notes payable	(1,232,493)	(1,483,818)
Net cash used in financing activities	(1,222,493)	(1,482,235)
<b>Decrease in Cash and Cash Equivalents</b>	(1,708,099)	(1,233,632)
<b>Cash and Cash Equivalents, Beginning of Year (See Note 17)</b>	3,507,513	4,741,145
<b>Cash and Cash Equivalents, End of Year</b>	\$ 1,799,414	\$ 3,507,513

# **Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2018 and 2017**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

Catholic Charities of the Archdiocese of Oklahoma City, Inc. (Catholic Charities) is a charitable organization which obtains and maintains funds, income and real and personal property for charitable, benevolent, educational and religious purposes. The subsidiaries of Catholic Charities were organized to provide low-income elderly persons with housing facilities specially designed to meet their physical, social and psychological needs, and to promote their health, security, happiness and usefulness in longer living. The membership of these subsidiaries consists of individuals who are directors or members of Catholic Charities, the Archdiocese of Oklahoma City (the Archdiocese) or who have the approval of the Board of Directors of Catholic Charities.

3825 NW 19th, Inc. (the Corporation) is a general partner of Trinity Place, an Oklahoma Limited Partnership, which is an affordable tax credit housing development for the elderly pursuant to Section 42 of the Internal Revenue Code (IRC).

Villa Isenbart, Inc., operates a facility which contains 40 independent living housing units under the provisions of Section 202 of the *National Housing Act of 1934*.

#### ***Use of Estimates***

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

#### ***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of Catholic Charities and its not-for-profit subsidiaries, the Corporation and Villa Isenbart, Inc. Interorganization accounts and transactions, if any, have been eliminated in consolidation.

#### ***Cash and Cash Equivalents***

Catholic Charities considers all liquid investments with original maturities of three months or less to be cash equivalents. However, cash and investments held temporarily until suitable long-term investments are identified are classified as investments for reporting purposes.

# Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2018 and 2017

### **Investments**

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Investments in real estate are carried at their estimated value at the time of donation.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the accompanying consolidated statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Catholic Charities participates in pooled investment accounts for its endowments (see *Note 2*). Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts as adjusted for additions to or deductions from those accounts.

### **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Catholic Charities' policy is to capitalize purchases of \$1,000 or more.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	40 years
Leasehold improvements	15 years
Furniture and equipment	3–10 years
Vehicles	3–5 years

### **Long-Lived Asset Impairment**

Catholic Charities evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

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No asset impairment was recognized during the years ended June 30, 2018 and 2017.

***Property Held for Sale***

During the year ended June 30, 2018, Catholic Charities decided to sell assets related to the Seton House and Elizabeth House properties, which were included in property and equipment at June 30, 2017. These assets are expected to be sold within 12 months of June 30, 2018, and are, therefore, classified as held for sale. The following are the major classes of assets within this classification:

Land	\$	17,200
Property and improvement		68,378
Furniture and equipment		245
		85,823
	\$	85,823

***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by Catholic Charities has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Catholic Charities in perpetuity.

***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. It is Catholic Charities' policy to record those donations as support increasing temporarily restricted net assets. Catholic Charities reclassifies temporarily restricted net assets to unrestricted net assets when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Conditional gifts are recognized when the conditions on which they depend are substantially met.



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**Note Receivable**

Note receivable is stated net of allowance for loan losses (if any) in the accompanying consolidated statements of financial position at June 30, 2018 and 2017. Interest income is accrued according to the terms of the loan and included in rent and other receivables in the accompanying consolidated statements of financial position. When collection of interest income previously recognized is in doubt, such amounts are reserved through an allowance for uncollectible accounts. Generally, loans are placed on nonaccrual status when interest is considered uncollectible, unless the loan is well collateralized and/or collection of interest is certain. Payments received on nonaccrual loans are applied first to principal. Once principal and interest are current, the debt instrument is placed back on accrual. Management uses all available information, including the financial status of the borrower and history of payments, to determine the need for an allowance on notes receivable. At June 30, 2018 and 2017, there was no allowance for loan losses based on management's evaluation.

**Concentrations of Credit and Market Risk**

Financial instruments that potentially expose Catholic Charities to concentrations of credit risk consist principally of cash and cash equivalents. Catholic Charities maintains these assets at high quality financial institutions and, therefore, does not believe significant credit risk exists with these deposits. Catholic Charities has not experienced any losses on its cash and cash equivalents. At June 30, 2018 and 2017, Catholic Charities' cash accounts exceeded federally insured limits by approximately \$572,000 and \$2,178,000, respectively.

As of June 30, 2018 and 2017, Catholic Charities held funds in the Parish Development Loan Fund (PDLF), which is guaranteed by the Pastoral Office of the Archdiocese and is included in cash and cash equivalents in the accompanying consolidated statements of financial position. The PDLF's balances as of June 30 are as follows:

	<b>2018</b>	<b>2017</b>
May 2013 disaster relief	\$ 166,556	\$ 163,078
Operating	719,441	705,480
	\$ 885,997	\$ 868,558

**Revenue Recognition**

Unconditional promises to give made during the annual fall fund drive are recognized when the donor makes a promise to give that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Gifts of long-lived assets with restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted revenue.

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Program service fees from private organizations are recognized as the services are performed. Revenue from events and honorariums is recognized upon completion of the event. Grant revenue is recorded when related services or requirements have been performed.

***Deferred Revenue***

Revenue from advanced funded grants are deferred and recognized over the periods to which the qualifying expenses are incurred.

***Government Grants***

Support funded by grants is recognized as Catholic Charities performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

***Income Taxes***

Catholic Charities, the Corporation and Villa Isenbart, Inc. are exempt from income taxes under Section 501 of the IRC and a similar provision of state laws. However, the organizations are subject to federal income tax on any unrelated business taxable income.

