

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

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2020 and 2019



**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
June 30, 2020 and 2019

Contents

Independent Auditor’s Report 1

Consolidated Financial Statements

Statements of Financial Position 3
Statements of Activities 4
Statement of Functional Expenses – Year Ended June 30, 2020 6
Statement of Functional Expenses – Year Ended June 30, 2019 8
Statements of Cash Flows 10
Notes to Financial Statements 11

Supplementary Information

Consolidating Schedule – Statement of Financial Position 34
Consolidating Schedule – Statement of Activities 35
Consolidating Schedule – Statement of Cash Flows 37

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, 2020 and 2019, 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 2% of consolidated total assets at June 30, 2020 and 2019, and total revenues constituting 4% of consolidated total revenues for the years ended June 30, 2020 and 2019. We also did not audit the financial statements of 3825 NW 19th, Inc., a partnership, whose statements reflect total assets constituting 9% of consolidated total assets at June 30, 2020, and total revenues constituting 5% of consolidated total revenues for the year ended June 30, 2020. Those statements were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Villa Isenbart, Inc. and 3825 NW 19th, Inc., is based solely on the reports of the other auditor. 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.

Most Reverend Paul S. Coakley, Archbishop of Oklahoma City
Board of Directors
Catholic Charities of the Archdiocese of Oklahoma City, Inc.
Page 2

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.

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 audits and the reports of the other auditor, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Charities as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in *Note 1* to the consolidated financial statements, in 2020, Catholic Charities adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used 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 audits, the procedures performed as described above, and the reports 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 1, 2020

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
Consolidated Statements of Financial Position
June 30, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,666,114	\$ 3,210,602
Investments and endowment funds	6,160,869	6,223,679
Receivables from USCCB	31,930	59,034
Other accounts receivable	418,099	332,627
Pledges receivable, net	552,834	675,019
Inventory	-	1,050
Prepaid expenses	111,001	104,275
Beneficial interest in assets held by others	72,576	74,666
Restricted deposits and funded reserves	319,314	319,584
Other assets	2,469	180,681
Related-party note receivable, net	116,000	116,000
Property and equipment, net	<u>11,494,110</u>	<u>11,949,728</u>
Total assets	<u>\$ 22,945,316</u>	<u>\$ 23,246,945</u>

Liabilities

Accounts payable and accrued expenses	\$ 354,896	\$ 270,622
Deferred revenue	32,837	90,930
Tenant security deposits	20,504	20,431
Notes payable	<u>1,559,187</u>	<u>901,008</u>
Total liabilities	<u>1,967,424</u>	<u>1,282,991</u>

Net Assets

Without donor restrictions		
Undesignated	15,155,066	15,778,277
Board-designated endowment	3,829,802	3,920,594
Noncontrolling interest	<u>(641,638)</u>	<u>(322,267)</u>
Total net assets without donor restrictions	18,343,230	19,376,604
With donor restrictions	<u>2,634,662</u>	<u>2,587,350</u>
Total net assets	<u>20,977,892</u>	<u>21,963,954</u>
Total liabilities and net assets	<u>\$ 22,945,316</u>	<u>\$ 23,246,945</u>

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

Consolidated Statements of Activities

Years Ended June 30, 2020 and 2019

	2020	2019
Changes in Net Assets Without Donor Restrictions		
Revenues, gains, and other support		
Contributions		
Catholic Charities Annual Fall Fund Drive	\$ 2,768,262	\$ 2,752,977
Other contributions	187,109	87,517
Total contributions	2,955,371	2,840,494
Fees and grants		
Federal agencies grants	972,649	423,369
State agencies and local grants	40,404	31,275
Other grants	44,063	32,842
Total fees and grants	1,057,116	487,486
Other revenue		
Program service fees	644,768	630,284
Investment income, including net realized and unrealized gains	36,765	297,363
Bequests	311,410	1,066,381
Special events and honorariums, net of direct costs	131,487	240,718
Gain on sale of property and equipment	-	167,493
Miscellaneous revenue	151,135	154,702
Total other revenue	1,275,565	2,556,941
Net assets released from restrictions	1,104,480	1,826,610
Total revenues, gains, and other support	6,392,532	7,711,531
Expenses		
Program services	5,849,580	5,040,292
Supporting services	1,527,971	1,278,810
Total expenses	7,377,551	6,319,102
Increase (Decrease) in Net Assets Without Donor Restrictions	(985,019)	1,392,429

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
Consolidated Statements of Activities, continued
Years Ended June 30, 2020 and 2019

	2020	2019
Changes in Net Assets with Donor Restrictions		
United Way of Metro Oklahoma City funding Contributions	\$ 497,392	\$ 434,419
Capital campaign contributions, net	-	102,400
Other contributions	164,903	216,679
Grants	351,889	208,915
Bequests	45,551	625,583
Investment income (loss) of permanently restricted endowments	(781)	14,385
Investment income from beneficial interest	44,483	34,433
Net assets released from restrictions	(1,104,480)	(1,826,610)
Decrease in Net Assets with Donor Restrictions	(1,043)	(189,796)
Change in Net Assets	(986,062)	1,202,633
Net Assets, Beginning of Year	21,963,954	20,761,321
Net Assets, End of Year	\$ 20,977,892	\$ 21,963,954

Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services							
	Advocacy and Outreach	Regional Offices	Family Support Services	Immigration Legal Services	Refugee Resettlement	Homeless Services	St. Joseph Counseling	Adoption and Pregnancy
Employee Compensation								
Salaries	\$ 123,108	\$ 335,301	\$ 252,778	\$ 356,560	\$ 267,352	\$ 575,170	\$ 200,588	\$ 98,478
Employee benefits	26,658	87,685	66,721	92,244	51,655	158,941	44,373	19,780
Payroll expense	10,316	27,900	21,951	30,648	21,613	49,116	16,839	8,623
Total employee compensation	160,082	450,886	341,450	479,452	340,620	783,227	261,800	126,881
Expenses Before Depreciation and Amortization								
Professional fees and services	1,092	6,684	5,996	20,575	3,899	92,664	11,833	4,261
Supplies	67	1,876	756	1,436	860	2,481	1,428	171
Telephone	548	18,446	2,900	3,231	8,819	25,957	4,455	831
Postage and shipping	124	443	161	4,538	201	580	10	30
Occupancy	6,995	76,334	54,136	48,443	73,877	136,473	36,433	6,518
Transportation	517	7,334	2,322	1,107	8,362	6,981	1,148	1,290
Advertising	1,263	5,956	1,220	1,220	1,220	3,660	1,220	1,220
Printing and publications	7	813	211	98	94	1,384	28	348
Specific assistance, including disaster relief to individuals	11,520	243,217	212,433	5,281	321,943	226,304	1,767	8,010
Conferences, conventions, and meetings	1,762	608	216	3,253	400	586	146	127
Bad debt expense	-	-	-	-	-	-	-	-
Miscellaneous	25	1,763	458	8,790	613	310	530	2,049
Affordable housing	-	-	-	-	-	-	-	-
Total expenses before depreciation and amortization	184,002	814,360	622,259	577,424	760,908	1,280,607	320,798	151,736
Depreciation and Amortization	-	258	45,491	-	4,495	53,043	-	-
2020 total expenses	<u>\$ 184,002</u>	<u>\$ 814,618</u>	<u>\$ 667,750</u>	<u>\$ 577,424</u>	<u>\$ 765,403</u>	<u>\$ 1,333,650</u>	<u>\$ 320,798</u>	<u>\$ 151,736</u>
2019 total expenses	<u>\$ 205,113</u>	<u>\$ 779,432</u>	<u>\$ 576,042</u>	<u>\$ 631,969</u>	<u>\$ 369,539</u>	<u>\$ 1,278,513</u>	<u>\$ 312,930</u>	<u>\$ 136,492</u>

See Notes to Consolidated Financial Statements

Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries
Statement of Functional Expenses, continued
Year Ended June 30, 2020

	Program Services			Supporting Services			2020 Total Expenses	2019 Total Expenses
	Disaster Relief	Affordable Housing	Total	Administration	Fundraising	Total		
Employee Compensation								
Salaries	\$ 99,324	\$ -	\$ 2,308,659	\$ 181,520	\$ 319,411	\$ 500,931	\$ 2,809,590	\$ 2,545,191
Employee benefits	16,503	-	564,560	11,051	59,977	71,028	635,588	527,789
Payroll expense	7,488	-	194,494	3,823	28,735	32,558	227,052	248,752
Total employee compensation	123,315	-	3,067,713	196,394	408,123	604,517	3,672,230	3,321,732
Expenses Before Depreciation and Amortization								
Professional fees and services	197	-	147,201	81,651	27,968	109,619	256,820	301,043
Supplies	518	-	9,593	9,608	1,117	10,725	20,318	24,580
Telephone	1,696	-	66,883	7,791	2,169	9,960	76,843	67,843
Postage and shipping	307	-	6,394	3,303	8,586	11,889	18,283	18,180
Occupancy	14,394	-	453,603	147,540	46,796	194,336	647,939	571,257
Transportation	3,238	-	32,299	1,077	752	1,829	34,128	39,251
Advertising	-	-	16,979	1,891	3,572	5,463	22,442	35,220
Printing and publications	79	-	3,062	2,802	31,640	34,442	37,504	46,595
Specific assistance, including disaster relief to individuals	19,081	-	1,049,556	14,056	-	14,056	1,063,612	669,563
Conferences, conventions, and meetings	-	-	7,098	11,697	19,225	30,922	38,020	38,581
Bad debt expense	-	-	-	117,153	-	117,153	117,153	54,687
Miscellaneous	13,621	-	28,159	32,567	12,033	44,600	72,759	46,003
Affordable housing	-	493,947	493,947	-	-	-	493,947	481,423
Total expenses before depreciation and amortization	176,446	493,947	5,382,487	627,530	561,981	1,189,511	6,571,998	5,715,958
Depreciation and Amortization	-	363,806	467,093	338,120	340	338,460	805,553	603,144
2020 total expenses	<u>\$ 176,446</u>	<u>\$ 857,753</u>	<u>\$ 5,849,580</u>	<u>\$ 965,650</u>	<u>\$ 562,321</u>	<u>\$ 1,527,971</u>	<u>\$ 7,377,551</u>	
2019 total expenses	<u>\$ 83,504</u>	<u>\$ 666,758</u>	<u>\$ 5,040,292</u>	<u>\$ 781,477</u>	<u>\$ 497,333</u>	<u>\$ 1,278,810</u>		<u>\$ 6,319,102</u>

Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services								
	Advocacy and Outreach	Regional Offices	Family Support Services	Immigration Legal Services	Refugee Resettlement	Homeless Services	St. Joseph Counseling	Adoption and Pregnancy	Resiliency
Employee Compensation									
Salaries	\$ 122,422	\$ 360,832	\$ 260,896	\$ 397,813	\$ 160,260	\$ 587,445	\$ 196,937	\$ 87,340	\$ -
Employee benefits	25,113	84,337	68,419	90,398	33,096	125,387	44,741	17,449	-
Payroll expense	9,342	41,295	23,003	30,702	11,803	43,761	14,669	7,210	-
Total employee compensation	156,877	486,464	352,318	518,913	205,159	756,593	256,347	111,999	-
Expenses Before Depreciation and Amortization									
Professional fees and services	1,385	5,764	10,623	20,257	5,858	97,108	14,406	8,548	-
Supplies	188	1,810	424	3,179	344	4,859	1,630	293	-
Telephone	529	18,631	3,171	3,501	3,176	21,798	4,215	1,088	-
Postage and shipping	215	508	264	5,595	193	607	20	134	-
Occupancy	7,271	80,795	73,457	56,358	35,062	153,735	31,567	6,368	-
Transportation	762	10,605	2,731	10,033	3,127	4,788	2,168	584	-
Advertising	1,802	9,033	1,802	1,807	1,827	5,743	1,802	1,802	-
Printing and publications	318	2,206	219	487	(37)	679	19	158	-
Specific assistance, including disaster relief to individuals	30,990	157,142	113,018	1,821	112,239	173,594	-	3,791	-
Conferences, conventions, and meetings	4,091	384	638	3,090	-	1,110	(118)	498	-
Bad debt expense	-	-	-	-	-	-	-	-	-
Miscellaneous	685	1,340	(1,649)	6,928	405	5,496	874	1,195	-
Affordable housing	-	-	-	-	-	-	-	-	-
Total expenses before depreciation and amortization	205,113	774,682	557,016	631,969	367,353	1,226,110	312,930	136,458	-
Depreciation and Amortization	-	4,750	19,026	-	2,186	52,403	-	34	-
2019 total expenses	<u>\$ 205,113</u>	<u>\$ 779,432</u>	<u>\$ 576,042</u>	<u>\$ 631,969</u>	<u>\$ 369,539</u>	<u>\$ 1,278,513</u>	<u>\$ 312,930</u>	<u>\$ 136,492</u>	<u>\$ -</u>
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>

See Notes to Consolidated Financial Statements

Catholic Charities of the Archdiocese of Oklahoma City, Inc. and Subsidiaries
Statement of Functional Expenses, continued
Year Ended June 30, 2019

	Program Services				Supporting Services			2019 Total Expenses	2018 Total Expenses
	May 2013 Disaster Relief	2015 Flood Relief	Affordable Housing	Total	Administration	Fundraising	Total		
Employee Compensation									
Salaries	\$ -	\$ 2,011	\$ -	\$ 2,175,956	\$ 92,089	\$ 277,146	\$ 369,235	\$ 2,545,191	\$ 2,814,845
Employee benefits	-	-	-	488,940	(1,470)	40,319	38,849	527,789	635,925
Payroll expense	-	38,211	-	219,996	7,373	21,383	28,756	248,752	244,123
Total employee compensation	-	40,222	-	2,884,892	97,992	338,848	436,840	3,321,732	3,694,893
Expenses Before Depreciation and Amortization									
Professional fees and services	131	-	-	164,080	104,373	32,590	136,963	301,043	310,482
Supplies	-	-	-	12,727	10,669	1,184	11,853	24,580	24,175
Telephone	-	-	-	56,109	9,578	2,156	11,734	67,843	72,839
Postage and shipping	-	-	-	7,536	3,563	7,081	10,644	18,180	40,155
Occupancy	(10)	-	-	444,603	88,208	38,446	126,654	571,257	648,040
Transportation	-	-	-	34,798	3,345	1,108	4,453	39,251	43,812
Advertising	-	-	-	25,618	3,801	5,801	9,602	35,220	37,028
Printing and publications	-	-	-	4,049	1,328	41,218	42,546	46,595	31,566
Specific assistance, including disaster relief to individuals	44,702	-	-	637,297	20,816	11,450	32,266	669,563	1,106,445
Conferences, conventions, and meetings	-	-	-	9,693	22,454	6,434	28,888	38,581	57,485
Bad debt expense	-	-	-	-	54,687	-	54,687	54,687	(40,649)
Miscellaneous	(1,541)	-	-	13,733	22,734	9,536	32,270	46,003	138,497
Affordable housing	-	-	481,423	481,423	-	-	-	481,423	498,301
Total expenses before depreciation and amortization	43,282	40,222	481,423	4,776,558	443,548	495,852	939,400	5,715,958	6,663,069
Depreciation and Amortization	-	-	185,335	263,734	337,929	1,481	339,410	603,144	608,679
2019 total expenses	<u>\$ 43,282</u>	<u>\$ 40,222</u>	<u>\$ 666,758</u>	<u>\$ 5,040,292</u>	<u>\$ 781,477</u>	<u>\$ 497,333</u>	<u>\$ 1,278,810</u>	<u>\$ 6,319,102</u>	
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>

See Notes to Consolidated Financial Statements

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

Consolidated Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ (986,062)	\$ 1,202,633
Items not requiring (providing) cash		
Depreciation and amortization	805,553	603,144
Change in value of beneficial interest in assets held by others	(2,029)	(5,019)
Net realized and unrealized (gain) loss	61,578	(262,096)
Gain on disposal of property	-	(167,493)
Provision for bad debts (annual campaign)	117,153	(7,200)
Provision for bad debts (capital campaign)	2,700	(22,341)
Contributions restricted for long-term purposes	-	(55,050)
Interest accrued on PPP loan	1,444	-
Changes in		
Pledges receivable	12,468	569,642
Other receivables	(71,894)	153,452
Prepaid expenses and other	(6,619)	(36,251)
Disaster relief – gift card inventory	1,050	1,700
Deferred revenue	(58,093)	(65,892)
Accounts payable and accrued expenses	84,274	(179,715)
Net cash provided by (used in) operating activities	(38,477)	1,729,514
Investing Activities		
Purchases of property and equipment	(171,723)	(193,851)
Proceeds from sale of property and equipment	-	263,297
Purchase of investments	(278,568)	(645,908)
Sale of investments	279,800	184,206
Deposits into restricted deposits and reserves	(36,281)	(13,703)
Withdrawals from restricted deposits and reserves	36,265	42,824
Distribution from beneficial interest in assets held by others	7,761	32,531
Net cash used in investing activities	(162,746)	(330,604)
Financing Activities		
Proceeds from long-term debt	675,100	-
Contributions restricted for long-term purposes	-	55,050
Payments on notes payable	(18,365)	(42,772)
Net cash provided by financing activities	656,735	12,278
Increase in Cash and Cash Equivalents	455,512	1,411,188
Cash and Cash Equivalents, Beginning of Year	3,210,602	1,799,414
Cash and Cash Equivalents, End of Year	\$ 3,666,114	\$ 3,210,602

