

# **Catholic Charities of Southwestern Ohio and Subsidiary**

**Consolidated Financial Statements with Supplementary Information  
December 31, 2014 with Summarized Comparative Totals for 2013 and  
Independent Auditors' Report**

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**December 31, 2014**

**With Summarized Comparative Totals for December 31, 2013**

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## Independent Auditor's Report

The Board of Directors  
Catholic Charities of Southwestern Ohio and Subsidiary  
Cincinnati, Ohio

### ***Report on the Consolidated Financial Statements***

We have audited the accompanying consolidated financial statements of Catholic Charities of Southwestern Ohio and Subsidiary (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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.

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of Southwestern Ohio and Subsidiary as of December 31, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report  
(Continued)**

***Report on Summarized Comparative Information***

We have previously audited Catholic Charities of Southwestern Ohio and Subsidiary's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 29, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules of financial position and activities by area and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 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, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Barnes, Dennig & Co., Ltd.*

May 20, 2015  
Cincinnati, Ohio

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidated Statement of Financial Position  
December 31, 2014 with Summarized Comparative Totals for December 31, 2013**

|                                       | <u>2014</u>         | <u>2013</u>         |
|---------------------------------------|---------------------|---------------------|
| <b>Assets</b>                         |                     |                     |
| Cash and cash equivalents             | \$ 275,646          | \$ 426,468          |
| Accounts receivable, net              | 422,773             | 390,186             |
| Contributions receivable              | 897,039             | 945,455             |
| Prepaid expenses                      | 80,782              | 80,971              |
| Inventory                             | 1,017,562           | 1,180,693           |
| Investments                           | 4,701,401           | 4,857,807           |
| Property and equipment, net           | <u>1,627,194</u>    | <u>1,488,977</u>    |
| Total assets                          | <u>\$ 9,022,397</u> | <u>\$ 9,370,557</u> |
| <b>Liabilities and Net Assets</b>     |                     |                     |
| <b>Liabilities</b>                    |                     |                     |
| Accounts payable and accrued expenses | \$ 426,510          | \$ 519,471          |
| Accrued retirement expenses           | <u>4,477,205</u>    | <u>2,669,517</u>    |
| Total liabilities                     | <u>4,903,715</u>    | <u>3,188,988</u>    |
| <b>Net Assets</b>                     |                     |                     |
| Unrestricted                          | 2,606,679           | 4,737,897           |
| Temporarily restricted                | 1,262,003           | 1,193,672           |
| Permanently restricted                | <u>250,000</u>      | <u>250,000</u>      |
| Total net assets                      | <u>4,118,682</u>    | <u>6,181,569</u>    |
| Total liabilities and net assets      | <u>\$ 9,022,397</u> | <u>\$ 9,370,557</u> |

See accompanying notes to consolidated financial statements

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidated Statement of Activities  
Year Ended December 31, 2014 with Summarized Comparative Totals for Year Ended 2013**

|   | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted | 2014<br>Total       | 2013<br>Total       |
|---|---------------------|---------------------------|---------------------------|---------------------|---------------------|
| <b>Revenue, gains and other support</b>     |                     |                           |                           |                     |                     |
| Donations, grants and planned giving        | \$ 1,838,567        | \$ 231,040                | \$ -                      | \$ 2,069,607        | \$ 2,117,792        |
| United Way                                  | 119,038             | 897,039                   | -                         | 1,016,077           | 1,100,281           |
| Donated food for distribution               | 9,165,108           | -                         | -                         | 9,165,108           | 10,103,038          |
| Governmental grants and fees                | 2,061,962           | -                         | -                         | 2,061,962           | 2,294,182           |
| Program service fees                        | 403,022             | -                         | -                         | 403,022             | 348,241             |
| Investment income                           | 113,057             | 10,347                    | -                         | 123,404             | 316,480             |
| Special events                              | 142,816             | -                         | -                         | 142,816             | 148,126             |
| Other revenue and support                   | 22,259              | -                         | -                         | 22,259              | 194,973             |
| Net assets released from restriction        | 1,084,277           | (1,084,277)               | -                         | -                   | -                   |
| Total revenue, gains and other support      | <u>14,950,106</u>   | <u>54,149</u>             | <u>-</u>                  | <u>15,004,255</u>   | <u>16,623,113</u>   |
| <b>Expenses</b>                             |                     |                           |                           |                     |                     |
| Donated food expense                        | 9,399,284           | -                         | -                         | 9,399,284           | 9,953,375           |
| Salaries and related expenses               | 4,145,001           | -                         | -                         | 4,145,001           | 4,306,300           |
| Other direct                                | 494,174             | -                         | -                         | 494,174             | 440,736             |
| Senior volunteer costs                      | 448,337             | -                         | -                         | 448,337             | 534,104             |
| Individual assistance                       | 399,898             | -                         | -                         | 399,898             | 534,235             |
| Occupancy                                   | 333,594             | -                         | -                         | 333,594             | 332,238             |
| Depreciation                                | 147,910             | -                         | -                         | 147,910             | 142,246             |
| Transportation                              | 124,809             | -                         | -                         | 124,809             | 147,324             |
| Total expenses                              | <u>15,493,007</u>   | <u>-</u>                  | <u>-</u>                  | <u>15,493,007</u>   | <u>16,390,558</u>   |
| <b>Change in net assets from operations</b> | (542,901)           | 54,149                    | -                         | (488,752)           | 232,555             |
| <b>Non-operating gains (losses):</b>        |                     |                           |                           |                     |                     |
| Net unrealized gains on investments         | 203,200             | 14,182                    | -                         | 217,382             | 411,743             |
| Actuarial gain (loss) on pension plan       | (1,791,517)         | -                         | -                         | (1,791,517)         | 1,337,712           |
| <b>Change in net assets</b>                 | (2,131,218)         | 68,331                    | -                         | (2,062,887)         | 1,982,010           |
| <b>Net assets, beginning of year</b>        | <u>4,737,897</u>    | <u>1,193,672</u>          | <u>250,000</u>            | <u>6,181,569</u>    | <u>4,199,559</u>    |
| <b>Net assets, end of year</b>              | <u>\$ 2,606,679</u> | <u>\$ 1,262,003</u>       | <u>\$ 250,000</u>         | <u>\$ 4,118,682</u> | <u>\$ 6,181,569</u> |