The organizations file tax returns in the U.S. federal jurisdiction.

***Functional Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Expenses are allocated between program and supporting services based upon either actual usage or the estimated cost attributable to each function.

***Transfers Between Fair Value Hierarchy Levels***

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period beginning date.

# Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 2: Investments, Endowments and Returns

Investments at June 30 consisted of the following:

	<b>2018</b>	<b>2017</b>
Pooled investments	\$ 5,498,759	\$ 5,180,297
Beneficial interest in assets held by others	73,290	71,682
	\$ 5,572,049	\$ 5,251,979

Catholic Charities has funds invested in a pooled investment with participating entities of the Archdiocese, the investment manager. Bank One Investment Management Group of Oklahoma City is the custodian of the investment pool. Also, under a custodial arrangement, certain investments were held by the Catholic Foundation of Oklahoma, Inc. (the Foundation).

Catholic Charities receives a portion of the income on these funds for use in its operations. However, principal amounts and reinvested earnings are generally not available for use in current operations due to restrictions designated by donors or the Board of Directors.

Total investment return is comprised of the following:

	<b>Catholic Charities</b>	<b>The Corporation</b>	<b>Villa Isenbart, Inc.</b>	<b>Consolidated Total</b>
<b>2018</b>				
Pooled investments				
The Archdiocese				
Net realized and unrealized gains	\$ 141,921	\$ (284)	\$ -	\$ 141,637
Interest and dividends	57,792	777	920	59,489
Management fees	(8,847)	-	-	(8,847)
The Foundation				
Net realized and unrealized gains	162,273	-	-	162,273
Interest and dividends	56,421	-	-	56,421
Management fees	(20,369)	-	-	(20,369)
	\$ 389,191	\$ 493	\$ 920	\$ 390,604

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	Catholic Charities	The Corporation	Villa Isenbart, Inc.	Consolidated Total
<b>2017</b>				
Pooled investments				
The Archdiocese				
Net realized and unrealized gains	\$ 179,844	\$ -	\$ -	\$ 179,844
Interest and dividends	50,213	472	3,260	53,945
Management fees	(8,010)	-	-	(8,010)
The Foundation				
Net realized and unrealized gains	267,170	-	-	267,170
Interest and dividends	52,268	-	-	52,268
Management fees	(19,602)	-	-	(19,602)
	<u>\$ 521,883</u>	<u>\$ 472</u>	<u>\$ 3,260</u>	<u>\$ 525,615</u>

### Note 3: Pledges Receivable

Pledges receivable consisted of the following:

	<b>2018</b>	<b>2017</b>
Annual Fall Fund drive	\$ 204,338	\$ 193,926
Less allowance for uncollectible accounts	(54,627)	(76,777)
	<u>149,711</u>	<u>117,149</u>
Capital campaign promises-to-give		
Receivable in less than one year	654,650	965,699
Receivable in one to four years	20,000	654,281
Total capital campaign promises-to-give	674,650	1,619,980
Less discount to present value	(727)	(16,590)
Less allowance for uncollectible accounts	(20,000)	(98,667)
Net capital campaign promises-to-give	653,923	1,504,723
United Way of Central Oklahoma, funding for next year	359,000	367,480
United Way of Lawton – Fort Sill, funding for next year	19,250	15,215
United Way of Enid and Northwest Oklahoma, funding for next year	10,459	-
United Way of Ardmore, funding for next year	7,386	-
United Way of Norman, funding for next year	9,166	6,000
	<u>1,059,184</u>	<u>1,893,418</u>
	<u>\$ 1,208,895</u>	<u>\$ 2,010,567</u>

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The discount rate was 3.77% and 2.53% for 2018 and 2017, respectively.

**Note 4: Beneficial Interest in Assets Held by Others**

Catholic Charities transferred assets to Oklahoma City Community Foundation (OCCF) and retained a beneficial interest in those assets. Catholic Charities receives annual distributions from those assets according to OCCF's spending policy, which currently states 5% of the average market value over the previous 12 quarters will be distributed each year. Catholic Charities has granted variance power to OCCF as Catholic Charities' agreement with OCCF states funds received by OCCF are subject to variance power, described by the U.S. Treasury regulations as the power of the governing board of OCCF to modify any donor restrictions as to distributions if they determine them to become unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community. The fair value of the retained beneficial interest included in the accompanying consolidated statements of financial position was \$73,290 and \$71,682 at June 30, 2018 and 2017, respectively. For the years ended June 30, 2018 and 2017, Catholic Charities received annual distributions of approximately \$3,600 from this beneficial interest.

In addition to the funds discussed above, OCCF maintains other funds that have been contributed by various donors to OCCF for the benefit of Catholic Charities; however, these funds are prohibited from inclusion in the assets of Catholic Charities under current accounting standards. For the years ended June 30, 2018 and 2017, Catholic Charities received approximately \$26,000 and \$25,000, respectively, from these funds, which are included in contributions in the accompanying consolidated statements of activities. At June 30, 2018 and 2017, the fair value of the funds was approximately \$534,000 and \$522,000, respectively.

**Note 5: Endowment Assets**

Catholic Charities' endowments consist of five individual funds established for a variety of purposes. Its endowments include both donor-restricted funds and funds designated by Catholic Charities to function as endowments. As required by GAAP, net assets associated with endowment funds, including assets designated by Catholic Charities to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Catholic Charities has interpreted the *Uniform Prudent Management of Institutional Funds Act* (the Act) as requiring the preservation of the fair value of a donation as of the date on which the donation was made, except where the donor provides different instructions or conditions in connection with the donation. Consistent with this interpretation, Catholic Charities has classified its permanently restricted net assets in the amount of the original value of donations made to the permanent endowment as well as the original value of subsequent donations made to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are approved for distribution by Catholic Charities in a manner consistent with the standards set forth in the Act.

# Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries

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In accordance with the Act, Catholic Charities considers the following factors in making a determination to maintain or distribute donor-restricted endowment funds: 1) the duration and preservation of the fund, 2) the purposes of Catholic Charities and the donor-restricted endowment fund, 3) general economic conditions, 4) the possible effect of inflation and deflation, 5) the expected total return from income and the appreciation/depreciation of investments, 6) other resources of Catholic Charities and 7) the investment policies of Catholic Charities.

Catholic Charities invests its endowment funds with the Foundation. In doing so, Catholic Charities has inherently accepted the investment policies of the Foundation. Catholic Charities believes the investment policies of the Foundation, when applied to the endowment funds, facilitate Catholic Charities' ability to provide funding for programs and provide adequate returns for invested funds. Endowment assets include those assets of donor-restricted funds that Catholic Charities must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under the Foundation's investment policy, the endowment assets are invested in a manner that is intended to provide acceptable investment returns while assuming a moderate level of investment risk.

Catholic Charities anticipates its endowment funds, which are comprised of approximately 60% equity and 40% fixed income and non-equity investments, to achieve an average rate of return that is consistent with historical returns. Actual returns in any given year are dependent on market conditions and other factors, and they may vary from the expected investment return. To satisfy its long-term rate of return objectives, Catholic Charities relies on the Foundation's investment policy, which has a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The composition of net assets by type of endowment fund at June 30 was:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>2018</b>				
Donor-restricted endowment funds	\$ -	\$ 141,781	\$ 203,950	\$ 345,731
Board-restricted endowment funds	<u>3,392,511</u>	<u>-</u>	<u>-</u>	<u>3,392,511</u>
Total endowment net assets	<u>\$ 3,392,511</u>	<u>\$ 141,781</u>	<u>\$ 203,950</u>	<u>\$ 3,738,242</u>
<b>2017</b>				
Donor-restricted endowment funds	\$ -	\$ 136,879	\$ 203,950	\$ 340,829
Board-restricted endowment funds	<u>3,230,105</u>	<u>-</u>	<u>-</u>	<u>3,230,105</u>
Total endowment net assets	<u>\$ 3,230,105</u>	<u>\$ 136,879</u>	<u>\$ 203,950</u>	<u>\$ 3,570,934</u>

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Changes in endowment net assets at June 30 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Balance, July 1, 2016</b>	\$ 2,986,336	\$ 118,777	\$ 203,950	\$ 3,309,063
Contributions	79,897	-	-	79,897
Investment income	29,529	3,138	-	32,667
Net appreciation (realized and unrealized)	241,690	25,480	-	267,170
Appropriation of endowment assets for expenditure	<u>(107,347)</u>	<u>(10,516)</u>	<u>-</u>	<u>(117,863)</u>
<b>Balance, June 30, 2017</b>	3,230,105	136,879	203,950	3,570,934
Contributions	121,562	-	-	121,562
Investment income	32,695	3,357	-	36,052
Net appreciation (realized and unrealized)	147,019	15,254	-	162,273
Appropriation of endowment assets for expenditure	<u>(138,870)</u>	<u>(13,709)</u>	<u>-</u>	<u>(152,579)</u>
<b>Balance, June 30, 2018</b>	<u>\$ 3,392,511</u>	<u>\$ 141,781</u>	<u>\$ 203,950</u>	<u>\$ 3,738,242</u>

**Note 6: Fair Value Measurements**

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities

The following is a description of valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

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***Pooled Investments***

Pooled investments are values as reported by the Archdiocese or the Foundation.

***Beneficial Interest in Assets Held by Others***

The beneficial interest in assets held by others is carried at fair value and based on the fair value of the cash and investment assets held by OCCF for the benefit of Catholic Charities. Fair value is based on the NAV per share as determined by OCCF and provided to Catholic Charities.

The investments are directed by OCCF and are designated to achieve endowment returns consistent with their investment policies.

Investments in this category cannot be redeemed at the current NAV price per share, as Catholic Charities is only the beneficiary of the investment earnings, which are distributed in accordance with OCCF's spending policy.

***Recurring Basis***

Certain of Catholic Charities' assets are reported at fair value in the accompanying consolidated statements of financial position on a recurring basis. All assets reported at fair value are valued using the NAV. The following tables summarize assets reported at fair value on a recurring basis at June 30:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2018</b>				
The Archdiocese through Bank One Investment Management Group of Oklahoma City, as custodian	\$ 1,760,517	\$ -	\$ 1,760,517	\$ -
The Foundation	3,738,242	-	3,738,242	-
Beneficial interest in assets held by others	<u>73,289</u>	<u>-</u>	<u>-</u>	<u>73,289</u>
	<u>\$ 5,572,048</u>	<u>\$ -</u>	<u>\$ 5,498,759</u>	<u>\$ 73,289</u>



# Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries

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	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2017</b>				
The Archdiocese through Bank One Investment Management Group of Oklahoma City, as custodian	\$ 1,609,363	\$ -	\$ 1,609,363	\$ -
The Foundation	3,570,934	-	3,570,934	-
Beneficial interest in assets held by others	71,682	-	-	71,682
	\$ 5,251,979	\$ -	\$ 5,180,297	\$ 71,682

The following table provides additional information describing the nature and risk of assets by major class:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>2018</b>				
Pooled investment funds				
The Archdiocese	\$ 1,760,517	\$ -	Daily	None
The Foundation	3,738,242	-	Daily	None
	5,498,759	-		
Beneficial interest in assets held by others	73,289	-	N/A	N/A
	\$ 5,572,048	\$ -		
<b>2017</b>				
Pooled investment funds				
The Archdiocese	\$ 1,609,363	\$ -	Daily	None
The Foundation	3,570,934	-	Daily	None
	5,180,297	-		
Beneficial interest in assets held by others	71,682	-	N/A	N/A
	\$ 5,251,979	\$ -		

# Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### Note 7: Notes Receivable

Following is a summary of notes receivable as of June 30:

	2018	2017
Villanova Apartments (see <i>Note 15</i> )	\$ 116,000	\$ 98,197

### Note 8: Property and Equipment

Property and equipment at June 30 consists of:

	Catholic Charities	The Corporation	Villa Isenbart, Inc.	Total
<b>2018</b>				
Land	\$ 767,588	\$ 92,666	\$ 51,000	\$ 911,254
Building and improvements	10,147,655	4,032,069	1,904,751	16,084,475
Vehicles	252,360	-	-	252,360
Furniture and equipment	474,743	102,253	43,667	620,663
Equipment with reversionary interest	21,098	-	-	21,098
	11,663,444	4,226,988	1,999,418	17,889,850
Less accumulated depreciation	(1,858,328)	(2,173,697)	(1,488,929)	(5,520,954)
	\$ 9,805,116	\$ 2,053,291	\$ 510,489	\$ 12,368,896
<b>2017</b>				
Land	\$ 784,788	\$ 92,666	\$ 51,000	\$ 928,454
Building and improvements	10,236,119	3,955,925	1,904,751	16,096,795
Vehicles	274,359	-	-	274,359
Furniture and equipment	397,541	102,253	43,667	543,461
Equipment with reversionary interest	21,098	-	-	21,098
	11,713,905	4,150,844	1,999,418	17,864,167
Less accumulated depreciation	(1,679,796)	(2,009,331)	(1,415,917)	(5,105,044)
	\$ 10,034,109	\$ 2,141,513	\$ 583,501	\$ 12,759,123

Equipment acquired under grants received under the Cooperative Agreement between the U.S. Department of State and the United States Conference of Catholic Bishops (USCCB) is considered to be owned by Catholic Charities while it is used by the program for which it was purchased or in future authorized programs. The grantors, however, have a reversionary interest in the equipment and proceeds from its disposition.

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**Note 9: Notes Payable**

Following is a summary of notes payable as of June 30:

	<b>2018</b>	<b>2017</b>
Trinity Place retirement project	\$ 800,000	\$ 800,000
Casa Maria housing project (see <i>Note 15</i> )	119,372	137,738
12th Street building PDLF loan	-	1,214,127
	\$ 919,372	\$ 2,151,865

The 12th Street building PDLF loan was a loan with the Archdiocese with no stated maturity date. Interest was payable on the loan monthly at a variable PDLF loan rate (2.53% at June 30, 2017). This loan was paid off in December 2017.

Aggregate annual maturities of long-term debt at June 30, 2018, are as follows:

2019	\$ 18,365
2020	18,365
2021	18,365
2022	18,365
2023	18,365
Thereafter	827,547
	\$ 919,372

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**Note 10: Net Assets**

***Temporarily Restricted Net Assets***

Temporarily restricted net assets are available for the following purposes or periods as of June 30:

	<b>2018</b>	<b>2017</b>
United Way of Central Oklahoma	\$ 358,806	\$ 367,480
United Way of Enid and Northwest Oklahoma	10,459	-
United Way of Lawton – Fort Sill	21,000	15,215
United Way of Norman	9,166	6,000
United Way of Ardmore	7,386	-
Capital campaign	475,013	454,339
Disaster relief	418,330	663,709
Accumulated earnings on permanently restricted investments	141,781	136,879
Housing development	-	12,706
Villa Isenbart, Inc.	838,860	887,215
Various other charitable purposes	147,676	164,906
	<u>\$ 2,428,477</u>	<u>\$ 2,708,449</u>

***Permanently Restricted Net Assets***

Permanently restricted net assets as of June 30 consist of:

	<b>2018</b>	<b>2017</b>
C. Harold and Constance Brand endowment	\$ 203,950	\$ 203,950
Beneficial interest in assets held by others	73,289	71,682
	<u>\$ 277,239</u>	<u>\$ 275,632</u>

# Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### **Net Assets Released from Restrictions**

Net assets released from temporary restrictions during June 30 are comprised of the following:

	2018	2017
Temporary restrictions accomplished		
United Way of Central Oklahoma	\$ 367,674	\$ 395,460
United Way of Enid and Northwest Oklahoma	29,459	10,021
United Way of Lawton – Fort Sill	15,215	15,000
United Way of Norman	6,000	-
United Way of Ardmore	7,386	-
Capital campaign	66,595	10,537
Disaster relief	770,205	1,312,166
Immigration attorney wages	61,553	45,267
Accumulated earnings on permanently restricted investments	13,709	10,516
Housing development	13,306	20,694
Villa Isenbart, Inc.	48,355	48,355
Various other charitable purposes	136,925	129,727
	\$ 1,536,382	\$ 1,997,743
Permanent restrictions accomplished		
Distributions	\$ 3,581	\$ 3,567

### **Note 11: Related-Party Transactions**

Catholic Charities, in the normal course of business, engages in transactions with other organizations related through common purpose and management, principally the Archdiocese. Catholic Charities participates in a retirement plan sponsored by the Archdiocese, maintains pooled investments with the Archdiocese and the Foundation and sponsored the formation of two not-for-profit organizations and a limited partnership.

### **Note 12: Operating Leases**

Noncancellable operating leases expire in various years through fiscal year 2021. These leases generally contain renewal options for three years and require Catholic Charities to pay all executory costs (property taxes, maintenance and insurance).