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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 that 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 or 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 that 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. Interorganizational 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. At June 30, 2020 and 2019, cash equivalents consisted primarily of money market accounts with brokers.

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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 less external investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the accompanying consolidated statements of activities as net assets with donor restrictions or net assets without donor restrictions 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 and improvements	30 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.

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

No asset impairment was recognized during the years ended June 30, 2020 and 2019.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment (see *Note 6*).

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to Catholic Charities either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on Catholic Charities overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Conditional contributions having donor stipulations that are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Related-Party Note Receivable

The related-party note receivable is stated net of allowance for loan losses (if any) in the accompanying consolidated statements of financial position at June 30, 2020 and 2019. Interest income is accrued according to the terms of the loan and included in other accounts receivable 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, 2020 and 2019, 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, 2020 and 2019, Catholic Charities' cash accounts exceeded federally insured limits by approximately \$2,020,000 and \$1,356,000, respectively.

As of June 30, 2020 and 2019, 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 were as follows:

	2020	2019
May 2013 disaster relief	\$ 121,792	\$ 120,021
Operating	1,325,643	739,778
	\$ 1,447,435	\$ 859,799

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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, without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor 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 revenue with donor restrictions.

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 law. 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 Allocation of 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. The accompanying consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated between program and supporting services based upon actual or estimated usage 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

June 30, 2020 and 2019

Not-for-Profit Reporting Standard Change

On July 1, 2019, Catholic Charities adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, using a modified prospective approach on all contribution and grant agreements either not completed or entered into after the effective date. Topic 958 was issued to help entities in evaluating whether transactions are considered nonreciprocal transactions and should be accounted for as contributions or if the transactions are considered reciprocal and should be accounted for as exchange transactions under Topic 606. Additionally, Topic 958 assists in determining whether a contribution is conditional or unconditional.

Adoption of Topic 958 did not have a material impact on the accompanying consolidated financial statements.

Note 2: Investments and Endowment Funds and Investment Return

Investments and endowment funds at June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Pooled investments	<u>\$ 6,160,869</u>	<u>\$ 6,223,679</u>

Catholic Charities has funds invested in pooled investments 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.

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Total investment return is comprised of the following:

	Catholic Charities	The Corporation	Villa Isenbart, Inc.	Consolidated Total
2020				
Pooled investments				
Archdiocese				
Net realized and unrealized gains	\$ 13,581	\$ -	\$ -	\$ 13,581
Interest and dividends	41,037	2,088	180	43,305
Management fees	(9,840)	-	-	(9,840)
Foundation				
Net realized and unrealized losses	(75,159)	-	-	(75,159)
Interest and dividends	106,032	-	-	106,032
Management fees	(41,935)	-	-	(41,935)
	<u>\$ 33,716</u>	<u>\$ 2,088</u>	<u>\$ 180</u>	<u>\$ 35,984</u>
2019				
Pooled investments				
Archdiocese				
Net realized and unrealized gains	\$ 97,178	\$ -	\$ -	\$ 97,178
Interest and dividends	87,646	636	3,304	91,586
Management fees	(9,289)	-	-	(9,289)
Foundation				
Net realized and unrealized gains	71,904	-	-	71,904
Interest and dividends	95,971	-	-	95,971
Management fees	(35,602)	-	-	(35,602)
	<u>\$ 307,808</u>	<u>\$ 636</u>	<u>\$ 3,304</u>	<u>\$ 311,748</u>

Reconciliation to the accompanying statements of activities for the years ended is as follows:

	2020	2019
Investment income, without donor restrictions	\$ 36,765	\$ 297,363
Investment income (loss), with donor restrictions	(781)	14,385
Total	<u>\$ 35,984</u>	<u>\$ 311,748</u>

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 3: Liquidity and Availability

Catholic Charities manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Catholic Charities does not have a specific liquidity policy.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 3,666,114	\$ 3,210,602
Investments and endowment funds	6,160,869	6,223,679
Receivables from USCCB	31,930	59,034
Other accounts receivable	418,099	332,627
Pledges receivable, net	552,834	675,019
	10,829,846	10,500,961
Less donor-restricted fund	(2,634,662)	(2,587,350)
Less board-designated endowment	(3,829,802)	(3,920,594)
 Total financial assets to meet cash needs for general expenditures within one year	 \$ 4,365,382	 \$ 3,993,017

Catholic Charities does not intend to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation); however, these amounts could be made available, if necessary.