See accompanying notes to consolidated financial statements

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

### Consolidated Statement of Functional Expenses Year Ended December 31, 2014 with Summarized Comparative Totals for Year Ended December 31, 2013

|                           | Mental<br>Health<br>Services | Family<br>Services | Refugee<br>Resettlement | Su Casa<br>Hispanic<br>Center | Food Bank            | Senior<br>Services  | Total<br>Program<br>Services | Management<br>and General | Fundraising       | 2014<br>Totals       | 2013<br>Totals       |
|---------------------------|------------------------------|--------------------|-------------------------|-------------------------------|----------------------|---------------------|------------------------------|---------------------------|-------------------|----------------------|----------------------|
| Salaries and wages        | \$ 596,430                   | \$ 129,246         | \$ 287,732              | \$ 269,497                    | \$ 601,578           | \$ 308,450          | \$ 2,192,933                 | \$ 526,036                | \$ 83,755         | \$ 2,802,724         | \$ 2,664,964         |
| Employee benefits         | 127,711                      | 27,823             | 115,388                 | 78,872                        | 184,968              | 85,145              | 619,907                      | 85,062                    | 22,482            | 727,451              | 922,989              |
| Professional fees         | 24,189                       | 69,594             | 39,231                  | 20,898                        | 119,740              | 12,535              | 286,187                      | 54,376                    | 29,452            | 370,015              | 458,886              |
| Payroll taxes             | 53,563                       | 11,526             | 25,256                  | 24,502                        | 53,873               | 27,624              | 196,344                      | 41,887                    | 6,580             | 244,811              | 259,461              |
|                           | <u>801,893</u>               | <u>238,189</u>     | <u>467,607</u>          | <u>393,769</u>                | <u>960,159</u>       | <u>433,754</u>      | <u>3,295,371</u>             | <u>707,361</u>            | <u>142,269</u>    | <u>4,145,001</u>     | <u>4,306,300</u>     |
| Donated food              | -                            | -                  | 15,691                  | -                             | 9,383,593            | -                   | 9,399,284                    | -                         | -                 | 9,399,284            | 9,953,375            |
| Other direct              | 66,190                       | 24,296             | 41,004                  | 35,642                        | 155,319              | 34,642              | 357,093                      | 65,302                    | 71,779            | 494,174              | 440,736              |
| Senior volunteer<br>costs | -                            | -                  | -                       | -                             | -                    | 448,337             | 448,337                      | -                         | -                 | 448,337              | 534,104              |
| Individual assistance     | -                            | 700                | 186,453                 | 5,213                         | 207,532              | -                   | 399,898                      | -                         | -                 | 399,898              | 534,235              |
| Occupancy                 | 101,974                      | 20,506             | 25,523                  | 33,831                        | 108,398              | 21,921              | 312,153                      | 18,398                    | 3,043             | 333,594              | 332,238              |
| Transportation            | 11,899                       | 4,507              | 27,024                  | 1,431                         | 38,207               | 25,377              | 108,445                      | 15,168                    | 1,196             | 124,809              | 147,324              |
|                           | <u>981,956</u>               | <u>288,198</u>     | <u>763,302</u>          | <u>469,886</u>                | <u>10,853,208</u>    | <u>964,031</u>      | <u>14,320,581</u>            | <u>806,229</u>            | <u>218,287</u>    | <u>15,345,097</u>    | <u>16,248,312</u>    |
| Depreciation              | 5,479                        | -                  | 2,034                   | -                             | 118,088              | 18,198              | 143,799                      | 4,111                     | -                 | 147,910              | 142,246              |
| Total 2014 expenses       | <u>\$ 987,435</u>            | <u>\$ 288,198</u>  | <u>\$ 765,336</u>       | <u>\$ 469,886</u>             | <u>\$ 10,971,296</u> | <u>\$ 982,229</u>   | <u>\$ 14,464,380</u>         | <u>\$ 810,340</u>         | <u>\$ 218,287</u> | <u>\$ 15,493,007</u> |                      |
| Total 2013 expenses       | <u>\$ 963,591</u>            | <u>\$ 379,524</u>  | <u>\$ 939,870</u>       | <u>\$ 495,560</u>             | <u>\$ 11,451,694</u> | <u>\$ 1,107,783</u> | <u>\$ 15,338,023</u>         | <u>\$ 830,070</u>         | <u>\$ 222,465</u> |                      | <u>\$ 16,390,558</u> |

