

**CATHOLIC CHARITIES OF THE
DIOCESE OF RALEIGH, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE**

*As of and for the Years Ended June 30, 2018
and 2017*

And Report of Independent Auditor

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.

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Report of Independent Accountant

Finance Committee
Catholic Charities of the Diocese of Raleigh, Inc.
Raleigh, North Carolina

We have examined management of the Catholic Charities of the Diocese of Raleigh, Inc. (“Catholic Charities”) assertion listed below. The Catholic Charities’ management is responsible for its assertion. Our responsibility is to express an opinion on management’s assertion based on our examination.

“During the fiscal year ended June 30, 2018 no funds from Catholic Charities were provided to the Diocese of Raleigh for the purpose of settlement costs, counseling fees, or legal fees related to child sexual misconduct claims.”

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require we plan and perform the examination to obtain reasonable assurance about whether management’s assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management’s assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertion, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management’s assertion referred to above is fairly stated, in all material respects, based on our examination of the accounting records and based on the nature of the transactions between the Administrative Offices of the Diocese of Raleigh and Catholic Charities as of and for the year ended June 30, 2018.

Cherry Bekaert LLP

Raleigh, North Carolina
January 2, 2019

Report of Independent Auditor

Board of Directors
Catholic Charities of the Diocese of Raleigh, Inc.
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Raleigh, Inc. (“Catholic Charities”), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities as of June 30, 2018 and 2017, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements of Catholic Charities as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Handwritten signature of Cherry Rusk LLP in cursive script.

Raleigh, North Carolina
December 21, 2018

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

| | 2018 | 2017 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 496,577 | \$ 446,086 |
| Diocesan savings | 429,356 | 18,344 |
| Certificate of deposit and other savings | 101,912 | 100,159 |
| Pooled investment fund, at fair value | 3,168,127 | 3,058,605 |
| Contributions receivable, net | 1,074,937 | - |
| Accounts receivable | 31,200 | 88,240 |
| Prepaid expenses | 6,825 | 6,362 |
| Inventory | 511,081 | 461,894 |
| Fixed assets (net of accumulated depreciation of \$430,714 and \$413,807, respectively) | 67,274 | 61,032 |
| Security deposits | 30,639 | 24,403 |
| Total Assets | \$ 5,917,928 | \$ 4,265,125 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and other liabilities | \$ 357,815 | \$ 274,700 |
| Total Liabilities | 357,815 | 274,700 |
| Net Assets: | | |
| Unrestricted | 2,359,798 | 1,913,960 |
| Temporarily restricted | 3,200,315 | 2,076,465 |
| Total Net Assets | 5,560,113 | 3,990,425 |
| Total Liabilities and Net Assets | \$ 5,917,928 | \$ 4,265,125 |

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2018

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|---------------------|
| Support and Revenue: | | | |
| Diocese of Raleigh allocations | \$ 1,295,282 | \$ - | \$ 1,295,282 |
| Grants received | 976,464 | 511,982 | 1,488,446 |
| Emergency Food Shelter Program/FEMA | 49,291 | - | 49,291 |
| Federal commodities received | 476,349 | - | 476,349 |
| Donated materials | 3,157,466 | - | 3,157,466 |
| Gifts and bequests | 1,329,913 | 1,176,077 | 2,505,990 |
| Program service fees | 328,439 | - | 328,439 |
| Special events | 658,791 | - | 658,791 |
| Interest and dividends | 61,450 | - | 61,450 |
| Gain on sale of investments | 103,175 | - | 103,175 |
| Unrealized gain on investments | 37,343 | - | 37,343 |
| Other income | 335 | - | 335 |
| Total support and revenue before release of restrictions | <u>8,474,298</u> | <u>1,688,059</u> | <u>10,162,357</u> |
| Net assets released from restrictions | <u>564,209</u> | <u>(564,209)</u> | <u>-</u> |
| Total support and revenue after release of restrictions | <u>9,038,507</u> | <u>1,123,850</u> | <u>10,162,357</u> |
| Expenses: | | | |
| Program Areas: | | | |
| Immigration Services | 330,765 | - | 330,765 |
| Raleigh Office | 424,365 | - | 424,365 |
| Support Circles | 306,388 | - | 306,388 |
| Catholic Parish Outreach | 3,951,412 | - | 3,951,412 |
| Centro para Familias Hispanas | 105,868 | - | 105,868 |
| Smart Start Wake | 133,741 | - | 133,741 |
| Albemarle Office | 122,300 | - | 122,300 |
| Cape Fear Office | 274,553 | - | 274,553 |
| Fayetteville Office | 353,885 | - | 353,885 |
| Tar River Office | 276,288 | - | 276,288 |
| New Bern Office | 115,330 | - | 115,330 |
| Senior Pharmacy Program | 101,853 | - | 101,853 |
| Piedmont Office | 395,871 | - | 395,871 |
| Centro: la Comunidad | 36,456 | - | 36,456 |
| Disaster Response | 532,725 | - | 532,725 |
| Newton Grove Office | 103,173 | - | 103,173 |
| Total program areas | <u>7,564,973</u> | <u>-</u> | <u>7,564,973</u> |
| Administrative | <u>1,027,696</u> | <u>-</u> | <u>1,027,696</u> |
| Total expenses | <u>8,592,669</u> | <u>-</u> | <u>8,592,669</u> |
| Change in net assets | 445,838 | 1,123,850 | 1,569,688 |
| Net assets, beginning of year | <u>1,913,960</u> | <u>2,076,465</u> | <u>3,990,425</u> |
| Net assets, end of year | <u>\$ 2,359,798</u> | <u>\$ 3,200,315</u> | <u>\$ 5,560,113</u> |