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 4: Pledges Receivable

Pledges receivable consisted of the following:

	2020	2019
Annual Fall Fund Drive	\$ 161,107	\$ 209,463
Less allowance for uncollectible accounts	(67,794)	(32,286)
Net Annual Fall Fund Drive receivable	93,313	177,177
Capital campaign promises to give		
Receivable in less than one year	40,667	40,667
Receivable in one to four years	7,867	59,216
Total capital campaign promises to give	48,534	99,883
Less discount to present value	-	(727)
Less allowance for uncollectible accounts	(10,635)	(12,800)
Net capital campaign promises to give	37,899	86,356
United Way of Central Oklahoma, funding for next year	366,464	363,000
United Way of Lawton – Fort Sill, funding for next year	20,500	15,000
United Way of Enid and Northwest Oklahoma, funding for next year	9,714	9,140
United Way of Ardmore, funding for next year	11,150	10,946
United Way of Norman, funding for next year	13,794	13,400
Total United Way receivables	421,622	411,486
	\$ 552,834	\$ 675,019

No additional discount was made in 2020 or 2019, as management determined the amount to be immaterial to the consolidated financial statements.

Note 5: 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

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

the community. The fair value of the retained beneficial interest included in the accompanying consolidated statements of financial position was \$72,576 and \$74,666 at June 30, 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, Catholic Charities received annual distributions of approximately \$3,700 and \$3,600, respectively, 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, 2020 and 2019, Catholic Charities received approximately \$27,000 and \$26,000, respectively, from these funds, which are included in contributions in the accompanying consolidated statements of activities. At June 30, 2020 and 2019, the fair value of the funds was approximately \$562,000 and \$544,000, respectively.

Note 6: 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 net assets with donor restrictions in the amount of the original value of donations made to the endowment as well as the original value of subsequent donations made to the endowment.

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 of the Archdiocese of Oklahoma City, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Catholic Charities anticipates its endowment funds, which are comprised of approximately 50% equity and 50% fixed income and non-equity investments, will 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:

	Without Donor Restrictions	With Donor Restrictions	Total
2020			
Donor-restricted endowment funds	\$ -	\$ 394,718	\$ 394,718
Board-designated endowment funds	3,829,802	-	3,829,802
Total endowment net assets	\$ 3,829,802	\$ 394,718	4,224,520
Unrestricted investments			1,936,349
Total investments and endowment funds			\$ 6,160,869
2019			
Donor-restricted endowment funds	\$ -	\$ 411,622	\$ 411,622
Board-designated endowment funds	3,920,594	-	3,920,594
Total endowment net assets	\$ 3,920,594	\$ 411,622	4,332,216
Unrestricted investments			1,891,463
Total investments and endowment funds			\$ 6,223,679

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Changes in endowment net assets at June 30 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, July 1, 2018	\$ 3,321,081	\$ 417,161	\$ 3,738,242
Contributions	645,908	-	645,908
Investment income	50,362	10,007	60,369
Net appreciation (realized and unrealized)	67,526	4,378	71,904
Appropriation of endowment assets for expenditure	<u>(164,283)</u>	<u>(19,924)</u>	<u>(184,207)</u>
Balance, June 30, 2019	3,920,594	411,622	4,332,216
Contributions	131,390	-	131,390
Investment income	139,363	9,974	149,337
Net depreciation (realized and unrealized)	(102,598)	(10,755)	(113,353)
Appropriation of endowment assets for expenditure	<u>(258,947)</u>	<u>(16,123)</u>	<u>(275,070)</u>
Balance, June 30, 2020	<u>\$ 3,829,802</u>	<u>\$ 394,718</u>	<u>\$ 4,224,520</u>

Note 7: Disclosures About Fair Value of Assets and Liabilities

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, 2020 and 2019.

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Pooled Investments

Pooled investments are valued 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 OCCF's 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)
2020				
Archdiocese through Bank One Investment Management Group of Oklahoma City, as custodian Foundation	\$ 1,936,349 4,224,520 <u>6,160,869</u>	\$ - - -	\$ 1,936,349 4,224,520 <u>6,160,869</u>	\$ - - -
Beneficial interest in assets held by others	<u>72,576</u>	-	-	<u>72,576</u>
	<u>\$ 6,233,445</u>	<u>\$ -</u>	<u>\$ 6,160,869</u>	<u>\$ 72,576</u>

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

	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)
2019				
Archdiocese through Bank One Investment Management Group of Oklahoma City, as custodian Foundation	\$ 1,891,463 4,332,216 <u>6,223,679</u>	\$ - - <u>-</u>	\$ 1,891,463 4,332,216 <u>6,223,679</u>	\$ - - <u>-</u>
Beneficial interest in assets held by others	<u>74,666</u>	<u>-</u>	<u>-</u>	<u>74,666</u>
	<u>\$ 6,298,345</u>	<u>\$ -</u>	<u>\$ 6,223,679</u>	<u>\$ 74,666</u>

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
2020				
Pooled investment funds				
Archdiocese	\$ 1,936,349	\$ -	Daily	None
Foundation	4,224,520	-	Daily	None
	<u>6,160,869</u>	<u>-</u>		
Beneficial interest in assets held by others	<u>72,576</u>	<u>-</u>	N/A	N/A
	<u>\$ 6,233,445</u>	<u>\$ -</u>		
2019				
Pooled investment funds				
Archdiocese	\$ 1,891,463	\$ -	Daily	None
Foundation	4,332,216	-	Daily	None
	<u>6,223,679</u>	<u>-</u>		
Beneficial interest in assets held by others	<u>74,666</u>	<u>-</u>	N/A	N/A
	<u>\$ 6,298,345</u>	<u>\$ -</u>		

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 8: Related-Party Note Receivable

The related-party note receivable consisted of the following as of June 30:

	2020	2019
Villanova Apartments (see <i>Note 16</i>)	\$ 116,000	\$ 116,000

Note 9: Property and Equipment

Property and equipment at June 30 consisted of:

	Catholic Charities	The Corporation	Villa Isenbart, Inc.	Total
2020				
Land	\$ 767,588	\$ 92,666	\$ 51,000	\$ 911,254
Building and improvements	10,348,502	4,010,714	1,920,221	16,279,437
Vehicles	286,861	-	-	286,861
Furniture and equipment	251,347	123,608	57,427	432,382
Equipment with reversionary interest	21,098	-	-	21,098
	11,675,396	4,226,988	2,028,648	17,931,032
Less accumulated depreciation	(2,403,473)	(2,396,218)	(1,637,231)	(6,436,922)
	\$ 9,271,923	\$ 1,830,770	\$ 391,417	\$ 11,494,110
2019				
Land	\$ 767,588	\$ 92,666	\$ 51,000	\$ 911,254
Building and improvements	10,147,387	4,010,714	1,920,221	16,078,322
Vehicles	286,861	-	-	286,861
Furniture and equipment	183,159	123,608	43,667	350,434
Construction in progress	111,281	-	-	111,281
Equipment with reversionary interest	21,098	-	-	21,098
	11,517,374	4,226,988	2,014,888	17,759,250
Less accumulated depreciation	(1,961,667)	(2,285,296)	(1,562,559)	(5,809,522)
	\$ 9,555,707	\$ 1,941,692	\$ 452,329	\$ 11,949,728

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

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

future authorized programs. The grantors, however, have a reversionary interest in the equipment and proceeds from its disposition.

Note 10: Notes Payable

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

	<u>2020</u>	<u>2019</u>
Trinity Place retirement project (A)	\$ 800,000	\$ 800,000
Casa Maria housing project (see <i>Note 16</i>)	82,643	101,008
PPP loan (B)	<u>676,544</u>	<u>-</u>
	<u>\$ 1,559,187</u>	<u>\$ 901,008</u>

- (A) A mortgage note with the City of Oklahoma City, Oklahoma, in the original amount of \$800,000. The note bears interest at 0%. Prior to the note's maturity on January 24, 2026, payments are made from excess cash funds from the operations of Trinity Place. See *Note 9* for the assets of the Corporation that the debt was used for.
- (B) A promissory note with MidFirst Bank in the original amount of \$675,100. Some, or all, of the principal of the indebtedness may be forgiven as permitted under Section 1106 of the *Coronavirus Aid, Relief, and Economic Security Act of 2020*. The note bears 1% interest until paid in full for any amounts not forgiven. Catholic Charities has elected to account for the funding as a loan in accordance with Topic 470. Any forgiveness will be recognized as a gain in the financial statements in the period the debt is legally released.

Aggregate annual maturities of long-term debt at June 30, 2020, are as follows:

2021	\$ 243,859
2022	469,415
2023	18,365
2024	18,365
2025	9,183
Thereafter	<u>800,000</u>
	<u>\$ 1,559,187</u>

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 11: Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 consisted of:

	2020	2019
United Way of Central Oklahoma	\$ 366,464	\$ 363,000
United Way of Enid and Northwest Oklahoma	19,334	9,139
United Way of Lawton – Fort Sill	20,500	15,000
United Way of Norman	13,794	13,400
United Way of Ardmore	11,150	10,946
Disaster relief	249,351	135,013
Villa Isenbart, Inc.	742,150	790,505
Bush Trust	607,134	625,583
Various other charitable purposes	137,491	138,475
Beneficial interest in assets held by others	72,576	74,667
	<u>2,239,944</u>	<u>2,175,728</u>
C. Harold and Constance Brand endowment	203,950	203,950
Accumulated earnings on investments with donor restrictions	190,768	207,672
	<u>394,718</u>	<u>411,622</u>
	<u>\$ 2,634,662</u>	<u>\$ 2,587,350</u>

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Net Assets Released from Restrictions

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

	2020	2019
Donor restrictions accomplished		
United Way of Central Oklahoma	\$ 363,000	\$ 358,806
United Way of Enid and Northwest Oklahoma	9,139	19,820
United Way of Lawton – Fort Sill	15,000	21,000
United Way of Norman	13,400	9,166
United Way of Ardmore	22,096	20,959
Capital campaign	-	577,413
Disaster relief	248,661	294,767
Accumulated earnings on investments with donor restrictions	16,123	19,684
Villa Isenbart, Inc.	48,355	48,355
Various other charitable purposes	365,009	452,998
Distributions	3,697	3,642
	\$ 1,104,480	\$ 1,826,610

Note 12: 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 13: Operating Leases

Noncancellable operating leases expire in various years through fiscal year 2022. These leases generally contain renewal options for three years and require Catholic Charities to pay all executory costs (property taxes, maintenance, and insurance).

Future minimum lease payments under operating leases are:

2020	\$ 77,363
2021	52,913
2022	20,651
	\$ 150,927

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 14: 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, 2020 and 2019, totaled \$73,363 and \$19,989, respectively. For the years ended June 30, 2020 and 2019, forfeitures were \$13,577 and \$60,190, respectively.

Note 15: 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 Trafficking Victims Protection Act Program. USCCB's funding to the Refugee Program was \$424,013 and \$137,225 for the years ended June 30, 2020 and 2019, respectively. Additionally, USCCB's funding to the Trafficking Victims Protection Act Program was \$0 and \$62,021 in 2020 and 2019, respectively.

U.S. Department of Health and 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 RCA Program for the years ended June 30, 2020 and 2019, was \$176,015 and \$117,810, respectively.

During the year ended June 30, 2013, the Refugee Social Services (RSS) Program was established. This program is administered by ORR, and funds are disbursed by DHS. DHS funding to the RSS Program for the years ended June 30, 2020 and 2019, was \$133,312 and \$106,313, respectively.