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Future minimum lease payments under operating leases are:

2019	\$	56,730
2020		55,800
2021		6,000
	\$	118,530

**Note 13: Retirement Plan**

The Archdiocese sponsors a tax-sheltered annuity plan covering all lay employees of the diocese (including affiliated entities) who are at least 18 years of age and who have completed one year of service. The plan is funded by a combination of employer contributions, voluntary employee contributions and employer matching contributions. Employer contributions are 3% of a participant's compensation. The plan provides for employer matching contributions of 50% of voluntary employee contributions up to a maximum additional percentage of 2%. Plan participants are fully vested at all times in their voluntary contributions and gradually vest in employer contributions and are fully vested upon completion of six years of service. Catholic Charities' retirement expense under this plan for the years ended June 30, 2018 and 2017, totaled \$93,338 and \$93,021, respectively. There were no reported forfeitures for the year ended June 30, 2018. For the year ended June 30, 2017, forfeitures were \$33,026.

**Note 14: Fees and Grants from Federal Agencies**

***U.S. Department of State***

Catholic Charities receives funds from USCCB, which is assisted financially by the U.S. Department of State under the authority of the *Immigration and Nationality Act*, as amended, for administration and to reimburse refugee sponsors for expenses under a grant for the Migration and Refugee Resettlement and Placement Program (the Refugee Program) and the Migration and Refugee Match Grant. USCCB's funding to the Refugee Program was \$46,351 and \$263,729 for the years ended June 30, 2018 and 2017, respectively. USCCB's funding to the Migration and Refugee Match Grant was \$0 and \$29,260 for the years ended June 30, 2018 and 2017, respectively.

In addition, the Refugee Program held \$7,500 in cash advances from USCCB at June 30, 2018 and 2017. These advances must be repaid upon completion of the program.

***U.S. Department of Human Services***

During the year ended June 30, 2002, the Refugee Cash Assistance (RCA) Program was established. This program is administered by the Office of Refugee Resettlement (ORR), and funds are disbursed by the Oklahoma Department of Human Services (DHS). DHS funding to the

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RCA program for the years ended June 30, 2018 and 2017, was \$128,415 and \$181,000, respectively.

During the year ended June 30, 2013, the Refugee Social Services (RSS) Program was established. This program is administrated by ORR, and funds are disbursed by DHS. DHS funding to the RSS program for the years ended June 30, 2018 and 2017, was \$134,848 and \$139,458, respectively.

Following is a summary of fees and grants received from federal agencies for the years ended June 30:

	<b>2018</b>	<b>2017</b>
Fees and grants from federal agencies		
U.S. Department of State – USCCB		
Migration and refugee match grant	\$ -	\$ 29,260
Migration and refugee resettlement and placement program	46,351	263,729
U.S. Department of Health and Human Services		
Refugee cash assistance program	128,415	181,000
Refugee social services program	134,848	139,458
	<u>\$ 309,614</u>	<u>\$ 613,447</u>

**Note 15: Affordable Housing Developments**

***Casa Maria***

Casa Maria is a housing project that involved acquisition and refurbishment of a property at 613 NW 30<sup>th</sup> Street in Oklahoma City for approximately \$396,000. The property was acquired under a Forgivable Loan Agreement pursuant to the Title II *Cranston-Gonzalez National Affordable Housing Act of 1990* (Public Law 101-625) (the Law) using U.S. Department of Housing and Urban Development (HUD) funding. This property provides six apartments for housing of low-income families meeting certain requirements of the Law and, if Catholic Charities meets the requirements of the Law over a period of 20 years, the loan will be forgiven 5% each year. The loan with the City of Oklahoma City, Oklahoma (the City) bears no interest and the lender, pursuant to a mortgage, must look only to the property as collateral. At June 30, 2018 and 2017, the amount of the loan was \$119,372 and \$137,738 after loan forgiveness of \$18,365 for the years ended June 30, 2018 and 2017, respectively.

***Villa Isenbart, Inc.***

Villa Isenbart, Inc., a wholly owned subsidiary of Catholic Charities, has developed, and is operating, a facility which contains 40 independent living housing units. The organization operates under the provisions of Section 202 of the *National Housing Act of 1934*, with mortgage insurance provided by the National Housing Administration of HUD. The responsibility for the ongoing

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management of the facility is contracted to an unrelated third-party property management company. Compensation for such services is determined under the bylaws of the organization and a management agreement.

Pursuant to the Capital Grant Agreement with HUD, Villa Isenbart, Inc., received advances not to exceed \$1,934,200 for costs incurred in the acquisition and rehabilitation of property. Under the terms of the grant, the organization must own the property for a period of not less than 40 years. Failure to do so could require all or a portion of the grant be repaid to HUD.

In accordance with GAAP, capital grant advances have been recorded as temporarily restricted revenue when received. The organization reports the expiration of HUD's restrictions ratably over the useful life of the related long-lived asset through an implied time restriction.

The membership of Villa Isenbart, Inc., consists of individuals who are directors of Catholic Charities or who have the approval of the Board of Directors of Catholic Charities.

**3825 NW 19th, Inc.**

The Corporation, a wholly owned subsidiary of Catholic Charities, is a 1% general partner and, as of June 9, 2010, Catholic Charities of Southwest Oklahoma, Inc., a wholly owned subsidiary of the Archdiocese, is a 99% limited partner of Trinity L.P., an Oklahoma limited partnership, which is an affordable tax credit housing development for the elderly pursuant to Section 42 of the IRC. Prior to June 9, 2010, the Federal National Mortgage Association (Fannie Mae) was the limited partner.

***Villanova Apartments (Formerly, Columbia Square Apartments)***

Villanova Apartments is a 64-unit housing project fully owned by Lawton Apartments Limited Partnership (LALP), which involves acquisition and refurbishment of property located in Lawton, Oklahoma.

Columbia Square, Inc., a wholly owned subsidiary of the Archdiocese, is a 1% general partner, and Enterprise Housing Alliance Fund II, LP and Enterprise Housing Partners XV Limited Partnership are 99% limited partners of LALP.