See accompanying notes to consolidated financial statements

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidated Statement of Cash Flows**

**Year Ended December 31, 2014 with Summarized Comparative Totals for Year Ended December 31, 2013**

|  | <u>2014</u>       | <u>2013</u>        |
|--|-------------------|--------------------|
| <b>Cash flows from operating activities</b>  |                   |                    |
| Change in net assets   | \$ (2,062,887)    | \$ 1,982,010       |
| Adjustments to reconcile change in net assets to net cash from operating activities: |                   |                    |
| Depreciation   | 147,910           | 142,246            |
| Net realized and unrealized gains on investments                                     | (276,753)         | (653,112)          |
| Changes in:  |                   |                    |
| Accounts receivable  | (32,587)          | 58,370             |
| Contributions receivable   | 48,416            | 261,562            |
| Prepaid expenses   | 189               | (7,074)            |
| Inventory  | 163,131           | (248,802)          |
| Accounts payable and accrued expenses  | (92,961)          | (147,849)          |
| Accrued retirement expenses  | <u>1,807,688</u>  | <u>(1,155,008)</u> |
| Net cash provided by (used in) operating activities                                  | <u>(297,854)</u>  | <u>232,343</u>     |
| <b>Cash flows from investing activities</b>  |                   |                    |
| Purchase of property and equipment   | (286,127)         | (189,377)          |
| Purchase of investments  | (195,442)         | (4,514,938)        |
| Proceeds from sale of investments  | <u>628,601</u>    | <u>4,515,198</u>   |
| Net cash provided by (used in) investing activities                                  | <u>147,032</u>    | <u>(189,117)</u>   |
| <b>Net change in cash and cash equivalents</b>                                       | (150,822)         | 43,226             |
| <b>Cash and cash equivalents, beginning of year</b>                                  | <u>426,468</u>    | <u>383,242</u>     |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ 275,646</u> | <u>\$ 426,468</u>  |

See accompanying notes to consolidated financial statements



# CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

## Notes to the Consolidated Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Catholic Charities of Southwestern Ohio and Subsidiary (the Organization) is a ministry of the Archdiocese of Cincinnati serving the poor and vulnerable of the community. The Organization's mission is to enlighten, serve and empower their clients, benefactors and others who join with the Organization in living the mission of Christ.

Su Casa Hispanic Center, LLC (an Ohio limited liability corporation) was formed in 2013 and is a wholly owned subsidiary of Catholic Charities of Southwestern Ohio. Su Casa Hispanic Center was formed for the purpose of separating the operations of the Su Casa Hispanic Center from the general operations of Catholic Charities of Southwestern Ohio.

The Organization seeks revenues adequate to support its programs. Principal providers of funds are the United Way, the Archdiocese of Cincinnati and the Catholic Ministries Appeal, the federal government in the form of grants, other governmental agencies and many legacies, bequests and donations.

Mental Health Services are provided to individuals that exhibit symptoms that could require mental health counseling. These services are provided to individuals, families and groups. A sliding cost of service is available to those who are eligible and meet certain income requirements to help subsidize the costs.

Family Services finds ways to heal broken families and hurting children by providing programs for early childhood mental health intervention, parenting education, personal and family growth, and postponing sexual involvement.

Refugee Resettlement provides services to resettle refugees who are fleeing war, persecution, and economically devastated lands. The goal is to provide these individuals with the resources they need to be self-sustainable through housing, employment and language skills.

Su Casa Hispanic Center is the primary provider of social, educational, language, employment and health care federal services to the Hispanic/Latino community in Greater Cincinnati. The mission of Su Casa is to promote self-sufficiency for the Hispanic/Latino immigrant community that comes to the U.S. looking for a better way of life for their families.

Food Bank serves individuals through food distribution to member agencies, including pantries, soup kitchens, and other agencies. It also operates two food pantries, a mobile food pantry and provides direct cash assistance to individuals in need.

Senior Services provides opportunities for meaning and value for seniors through five key programs: Caregiver Assistance Network, Foster Grandparent Program, Northern Brown Senior Center, Senior Companion Program and Retired Senior Volunteer Program.

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

The accompanying financial statements include the assets, liabilities and financial activities of Catholic Charities of Southwestern Ohio and Su Casa Hispanic Center, LLC (collectively, the Organization). All significant inter-organizational balances and transactions have been eliminated for purposes of this presentation.

# CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

## Notes to the Consolidated Financial Statements (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Financial Statement Presentation***

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013 from which the comparative information was derived.

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restriction; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets which have donor-imposed restriction which do not expire.

#### ***Fair Value Measurements***

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

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

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2014, cash and cash equivalents consisted primarily of cash. At December 31, 2013, cash equivalents consisted primarily of deposits in the Archdiocese of Cincinnati pooled investment fund. The Archdiocese of Cincinnati pooled investment fund consisted of cash, money market funds and long-term debt securities.

The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

#### ***Account Receivable***

The Organization states its accounts receivable net of an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs, collections and current credit conditions. No allowance for doubtful accounts is deemed necessary at December 31, 2014 and 2013.

# CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

## Notes to the Consolidated Financial Statements (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Inventory and Donated Food for Distribution***

Donated food for distribution is reflected as a contribution in the accompanying financial statements at their fair value at date of receipt. Receipt and subsequent disbursement of donated food for distribution is shown in the statement of activities at \$1.72 and \$1.69 per pound in 2014 and 2013, respectively, for revenue and expense resulting in zero gross margins. Donated food for distribution on hand at year end is reported as inventory in the statement of financial position at \$1.72 and \$1.69 per pound at December 31, 2014 and 2013, respectively.

#### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on 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 statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

The Organization's investments do not have a significant concentration of credit or market risk within any industry, specific institution or group of investments.

#### ***Property and Equipment***

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

In accordance with GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at December 31, 2014 and 2013.

#### ***Donations and Planned Giving***

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 statement 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.

Gifts of long-lived assets with explicit 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 support. In the absence of explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

# CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

## Notes to the Consolidated Financial Statements (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Government Fees and Grants***

Revenues of the Organization consist primarily of Federal, state, and local cost reimbursable grants. The grants are conditional on the Organization incurring allowable expenses in performance of the grants. Grant revenue is recognized as support to the extent that the related expenses are incurred. Grant funds received in excess of expenses incurred result in the recognition of a refundable advance (liability). Allowable expenses incurred in excess of grant funds received results in recognition of grants receivable (asset).

#### ***Income Taxes***

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore does not have any uncertain income tax positions that are material to the financial statements. The Organization is generally no longer subject to examinations by tax authorities for years before 2011.

#### ***Functional Allocation of Expenses***

Salaries and related expenses are charged to program services based on an estimate of time spent by personnel on the related programs. Direct expenses are charged to the program based on costs incurred when specifically identifiable with a program. All other expenses are allocated to programs based on full time equivalents.

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Reclassifications***

Certain reclassifications have been made to the 2013 balances to conform to the 2014 presentation. These reclassifications had no effect on the 2013 change in net assets.

#### ***Subsequent Events***

The Organization has evaluated subsequent events through May 20, 2015, which is the date the financial statements were available to be issued.

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

### Notes to the Consolidated Financial Statements (Continued)

#### NOTE 2 CONTRIBUTIONS RECEIVABLE

The Organization has recorded a contribution receivable from United Way at December 31, 2014 and 2013, representing funds that will be received during the subsequent year of \$897,039 and \$945,455, respectively. All contributions receivable are expected to be collected within one year of the statement of financial position date.

#### NOTE 3 INVESTMENTS AT FAIR VALUE

Investments consisted of the following:

|  | <u>2014</u>         | <u>2013</u>         |
|--|---------------------|---------------------|
| <b>Level 1:</b>                          |                     |                     |
| Equity securities and mutual funds       | \$ 50,296           | \$ 14,943           |
| <b>Level 2:</b>                          |                     |                     |
| Alternative investments                  | 4,211,873           | 4,304,713           |
| Funds held at The Springfield Foundation | 416,184             | 400,323             |
| Money market funds                       | <u>23,048</u>       | <u>137,828</u>      |
|  | <u>\$ 4,701,401</u> | <u>\$ 4,857,807</u> |

Fair values for equity and fixed income securities and mutual funds are estimated by reference to quoted market prices available in an active market.

Fair values for investments in unregistered investment pools, funds held at The Springfield Foundation and money market funds are estimated using pricing models or quoted prices of securities with similar characteristics.

Included in the above investments are investments of \$4,211,873 and \$4,304,713 at December 31, 2014 and 2013, respectively, in unregistered investment pools. The investment pools in turn invest in various equity and debt securities and other vehicles to generate its investment return. The fair value of these investment pools is reported by the Organization based on information provided by the investment managers. Values may be based on readily available public market data as well as estimates that require varying degrees of judgment. Generally, fair value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expense. The financial statements of the investee are audited annually by independent auditors as of December 31 with the most recent being as of December 31, 2014 and 2013, respectively.

Valuations for these investment pools provided by the investment managers are evaluated by the Organization, and management believes such values are reasonable for the years ended December 31, 2014 and 2013.

The Organization used Net Asset Value (NAV) to determine the fair value of all underlying investments which do not have a readily determinable fair value and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

### Notes to the Consolidated Financial Statements (Continued)

#### NOTE 3 INVESTMENTS AT FAIR VALUE (Continued)

The following table lists the investments in other investment companies by major category:

|                          | <u>Fair<br/>Value</u> | <u>Unfunded<br/>Commitments</u> | <u>Redemption<br/>Frequency</u> | <u>Redemption<br/>Notice Period</u> |
|--------------------------|-----------------------|---------------------------------|---------------------------------|-------------------------------------|
| <b>December 31, 2014</b> |                       |                                 |                                 |                                     |
| Alternative investments  | \$ 4,211,873          | \$ -                            | daily                           | zero days                           |
| <b>December 31, 2013</b> |                       |                                 |                                 |                                     |
| Alternative investments  | \$ 4,304,713          | \$ -                            | daily                           | zero days                           |

Investment return is comprised of the following:

|                               | <u>2014</u>       | <u>2013</u>       |
|-------------------------------|-------------------|-------------------|
| Interest and dividends        | \$ 64,033         | \$ 75,111         |
| Realized gains on investments | 59,371            | 241,369           |
|                               | <u>\$ 123,404</u> | <u>\$ 316,480</u> |

#### NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

|                               | <u>2014</u>         | <u>2013</u>         |
|-------------------------------|---------------------|---------------------|
| Building                      | \$ 1,650,430        | \$ 1,552,329        |
| Furniture and fixtures        | 116,174             | 116,174             |
| Computer equipment            | 127,846             | 127,846             |
| Warehouse equipment           | 87,996              | 75,834              |
| Software license fee          | 58,942              | 38,642              |
| Building improvements         | 10,736              | 10,736              |
| Automobiles                   | 500,958             | 497,584             |
|                               | 2,553,082           | 2,419,145           |
| Less accumulated depreciation | <u>(1,148,078)</u>  | <u>(1,000,168)</u>  |
|                               | 1,405,004           | 1,418,977           |
| Land                          | 70,000              | 70,000              |
| Construction in process       | 152,190             | -                   |
|                               | <u>\$ 1,627,194</u> | <u>\$ 1,488,977</u> |

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

### Notes to the Consolidated Financial Statements (Continued)

#### NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

|                                | 2014         | 2013         |
|--------------------------------|--------------|--------------|
| For use in future periods      | \$ 932,039   | \$ 945,455   |
| Accumulated endowment earnings | 143,821      | 129,292      |
| Gifts of the Magi program      | 70,939       | 74,248       |
| SuCasa                         | 82,319       | 30,617       |
| Other programs                 | 32,885       | 14,060       |
|                                | \$ 1,262,003 | \$ 1,193,672 |

#### NOTE 6 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support counseling and direct assistance to women in poverty.

#### NOTE 7 RELATED PARTY

The Organization paid rent and other expenses of \$95,509 and \$118,544 in 2014 and 2013, respectively, to the Archdiocese of Cincinnati. The Organization received \$867,613 and \$894,255 in 2014 and 2013, respectively, of public support from the Archdiocese of Cincinnati.

#### NOTE 8 FOOD BANK OPERATIONS

The Organization operates a food bank in Springfield, Ohio that serves approximately 100 nonprofit food pantries and other meal sites in the area. Food is either donated by various local and national businesses or purchased in large quantities at a discount. The food is then made available to various area pantries and non-profit organizations for a shared maintenance fee. Food bank operations are reported as "basic needs" on the statement of functional expenses.

#### NOTE 9 EMPLOYEE BENEFIT PLANS

Effective January 1, 2012, the Organization began participation in the Archdiocese of Cincinnati 401(k) plan. Employees are able to make elective deferrals. In addition, the Organization makes a contribution of 2% of compensation for eligible employees. During 2014 and 2013, contributions expensed by the Organization were \$48,643 and \$48,872, respectively.

The Organization has a noncontributory, defined benefit pension plan covering substantially all lay employees. Benefits are based upon years of service and the employee's compensation. Normal retirement age is 65, but provision is made for earlier retirement. During 2011, the Organization froze the plan to new participants and ceased plan benefit accruals for existing participants as of December 31, 2011.

The measurement dates used for calculating pension obligations were December 31, 2014 and 2013. The accumulated benefit obligation for the pension plan was \$12,595,313 and \$10,860,736 at December 31, 2014 and 2013, respectively.

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

### Notes to the Consolidated Financial Statements (Continued)

#### NOTE 9 EMPLOYEE BENEFIT PLANS (Continued)

The following table presents the changes in projected benefit obligation and changes in plan assets:

|  | 2014          | 2013          |
|--|---------------|---------------|
| <b>Changes in benefit obligation:</b>        |               |               |
| Benefit obligation, beginning of year        | \$ 10,860,736 | \$ 11,362,840 |
| Service cost                                 | 30,302        | 32,096        |
| Interest cost                                | 487,947       | 446,279       |
| Actuarial (gain) loss                        | 1,791,965     | (545,258)     |
| Benefits paid                                | (575,637)     | (435,221)     |
| Benefit obligation, end of year              | \$ 12,595,313 | \$ 10,860,736 |
| <b>Changes in plan assets:</b>               |               |               |
| Fair value of plan assets, beginning of year | \$ 8,191,219  | \$ 7,538,315  |
| Actual return on plan assets                 | 502,526       | 1,042,125     |
| Employer contributions                       | -             | 46,000        |
| Benefits paid                                | (575,637)     | (435,221)     |
| Fair value of plan assets, end of year       | \$ 8,118,108  | \$ 8,191,219  |

The funded status and amounts recognized in our statement of financial position were:

|                              | 2014          | 2013          |
|------------------------------|---------------|---------------|
| Projected benefit obligation | \$ 12,595,313 | \$ 10,860,736 |
| Fair value of plan assets    | 8,118,108     | 8,191,219     |
| Pension liability            | \$ 4,477,205  | \$ 2,669,517  |

The components of net periodic benefit costs were as follows:

|   | 2014      | 2013        |
|---|-----------|-------------|
| Service cost                                    | \$ 30,302 | \$ 32,096   |
| Interest cost                                   | 487,947   | 446,279     |
| Actual return on plan assets                    | (502,526) | (1,042,125) |
| Net asset gain (loss) amortization and deferral | 448       | 792,454     |
|   | \$ 16,171 | \$ 228,704  |

The fair value of the Organization's defined benefit pension plan assets were as follows:

|  | 2014         | 2013         |
|--|--------------|--------------|
| <b>Level 2:</b>                          |              |              |
| Equity securities and mutual funds       | \$ 4,720,079 | \$ 4,849,374 |
| Fixed income securities and mutual funds | 3,398,029    | 3,341,845    |
|  | \$ 8,118,108 | \$ 8,191,219 |



**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Notes to the Consolidated Financial Statements  
(Continued)**

**NOTE 9 EMPLOYEE BENEFIT PLANS (Continued)**

Significant assumptions used in accounting for the pension plan were:

|                                | <u>2014</u> | <u>2013</u> |
|--------------------------------|-------------|-------------|
| Discount rate                  | 3.70%       | 4.60%       |
| Expected return on plan assets | 7.00%       | 7.00%       |
| Rate of compensation increase  | N/A         | N/A         |

The expected long-term rate of return on plan assets assumption of 7.00% was selected in accordance with Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection of Economic Assumptions for Measuring Pension Obligations. Based on investment policy for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expense) and for inflation based on long term historical return on the applicable asset classes. An average inflation rate within the range equal to 3.75% was selected and added to the real rate of return range to arrive at a net estimate range of 6.65% - 9.31%. A rate of 7.00%, which is within the best estimate range, was selected.