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>
Fees and grants from federal agencies		
U.S. Department of State – USCCB		
Trafficking Victims Protection Act Program	\$ -	\$ 62,021
Migration and Refugee Resettlement and Placement Program	424,013	137,225
U.S. Department of Health and Human Services		
Refugee Cash Assistance Program	176,015	117,810
Refugee Social Services Program	133,312	106,313
U.S. Department of Homeland Security		
Federal Emergency Management Agency	157,464	-
Other grants	<u>81,845</u>	<u>-</u>
	<u>\$ 972,649</u>	<u>\$ 423,369</u>

Note 16: Affordable Housing Developments

Casa Maria

Casa Maria is a housing project that involved acquisition and refurbishment of a property at 613 NW 30th 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, bears no interest and the lender, pursuant to a mortgage, must look only to the property as collateral. At June 30, 2020 and 2019, the amount of the loan was \$82,643 and \$101,008 after loan forgiveness of \$18,365 for the years ended June 30, 2020 and 2019, respectively.

Villa Isenbart, Inc.

Villa Isenbart, Inc., a wholly owned subsidiary of Catholic Charities, has developed, and is operating, a facility that 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 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.

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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 revenue and net assets with donor restrictions 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 \$100,834 and \$93,700 would be included in the accompanying consolidated financial statements as of June 30, 2020 and 2019, 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:

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

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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 2020 and 2019.

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 17: 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.

Note 18: Future Changes in Accounting Principles

Revenue Recognition

The Financial Accounting Standards Board (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, 2019, and any interim periods within annual reporting periods that begin after December 15, 2020, for nonpublic entities. Catholic Charities is evaluating the impact the amendment will have on the consolidated financial statements.

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. Catholic Charities is evaluating the impact the standard will have on the consolidated financial statements; however, the standard is expected to have a material impact on the consolidated 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 1, 2020, which is the date the consolidated financial statements were available to be issued.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen that may negatively affect the consolidated financial position, results of operations, and cash flows of Catholic Charities. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Supplementary Information

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
Consolidating Schedule – Statement of Financial Position
June 30, 2020

	Catholic Charities	The Corporation	Villa Isenbart, Inc.	Eliminations	Consolidated Total
Assets					
Cash and cash equivalents	\$ 3,665,523	\$ 165	\$ 426	\$ -	\$ 3,666,114
Investments and endowment funds	6,160,869	-	-	-	6,160,869
Receivables from USCCB	31,930	-	-	-	31,930
Other accounts receivable	445,582	1,317	2,975	(31,775)	418,099
Pledges receivable, net	552,834	-	-	-	552,834
Prepaid expenses	106,118	3,599	1,284	-	111,001
Beneficial interest in assets held by others	72,576	-	-	-	72,576
Restricted deposits and funded reserves	-	221,319	97,995	-	319,314
Other assets	304	-	2,165	-	2,469
Related-party note receivable, net	1,127,819	-	-	(1,011,819)	116,000
Property and equipment, net	9,271,923	1,830,770	391,417	-	11,494,110
Total assets	<u>\$ 21,435,478</u>	<u>\$ 2,057,170</u>	<u>\$ 496,262</u>	<u>\$ (1,043,594)</u>	<u>\$ 22,945,316</u>
Liabilities					
Accounts payable and accrued expenses	\$ 330,415	\$ 9,540	\$ 14,941	\$ -	\$ 354,896
Deferred revenue	31,902	935	-	-	32,837
Tenant security deposits	-	9,320	11,184	-	20,504
Accrued management fees	-	123,765	-	(123,765)	-
Notes payable	1,559,187	2,561,729	-	(2,561,729)	1,559,187
Total liabilities	<u>1,921,504</u>	<u>2,705,289</u>	<u>26,125</u>	<u>(2,685,494)</u>	<u>1,967,424</u>
Net Assets					
Without donor restrictions					
Undesignated	13,791,660	(6,481)	(272,013)	1,641,900	15,155,066
Board-designated endowment	3,829,802	-	-	-	3,829,802
Noncontrolling interest	-	(641,638)	-	-	(641,638)
Total net assets without donor restrictions	<u>17,621,462</u>	<u>(648,119)</u>	<u>(272,013)</u>	<u>1,641,900</u>	<u>18,343,230</u>
With donor restrictions	<u>1,892,512</u>	<u>-</u>	<u>742,150</u>	<u>-</u>	<u>2,634,662</u>
Total net assets	<u>19,513,974</u>	<u>(648,119)</u>	<u>470,137</u>	<u>1,641,900</u>	<u>20,977,892</u>
Total liabilities and net assets	<u>\$ 21,435,478</u>	<u>\$ 2,057,170</u>	<u>\$ 496,262</u>	<u>\$ (1,043,594)</u>	<u>\$ 22,945,316</u>

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries
Consolidating Schedule – Statement of Activities
Year Ended June 30, 2020**