On May 14, 2007, Catholic Charities advanced \$116,000 and received a note receivable from LALP. This note bears interest at 6.15% per annum with accrued interest and principal due on the maturity date of June 1, 2049. Catholic Charities has elected not to accrue interest on the note receivable from LALP. Catholic Charities has decided the low probability of receiving the interest on this note does not justify the inclusion of this interest income in the accompanying consolidated financial statements. If Catholic Charities had accrued interest on the note, accrued interest in the amount of \$86,566 and \$80,527 would be included in the accompanying consolidated financial statements as of June 30, 2018 and 2017, respectively.

Additionally, on May 16, 2007, Catholic Charities entered into a guaranty agreement with LALP whereby Catholic Charities guarantees the following relating to the Villanova Apartments:



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**Operating Deficit Guaranty**

Catholic Charities has entered into an Operating Deficit Guaranty whereby, if an operating deficit exists for LALP and the general partner of LALP does not have the ability to fund this operating deficit, Catholic Charities will advance funds to LALP to cover the operating deficit up to \$146,000. This guaranty shall terminate on the date the following have occurred simultaneously: 1) the project has operated at break-even for at least three consecutive months and 2) the balance of the operating reserve equals or exceeds \$146,198. No payments have been made during 2018 and 2017.

**Guaranty of Obligation to Purchase Interest of Limited Partner**

Catholic Charities has entered into a Guaranty of Obligation to Purchase Interest of Limited Partner whereby, if the general partner of LALP is obligated to purchase the limited partner's interest and fails to do so within the requirements of the LALP partnership agreement, Catholic Charities will advance the funds to purchase the interest. This guaranty expires upon the purchase of the limited partner's interest.

**Note 16: Contingencies**

Catholic Charities receives certain revenues from government grants and contracts. These grants and contracts are subject to audit by the grantor agency. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government and, until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Catholic Charities believes no liability will result from such audits.

# Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 17: Change in Accounting Principle

On July 1, 2017, Catholic Charities adopted Accounting Standards Update (ASU) 2017-02, *Not-for-Profit Entities – Consolidation (Subtopic 958-810): Clarifying When a Not-for-Profit Entity That Is a General Partner or a Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*. As a result of adopting this standard, the operations of Trinity Place, an Oklahoma Limited Partnership, are included in the consolidated operations of Catholic Charities. Catholic Charities applied the new method retrospectively and prior years have been adjusted to apply the change. The following financial statement line items for fiscal year 2017 were affected by the change in accounting principle:

	As Adjusted	As Previously Reported	Effect of Change
<b>Statement of Financial Position</b>			
Cash and cash equivalents	\$ 3,507,513	\$ 3,446,155	\$ 61,358
Other accounts receivable	\$ 321,040	\$ 317,660	\$ 3,380
Prepaid expenses	\$ 103,480	\$ 103,179	\$ 301
Restricted deposits and funded reserves	\$ 358,581	\$ -	\$ 358,581
Other assets	\$ 180,977	\$ 118,386	\$ 62,591
Related-party note receivable, net	\$ 98,197	\$ 1,226,091	\$ (1,127,894)
Property and equipment, net	\$ 12,759,123	\$ 10,617,610	\$ 2,141,513
Total assets	\$ 24,631,965	\$ 23,152,135	\$ 1,479,830
Accounts payable and accrued expenses	\$ 500,965	\$ 478,631	\$ 22,334
Deferred revenue	\$ 796,334	\$ 795,178	\$ 1,156
Tenant security deposits	\$ 20,725	\$ 11,810	\$ 8,915
Total liabilities	\$ 3,469,889	\$ 3,437,484	\$ 32,405
Unrestricted – operating	\$ 13,473,032	\$ 11,971,123	\$ 1,501,909
Unrestricted – noncontrolling interest	\$ (54,484)	\$ -	\$ (54,484)
Total net assets	\$ 21,162,076	\$ 19,714,651	\$ 1,447,425
Total liabilities and net assets	\$ 24,631,965	\$ 23,152,135	\$ 1,479,830
<b>Statement of Activities</b>			
Program service fees	\$ 600,628	\$ 319,173	\$ 281,455
Investment income, including net realized and unrealized gains	\$ 523,538	\$ 523,066	\$ 472
Miscellaneous revenue	\$ 146,452	\$ 144,164	\$ 2,288
Total other revenue	\$ 1,884,404	\$ 1,600,189	\$ 284,215
Program services	\$ 7,770,246	\$ 7,418,466	\$ 351,780
Total expenses and losses	\$ 8,770,349	\$ 8,418,569	\$ 351,780
Decrease in unrestricted net assets	\$ (744,619)	\$ (677,054)	\$ (67,565)
Change in net assets	\$ (1,038,225)	\$ (970,660)	\$ (67,565)

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	<u>As Adjusted</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
<i>Statement of Cash Flows</i>			
Change in net assets	\$ (1,038,225)	\$ (970,660)	\$ (67,565)
Depreciation	\$ 560,147	\$ 443,917	\$ 116,230
Other receivables	\$ (16,587)	\$ (16,702)	\$ 115
Prepaid expenses	\$ 20,451	\$ 20,445	\$ 6
Deferred revenue	\$ (521,568)	\$ (522,545)	\$ 977
Accounts payable and accrued expenses	\$ 121,240	\$ 124,498	\$ (3,258)
Net cash provided by operating activities	\$ 335,792	\$ 291,270	\$ 44,522
Purchases of property and equipment	\$ (126,901)	\$ (92,451)	\$ (34,450)
Receipt of payments on notes receivable	\$ -	\$ 40,063	\$ (40,063)
Deposits into restricted deposits and reserves	\$ (43,162)	\$ -	\$ (43,162)
Withdrawals from restricted deposits and reserves	\$ 76,974	\$ -	\$ 76,974
Net cash used in investing activities	\$ (87,189)	\$ (80,282)	\$ (6,907)
Decrease in cash and cash equivalents	\$ (1,233,632)	\$ (1,274,413)	\$ 40,781

**Note 18: Future Changes in Accounting Principles**

***Not-for-Profit Accounting Standard for Financial Reporting***

The Financial Accounting Standards Board (FASB) recently issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires material changes to the presentation of not-for-profit financial statements and related note disclosures. Catholic Charities expects to first apply ASU 2016-14 during its fiscal year ending June 30, 2019, through retrospective application to previous years' statements for comparative purposes. The impact of applying ASU 2016-14 has not yet been determined.