Because the assumptions used in the accounting for the defined benefit plan are significant estimates, it is at least reasonably possible the amounts may change in the future, and these changes could be significant. Because of the unfunded status of the plan, a change in the assumed discount rate can have a significant impact on the resulting liability recorded on the financial statements.

The Organization expects to contribute \$250,000 to the plan during 2014, which was contributed on February 27, 2015. The Organization also has “credit balance elections” available for use in meeting annual minimum funding requirements for the plan, Total credits available to be used as of December 31, 2014 are approximately \$282,050.

Benefits expected to be paid by the plan during the ensuing five years and the five years thereafter are approximately as follows:

|             |                            |
|-------------|----------------------------|
| 2015        | \$ 583,000                 |
| 2016        | 594,000                    |
| 2017        | 601,000                    |
| 2018        | 622,000                    |
| 2019        | 634,000                    |
| 2020 - 2024 | <u>3,449,000</u>           |
|             | <u><u>\$ 5,227,000</u></u> |

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

### Notes to the Consolidated Financial Statements (Continued)

#### NOTE 10 LEASES

The Organization maintains operating leases under varying terms for office space and equipment through 2025.

Future minimum lease payments are as follows:

|       |                     |
|-------|---------------------|
| 2015  | \$ 182,349          |
| 2016  | 225,747             |
| 2017  | 218,619             |
| 2018  | 216,047             |
| 2019  | 221,383             |
| After | <u>1,213,697</u>    |
|       | <u>\$ 2,277,842</u> |

Total rent expense was approximately \$171,000 and \$138,000 in 2014 and 2013, respectively.

#### NOTE 11 ENDOWMENT FUNDS

The Organization's endowment consists of donor-restricted and board designated funds established to provide income to operations. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

##### *Interpretation of Relevant Law*

The Organization follows the Ohio Prudent Management of Institutional Funds Act (OPMIFA). The Organization has interpreted OPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted permanent endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by OPMIFA.

In accordance with OPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the Organization and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Organization; and the investment policies of the Organization.

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

### Notes to the Consolidated Financial Statements (Continued)

#### NOTE 11 ENDOWMENT FUNDS (Continued)

##### Investment Policy

The Organization has adopted investment and spending policies for endowment assets that attempt to provide for preservation of capital with an emphasis on consistent long-term growth of principal, without undue exposure to risk. A secondary focus shall be placed on income generation to assist in providing for fund distribution. The return objective shall be accomplished using a balanced strategy of cash equivalents, fixed income securities and equities. The performance objectives will be measured against appropriate industry benchmarks such as the S&P 500 Index, Russell Stock 2000 Index, the Morgan Stanley Capital, and International EAFE Index.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

##### Spending Policy

The Organization has a policy of appropriating for distribution each year four percent of its previous three year moving average of the market value of the endowment assets. The Board of Trustees can authorize additional spending from the unrestricted endowment as it deems appropriate. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment asset composition by type of fund is as follows:

|                            | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|----------------------------|---------------------|---------------------------|---------------------------|---------------------|
| <b>2014</b>                |                     |                           |                           |                     |
| Donor restricted endowment | \$ -                | \$ 143,821                | \$ 250,000                | \$ 393,821          |
| Board designated endowment | <u>4,211,873</u>    | <u>-</u>                  | <u>-</u>                  | <u>4,211,873</u>    |
|                            | <u>\$ 4,211,873</u> | <u>\$ 143,821</u>         | <u>\$ 250,000</u>         | <u>\$ 4,605,694</u> |
| <b>2013</b>                |                     |                           |                           |                     |
| Donor restricted endowment | \$ -                | \$ 129,292                | \$ 250,000                | \$ 379,292          |
| Board designated endowment | <u>4,304,718</u>    | <u>-</u>                  | <u>-</u>                  | <u>4,304,718</u>    |
|                            | <u>\$ 4,304,718</u> | <u>\$ 129,292</u>         | <u>\$ 250,000</u>         | <u>\$ 4,684,010</u> |

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Notes to the Consolidated Financial Statements  
(Continued)**