	Catholic Charities	The Corporation	Villa Isenbart, Inc.	Eliminations	Consolidated Total
Changes in Net Assets Without Donor Restrictions					
Revenues, gains, and other support					
Contributions					
Catholic Charities Annual Fall Fund Drive	\$ 2,768,262	\$ -	\$ -	\$ -	\$ 2,768,262
Other contributions	187,109	-	-	-	187,109
Total contributions	<u>2,955,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,955,371</u>
Fees and grants					
Federal agencies grants	972,649	-	-	-	972,649
State agencies and local grants	40,404	-	-	-	40,404
Other grants	44,063	-	-	-	44,063
Total fees and grants	<u>1,057,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,057,116</u>
Other revenue					
Program service fees	116,306	297,092	231,370	-	644,768
Investment income, including net realized and unrealized gains	49,920	2,088	180	(15,423)	36,765
Bequests	311,410	-	-	-	311,410
Special events and honorariums, net of direct costs	131,487	-	-	-	131,487
Miscellaneous revenue	146,861	4,650	2,944	(3,320)	151,135
Total other revenue	<u>755,984</u>	<u>303,830</u>	<u>234,494</u>	<u>(18,743)</u>	<u>1,275,565</u>
Net assets released from restrictions	<u>1,056,125</u>	<u>-</u>	<u>48,355</u>	<u>-</u>	<u>1,104,480</u>
Total revenues, gains, and other support	<u>5,824,596</u>	<u>303,830</u>	<u>282,849</u>	<u>(18,743)</u>	<u>6,392,532</u>
Expenses					
Program services	4,991,827	626,427	294,891	(63,565)	5,849,580
Supporting services	1,527,971	-	-	-	1,527,971
Total expenses	<u>6,519,798</u>	<u>626,427</u>	<u>294,891</u>	<u>(63,565)</u>	<u>7,377,551</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>(695,202)</u>	<u>(322,597)</u>	<u>(12,042)</u>	<u>44,822</u>	<u>(985,019)</u>

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
Consolidating Schedule – Statement of Activities, continued
Year Ended June 30, 2020

	Catholic Charities	The Corporation	Villa Isenbart, Inc.	Eliminations	Consolidated Total
Changes in Net Assets with Donor Restrictions					
United Way of Metro Oklahoma City funding Contributions	\$ 497,392	\$ -	\$ -	\$ -	\$ 497,392
Other contributions	164,903	-	-	-	164,903
Grants	351,889	-	-	-	351,889
Bequests	45,551	-	-	-	45,551
Investment loss of permanently restricted endowments	(781)	-	-	-	(781)
Investment income from beneficial interest	44,483	-	-	-	44,483
Net assets released from restrictions	(1,056,125)	-	(48,355)	-	(1,104,480)
Increase (Decrease) in Net Assets with Donor Restrictions	<u>47,312</u>	<u>-</u>	<u>(48,355)</u>	<u>-</u>	<u>(1,043)</u>
Change in Net Assets	(647,890)	(322,597)	(60,397)	44,822	(986,062)
Net Assets, Beginning of Year	<u>20,161,864</u>	<u>(325,522)</u>	<u>530,534</u>	<u>1,597,078</u>	<u>21,963,954</u>
Net Assets, End of Year	<u>\$ 19,513,974</u>	<u>\$ (648,119)</u>	<u>\$ 470,137</u>	<u>\$ 1,641,900</u>	<u>\$ 20,977,892</u>

**Catholic Charities of the Archdiocese of
Oklahoma City, Inc. and Subsidiaries**
Consolidating Schedule – Statement of Cash Flows
Year Ended June 30, 2020

	Catholic Charities	The Corporation	Villa Isenbart, Inc.	Eliminations	Consolidated Total
Operating Activities					
Change in net assets	\$ (647,890)	\$ (322,597)	\$ (60,397)	\$ 44,822	\$ (986,062)
Items not requiring (providing) cash					
Depreciation and amortization	441,747	289,028	74,778	-	805,553
Change in value of beneficial interest in assets held by others	(2,029)	-	-	-	(2,029)
Net realized and unrealized loss	61,578	-	-	-	61,578
Provision for bad debts (annual campaign)	117,153	-	-	-	117,153
Provision for bad debts (capital campaign)	2,700	-	-	-	2,700
Interest accrued on PPP loan	1,444	-	-	-	1,444
Changes in					
Pledges receivable	12,468	-	-	-	12,468
Other receivables	(102,041)	(976)	(904)	32,027	(71,894)
Prepaid expenses and other	(4,767)	(3,318)	1,466	-	(6,619)
Disaster relief – gift card inventory	1,050	-	-	-	1,050
Deferred revenue	(57,418)	(675)	-	-	(58,093)
Accounts payable and accrued expenses	86,953	67,541	6,629	(76,849)	84,274
Net cash provided by (used in) operating activities	<u>(89,052)</u>	<u>29,003</u>	<u>21,572</u>	<u>-</u>	<u>(38,477)</u>
Investing Activities					
Purchases of property and equipment	(157,963)	-	(13,760)	-	(171,723)
Purchase of investments	(278,568)	-	-	-	(278,568)
Sale of investments	279,800	-	-	-	279,800
Deposits into restricted deposits and reserves	-	(24,640)	(11,641)	-	(36,281)
Withdrawals from restricted deposits and reserves	-	32,793	3,472	-	36,265
Receipts of payments on notes receivable	41,551	-	-	(41,551)	-
Distribution from beneficial interest in assets held by others	7,761	-	-	-	7,761
Net cash provided by (used in) investing activities	<u>(107,419)</u>	<u>8,153</u>	<u>(21,929)</u>	<u>(41,551)</u>	<u>(162,746)</u>
Financing Activities					
Proceeds from long-term debt	675,100	-	-	-	675,100
Payments on notes payable	(18,365)	(41,551)	-	41,551	(18,365)
Net cash provided by (used in) financing activities	<u>656,735</u>	<u>(41,551)</u>	<u>-</u>	<u>41,551</u>	<u>656,735</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>460,264</u>	<u>(4,395)</u>	<u>(357)</u>	<u>-</u>	<u>455,512</u>
Cash and Cash Equivalents, Beginning of Year	<u>3,205,259</u>	<u>4,560</u>	<u>783</u>	<u>-</u>	<u>3,210,602</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,665,523</u>	<u>\$ 165</u>	<u>\$ 426</u>	<u>\$ -</u>	<u>\$ 3,666,114</u>