***Revenue Recognition***

FASB amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2018, and any interim periods within annual reporting periods that begin after December 15, 2019, for nonpublic entities. Catholic Charities is evaluating the impact the amendment will have on the financial statements.

# **Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2018 and 2017**

### ***Accounting for Leases***

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2019, and any interim periods within annual reporting periods that begin after December 15, 2020. Catholic Charities is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.

### **Note 19: Subsequent Events**

Subsequent events have been evaluated through December 19, 2018, which is the date the consolidated financial statements were available to be issued.

## **Supplementary Information**

**Catholic Charities of the Archdiocese of  
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**Consolidating Schedule – Statement of Financial Position**  
**June 30, 2018**

	<b>Catholic Charities</b>	<b>3825 NW 19th, Inc.</b>	<b>Villa Isenbart, Inc.</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 1,795,534	\$ 2,105	\$ 1,775	\$ -	\$ 1,799,414
Investments	1,760,517	-	-	-	1,760,517
Receivables from United States					
Conference of Catholic Bishops	26,003	-	-	-	26,003
Other accounts receivable	544,729	4,501	3,437	-	552,667
Pledges receivable, net	1,208,895	-	-	-	1,208,895
Inventory	2,750	-	-	-	2,750
Prepaid expenses	65,586	289	2,148	-	68,023
Endowment assets	3,738,242	-	-	-	3,738,242
Beneficial interest in assets held by others	73,289	-	-	-	73,289
Restricted deposits and funded reserves	-	243,498	107,884	-	351,382
Other assets	305	178,106	2,377	-	180,788
Related-party note receivable, net	1,206,291	-	-	(1,090,291)	116,000
Property held for sale	85,823	-	-	-	85,823
Property and equipment, net	9,805,116	2,053,291	510,489	-	12,368,896
	<u>\$ 20,313,080</u>	<u>\$ 2,481,790</u>	<u>\$ 628,110</u>	<u>\$ (1,090,291)</u>	<u>\$ 22,332,689</u>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 427,950	\$ 29,065	\$ 19,616	\$ -	\$ 476,631
Deferred revenue	156,003	819	-	-	156,822
Tenant security deposits	-	8,600	9,943	-	18,543
Accrued management fees	-	119,121	-	(119,121)	-
Notes payable	919,372	2,515,762	-	(2,515,762)	919,372
	<u>1,503,325</u>	<u>2,673,367</u>	<u>29,559</u>	<u>(2,634,883)</u>	<u>1,571,368</u>
<b>Net Assets</b>					
Unrestricted					
Operating	11,830,352	(1,916)	(240,309)	1,544,592	13,132,719
Board-designated	5,112,547	-	-	-	5,112,547
Noncontrolling interest	-	(189,661)	-	-	(189,661)
Temporarily restricted	1,589,617	-	838,860	-	2,428,477
Permanently restricted	277,239	-	-	-	277,239
	<u>18,809,755</u>	<u>(191,577)</u>	<u>598,551</u>	<u>1,544,592</u>	<u>20,761,321</u>
Total net assets	<u>18,809,755</u>	<u>(191,577)</u>	<u>598,551</u>	<u>1,544,592</u>	<u>20,761,321</u>
Total liabilities and net assets	<u>\$ 20,313,080</u>	<u>\$ 2,481,790</u>	<u>\$ 628,110</u>	<u>\$ (1,090,291)</u>	<u>\$ 22,332,689</u>

**Catholic Charities of the Archdiocese of  
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Consolidating Schedule – Statement of Activities  
Year Ended June 30, 2018**

	Catholic Charities	3825 NW 19th, Inc.	Villa Isenbart, Inc.	Eliminations	Consolidated Total
<b>Changes in Unrestricted Net Assets</b>					
<b>Revenues, Gains and Other Support</b>					
Contributions					
Catholic Charities Annual Appeal	\$ 2,678,883	\$ -	\$ -	\$ -	\$ 2,678,883
Other contributions	107,997	-	-	-	107,997
Total contributions	2,786,880	-	-	-	2,786,880
Fees and grants					
Federal agencies grants	309,614	-	-	-	309,614
State agencies and local grants	564,690	-	-	-	564,690
Other grants	34,537	-	-	-	34,537
Total fees and grants	908,841	-	-	-	908,841
Other revenue					
Program service fees	152,388	281,012	220,069	-	653,469
Investment income, including net realized and unrealized gains	382,286	493	920	(11,706)	371,993
Bequests	149,157	-	-	-	149,157
Special events and honorariums	342,670	-	-	-	342,670
Gain on sale of property and equipment	76,172	-	-	-	76,172
Miscellaneous revenue	314,401	3,121	2,691	-	320,213
Total other revenue	1,417,074	284,626	223,680	(11,706)	1,913,674
Net assets released from restrictions	1,491,608	-	48,355	-	1,539,963
Total revenues, gains and other support	6,604,403	284,626	272,035	(11,706)	7,149,358
<b>Expenses and Losses</b>					
Program services	5,481,476	421,611	313,224	(53,839)	6,162,472
Supporting services	1,109,276	-	-	-	1,109,276
Total expenses and losses	6,590,752	421,611	313,224	(53,839)	7,271,748
<b>Increase (Decrease) in Unrestricted Net Assets</b>	13,651	(136,985)	(41,189)	42,133	(122,390)