**NOTE 11 ENDOWMENT FUNDS (Continued)**

Changes in endowment net assets are as follows:

|                                     | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
| <b>December 31, 2012</b>            | \$ 3,644,937        | \$ 66,052                         | \$ 250,000                        | \$ 3,960,989        |
| Investment return:                  |                     |                                   |                                   |                     |
| Interest and dividends, net of fees | 45,232              | 4,761                             | -                                 | 49,993              |
| Gains on investments                | 614,549             | 58,479                            | -                                 | 673,028             |
| Distributions                       | -                   | -                                 | -                                 | -                   |
| <b>December 31, 2013</b>            | 4,304,718           | 129,292                           | 250,000                           | 4,684,010           |
| Investment return:                  |                     |                                   |                                   |                     |
| Interest and dividends, net of fees | 52,023              | 3,373                             | -                                 | 55,396              |
| Gains on investments                | 255,132             | 21,156                            | -                                 | 276,288             |
| Distributions                       | (400,000)           | (10,000)                          | -                                 | (410,000)           |
| <b>December 31, 2014</b>            | <u>\$ 4,211,873</u> | <u>\$ 143,821</u>                 | <u>\$ 250,000</u>                 | <u>\$ 4,605,694</u> |

## **SUPPLEMENTARY INFORMATION**

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidating Schedule of Financial Position by Area Office  
December 31, 2014**

|                                       | <u>Cincinnati</u>   | <u>Springfield</u>  | <u>Eliminations</u> | <u>Total</u>        |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>                         |                     |                     |                     |                     |
| Cash and cash equivalents             | \$ 239,147          | \$ 36,499           | \$ -                | \$ 275,646          |
| Accounts receivable, net              | 370,343             | 52,430              | -                   | 422,773             |
| Contributions receivable              | 863,539             | 33,500              | -                   | 897,039             |
| Prepaid expenses                      | 80,782              | -                   | -                   | 80,782              |
| Amounts due from area office          | 520,602             | -                   | (520,602)           | -                   |
| Inventory                             | -                   | 1,017,562           | -                   | 1,017,562           |
| Investments                           | 4,259,075           | 442,326             | -                   | 4,701,401           |
| Property and equipment, net           | 197,713             | 1,429,481           | -                   | 1,627,194           |
|                                       | <u>\$ 6,531,201</u> | <u>\$ 3,011,798</u> | <u>\$ (520,602)</u> | <u>\$ 9,022,397</u> |
| <b>Liabilities and Net Assets</b>     |                     |                     |                     |                     |
| <b>Liabilities</b>                    |                     |                     |                     |                     |
| Accounts payable and accrued expenses | \$ 426,510          | \$ -                | \$ -                | \$ 426,510          |
| Amounts due to area office            | -                   | 520,602             | (520,602)           | -                   |
| Accrued retirement expenses           | 3,646,347           | 830,858             | -                   | 4,477,205           |
|                                       | <u>4,072,857</u>    | <u>1,351,460</u>    | <u>(520,602)</u>    | <u>4,903,715</u>    |
| <b>Net Assets</b>                     |                     |                     |                     |                     |
| Unrestricted                          | 1,373,663           | 1,233,016           | -                   | 2,606,679           |
| Temporarily restricted                | 1,084,681           | 177,322             | -                   | 1,262,003           |
| Permanently restricted                | -                   | 250,000             | -                   | 250,000             |
|                                       | <u>2,458,344</u>    | <u>1,660,338</u>    | <u>-</u>            | <u>4,118,682</u>    |
|                                       | <u>\$ 6,531,201</u> | <u>\$ 3,011,798</u> | <u>\$ (520,602)</u> | <u>\$ 9,022,397</u> |

**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidating Schedule of Financial Position by Area Office  
December 31, 2013**

|                                       | <u>Cincinnati</u>   | <u>Springfield</u>  | <u>Eliminations</u> | <u>Total</u>        |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>                         |                     |                     |                     |                     |
| Cash and cash equivalents             | \$ 375,004          | \$ 51,464           | \$ -                | \$ 426,468          |
| Accounts receivable, net              | 331,658             | 58,528              | -                   | 390,186             |
| Contributions receivable              | 902,394             | 43,061              | -                   | 945,455             |
| Prepaid expenses                      | 80,971              | -                   | -                   | 80,971              |
| Amounts due from area office          | 350,270             | -                   | (350,270)           | -                   |
| Inventory                             | -                   | 1,180,693           | -                   | 1,180,693           |
| Investments                           | 4,315,228           | 542,579             | -                   | 4,857,807           |
| Property and equipment, net           | 75,344              | 1,413,633           | -                   | 1,488,977           |
|                                       | <u>\$ 6,430,869</u> | <u>\$ 3,289,958</u> | <u>\$ (350,270)</u> | <u>\$ 9,370,557</u> |
| <b>Liabilities and Net Assets</b>     |                     |                     |                     |                     |
| <b>Liabilities</b>                    |                     |                     |                     |                     |
| Accounts payable and accrued expenses | \$ 519,471          | \$ -                | \$ -                | \$ 519,471          |
| Amounts due to area office            | -                   | 350,270             | (350,270)           | -                   |
| Accrued retirement expenses           | 1,838,659           | 830,858             | -                   | 2,669,517           |
|                                       | <u>2,358,130</u>    | <u>1,181,128</u>    | <u>(350,270)</u>    | <u>3,188,988</u>    |
| <b>Net Assets</b>                     |                     |                     |                     |                     |
| Unrestricted                          | 3,051,421           | 1,686,476           | -                   | 4,737,897           |
| Temporarily restricted                | 1,021,318           | 172,354             | -                   | 1,193,672           |
| Permanently restricted                | -                   | 250,000             | -                   | 250,000             |
|                                       | <u>4,072,739</u>    | <u>2,108,830</u>    | <u>-</u>            | <u>6,181,569</u>    |
| Total liabilities and net assets      | <u>\$ 6,430,869</u> | <u>\$ 3,289,958</u> | <u>\$ (350,270)</u> | <u>\$ 9,370,557</u> |

## CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY

### Consolidating Schedule of Activities by Area Office December 31, 2014

|   | <u>Cincinnati</u>   | <u>Springfield</u>  | <u>Total</u>        |
|---|---------------------|---------------------|---------------------|
| <b>Revenue, gains and other support</b>     |                     |                     |                     |
| Donations, grants and planned giving        | \$ 1,492,534        | \$ 577,073          | \$ 2,069,607        |
| United Way                                  | 895,105             | 120,972             | 1,016,077           |
| Donated food for distribution               | -                   | 9,165,108           | 9,165,108           |
| Governmental grants and fees                | 1,877,110           | 184,852             | 2,061,962           |
| Program service fees                        | 126,128             | 276,894             | 403,022             |
| Investment income                           | 108,251             | 15,153              | 123,404             |
| Special events                              | 45,819              | 96,997              | 142,816             |
| Other revenue and support                   | 5,666               | 16,593              | 22,259              |
|   | <u>4,550,613</u>    | <u>10,453,642</u>   | <u>15,004,255</u>   |
| <b>Expenses</b>                             |                     |                     |                     |
| Donated food expense                        | 15,691              | 9,383,593           | 9,399,284           |
| Salaries and related expenses               | 3,184,843           | 960,158             | 4,145,001           |
| Other direct                                | 329,614             | 164,560             | 494,174             |
| Senior volunteer costs                      | 448,337             | -                   | 448,337             |
| Individual assistance                       | 256,880             | 143,018             | 399,898             |
| Occupancy                                   | 225,196             | 108,398             | 333,594             |
| Depreciation                                | 29,822              | 118,088             | 147,910             |
| Transportation                              | 86,602              | 38,207              | 124,809             |
|   | <u>4,576,985</u>    | <u>10,916,022</u>   | <u>15,493,007</u>   |
| <b>Change in net assets from operations</b> | (26,372)            | (462,380)           | (488,752)           |
| <b>Non-operating gains (losses):</b>        |                     |                     |                     |
| Net unrealized gains on investments         | 203,494             | 13,888              | 217,382             |
| Actuarial loss on pension plan              | (1,791,517)         | -                   | (1,791,517)         |
| <b>Change in net assets</b>                 | (1,614,395)         | (448,492)           | (2,062,887)         |
| <b>Net assets, beginning of year</b>        | <u>4,072,739</u>    | <u>2,108,830</u>    | <u>6,181,569</u>    |
| <b>Net assets, end of year</b>              | <u>\$ 2,458,344</u> | <u>\$ 1,660,338</u> | <u>\$ 4,118,682</u> |



**CATHOLIC CHARITIES OF SOUTHWESTERN OHIO AND SUBSIDIARY**

**Consolidating Schedule of Activities by Area Office  
December 31, 2013**

|   | <u>Cincinnati</u>   | <u>Springfield</u>  | <u>Total</u>        |
|---|---------------------|---------------------|---------------------|
| <b>Revenue, gains and other support</b>     |                     |                     |                     |
| Donations, grants and planned giving        | \$ 1,428,059        | \$ 689,733          | \$ 2,117,792        |
| United Way                                  | 961,588             | 138,693             | 1,100,281           |
| Donated food for distribution               | -                   | 10,103,038          | 10,103,038          |
| Governmental grants and fees                | 2,100,896           | 193,286             | 2,294,182           |
| Program service fees                        | 145,708             | 202,533             | 348,241             |
| Investment income                           | 265,611             | 50,869              | 316,480             |
| Special events                              | 45,490              | 102,636             | 148,126             |
| Other revenue and support                   | 171,430             | 23,543              | 194,973             |
| Total revenue, gains and other support      | <u>5,118,782</u>    | <u>11,504,331</u>   | <u>16,623,113</u>   |
| <b>Expenses</b>                             |                     |                     |                     |
| Donated food expense                        | 32,147              | 9,921,228           | 9,953,375           |
| Salaries and related expenses               | 3,508,489           | 797,811             | 4,306,300           |
| Other direct                                | 298,827             | 141,909             | 440,736             |
| Senior volunteer costs                      | 534,104             | -                   | 534,104             |
| Individual assistance                       | 356,402             | 177,833             | 534,235             |
| Occupancy                                   | 257,438             | 74,800              | 332,238             |
| Depreciation                                | 38,900              | 103,346             | 142,246             |
| Transportation                              | 112,176             | 35,148              | 147,324             |
| Total expenses                              | <u>5,138,483</u>    | <u>11,252,075</u>   | <u>16,390,558</u>   |
| <b>Change in net assets from operations</b> | (19,701)            | 252,256             | 232,555             |
| <b>Non-operating gains (losses):</b>        |                     |                     |                     |
| Net unrealized gains on investments         | 395,594             | 16,149              | 411,743             |
| Actuarial gain on pension plan              | 1,336,828           | 884                 | 1,337,712           |
| <b>Change in net assets</b>                 | 1,712,721           | 269,289             | 1,982,010           |
| <b>Net assets, beginning of year</b>        | <u>2,360,018</u>    | <u>1,839,541</u>    | <u>4,199,559</u>    |
| <b>Net assets, end of year</b>              | <u>\$ 4,072,739</u> | <u>\$ 2,108,830</u> | <u>\$ 6,181,569</u> |