**Catholic Charities of the Archdiocese of  
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**Consolidating Schedule – Statement of Activities, continued**  
**Year Ended June 30, 2018**

	<b>Catholic Charities</b>	<b>3825 NW 19th, Inc.</b>	<b>Villa Isenbart, Inc.</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
<b>Changes in Temporarily Restricted Net Assets</b>					
United Way of Metro Oklahoma City funding Contributions	\$ 443,856	\$ -	\$ -	\$ -	\$ 443,856
Capital campaign contributions, net	44,241	-	-	-	44,241
Other contributions	103,428	-	-	-	103,428
<b>Fees and grants</b>					
Catholic Charities USA May 2013 disaster Resiliency	505,194	-	-	-	505,194
Other grants	87,534	-	-	-	87,534
Other grants	10,518	-	-	-	10,518
Investment income of permanently restricted endowments	18,611	-	-	-	18,611
Investment income from beneficial interest	43,028	-	-	-	43,028
Net assets released from restrictions	<u>(1,488,027)</u>	<u>-</u>	<u>(48,355)</u>	<u>-</u>	<u>(1,536,382)</u>
<b>Decrease in Temporarily Restricted Net Assets</b>	<u>(231,617)</u>	<u>-</u>	<u>(48,355)</u>	<u>-</u>	<u>(279,972)</u>
<b>Changes in Permanently Restricted Net Assets</b>					
Gain on beneficial interest	5,188	-	-	-	5,188
Net assets released from restrictions	<u>(3,581)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,581)</u>
<b>Increase in Permanently Restricted Net Assets</b>	<u>1,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,607</u>
<b>Change in Net Assets</b>	(216,359)	(136,985)	(89,544)	42,133	(400,755)
<b>Net Assets, Beginning of Year</b>	<u>19,026,114</u>	<u>(54,592)</u>	<u>688,095</u>	<u>1,502,459</u>	<u>21,162,076</u>
<b>Net Assets, End of Year</b>	<u>\$ 18,809,755</u>	<u>\$ (191,577)</u>	<u>\$ 598,551</u>	<u>\$ 1,544,592</u>	<u>\$ 20,761,321</u>



**Catholic Charities of the Archdiocese of  
Oklahoma City, Inc. and Subsidiaries**  
**Consolidating Schedule – Statement of Cash Flows**  
**Year Ended June 30, 2018**

	<b>Catholic Charities</b>	<b>3825 NW 19th, Inc.</b>	<b>Villa Isenbart, Inc.</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
<b>Operating Activities</b>					
Change in net assets	\$ (216,359)	\$ (136,985)	\$ (89,544)	\$ 42,133	\$ (400,755)
Items not requiring (providing) cash					
Depreciation	425,984	109,577	73,118	-	608,679
Change in value of beneficial interest in assets held by others	(5,188)	-	-	-	(5,188)
Net realized and unrealized loss (gain)	(304,194)	-	284	-	(303,910)
Gain on disposal of property	(76,172)	-	-	-	(76,172)
Provision for bad debts (annual campaign)	35,687	-	-	-	35,687
Provision for bad debts (capital campaign)	(78,667)	-	-	-	(78,667)
Contributions restricted for long-term purposes	(10,000)	-	-	-	(10,000)
Changes in					
Pledges receivable	945,330	-	-	-	945,330
Other receivables	(351,432)	(1,121)	(2,682)	-	(355,235)
Prepaid expenses	35,922	12	(478)	-	35,456
Disaster relief – gift card inventory	4,500	-	-	-	4,500
Deferred revenue	(639,175)	(337)	-	-	(639,512)
Accounts payable and accrued expenses	(41,850)	49,183	8,918	(60,486)	(44,235)
Net cash provided by (used in) operating activities	<u>(275,614)</u>	<u>20,329</u>	<u>(10,384)</u>	<u>(18,353)</u>	<u>(284,022)</u>
<b>Investing Activities</b>					
Purchase of property and equipment	(286,313)	(21,355)	-	-	(307,668)
Proceeds from sale of property and equipment	79,671	-	-	-	79,671
Purchase of investments	(200,028)	-	-	-	(200,028)
Sale of investments	185,760	-	8,643	-	194,403
Deposits into restricted deposits and reserves	-	(77,973)	-	-	(77,973)
Withdrawals from restricted deposits and reserves	-	77,541	-	-	77,541
Receipts of payments on notes receivable	19,800	-	-	(19,800)	-
Distribution from beneficial interests in assets held by others	32,470	-	-	-	32,470
Net cash provided by (used in) investing activities	<u>(168,640)</u>	<u>(21,787)</u>	<u>8,643</u>	<u>(19,800)</u>	<u>(201,584)</u>
<b>Financing Activities</b>					
Contributions restricted for long-term purposes	10,000	-	-	-	10,000
Payments on notes payable	(1,232,493)	(38,153)	-	38,153	(1,232,493)
Net cash used in financing activities	<u>(1,222,493)</u>	<u>(38,153)</u>	<u>-</u>	<u>38,153</u>	<u>(1,222,493)</u>
<b>Decrease in Cash and Cash Equivalents</b>	<u>(1,666,747)</u>	<u>(39,611)</u>	<u>(1,741)</u>	<u>-</u>	<u>(1,708,099)</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,462,281</u>	<u>41,716</u>	<u>3,516</u>	<u>-</u>	<u>3,507,513</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,795,534</u>	<u>\$ 2,105</u>	<u>\$ 1,775</u>	<u>\$ -</u>	<u>\$ 1,799,414</u>