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

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|---------------------|
| Support and Revenue: | | | |
| Diocese of Raleigh allocations | \$ 1,062,772 | \$ - | \$ 1,062,772 |
| Grants received | 808,645 | 176,980 | 985,625 |
| Emergency Food Shelter Program/FEMA | 38,315 | - | 38,315 |
| Federal commodities received | 620,290 | - | 620,290 |
| Donated materials | 3,312,638 | - | 3,312,638 |
| Gifts and bequests | 1,220,377 | 540,474 | 1,760,851 |
| Program service fees | 342,803 | - | 342,803 |
| Special events | 537,016 | - | 537,016 |
| Interest and dividends | 54,584 | - | 54,584 |
| Gain on sale of investments | 40,642 | - | 40,642 |
| Unrealized gain on investments | 214,378 | - | 214,378 |
| Other income | 3 | - | 3 |
| Total support and revenue before release of restrictions | <u>8,252,463</u> | <u>717,454</u> | <u>8,969,917</u> |
| Net assets released from restrictions | <u>554,907</u> | <u>(554,907)</u> | <u>-</u> |
| Total support and revenue after release of restrictions | <u>8,807,370</u> | <u>162,547</u> | <u>8,969,917</u> |
| Expenses: | | | |
| Program Areas: | | | |
| Immigration Services | 422,187 | - | 422,187 |
| Raleigh Office | 475,827 | - | 475,827 |
| Support Circles | 322,381 | - | 322,381 |
| Catholic Parish Outreach | 4,174,670 | - | 4,174,670 |
| Centro para Familias Hispanas | 110,695 | - | 110,695 |
| Smart Start Wake | 128,894 | - | 128,894 |
| Albemarle Office | 141,006 | - | 141,006 |
| Cape Fear Office | 259,050 | - | 259,050 |
| Fayetteville Office | 392,589 | - | 392,589 |
| Tar River Office | 268,744 | - | 268,744 |
| New Bern Office | 143,161 | - | 143,161 |
| Senior Pharmacy Program | 104,777 | - | 104,777 |
| Piedmont Office | 414,183 | - | 414,183 |
| Centro: la Comunidad | 33,621 | - | 33,621 |
| Disaster Response | 296,423 | - | 296,423 |
| Newton Grove Office | 178,616 | - | 178,616 |
| Total program areas | <u>7,866,824</u> | <u>-</u> | <u>7,866,824</u> |
| Administrative | <u>828,178</u> | <u>-</u> | <u>828,178</u> |
| Total expenses | <u>8,695,002</u> | <u>-</u> | <u>8,695,002</u> |
| Change in net assets | 112,368 | 162,547 | 274,915 |
| Net assets, beginning of year | <u>1,801,592</u> | <u>1,913,918</u> | <u>3,715,510</u> |
| Net assets, end of year | <u>\$ 1,913,960</u> | <u>\$ 2,076,465</u> | <u>\$ 3,990,425</u> |

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

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

| | 2018 | 2017 |
|--|---------------------|--------------------|
| Cash flows from operating activities: | | |
| Cash received from grantors, donors, and clients | \$ 5,261,936 | \$ 4,696,098 |
| Cash paid to suppliers and employees | (4,855,841) | (4,762,289) |
| Net cash and cash equivalents from operating activities | <u>406,095</u> | <u>(66,191)</u> |
| Cash flows from investing activities: | | |
| Purchase of fixed assets | (32,839) | (29,684) |
| Net redemption of investments | 90,000 | 71,000 |
| Net cash and cash equivalents from investing activities | <u>57,161</u> | <u>41,316</u> |
| Net change in cash and cash equivalents | 463,256 | (24,875) |
| Cash and cash equivalents, beginning of year | 564,589 | 589,464 |
| Cash and cash equivalents, end of year | <u>\$ 1,027,845</u> | <u>\$ 564,589</u> |
| Reconciliation of change in net assets to net cash and cash equivalents provided by (used in) operating activities: | | |
| Change in net assets | \$ 1,569,688 | \$ 274,915 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Interest and dividends reinvested | (59,004) | (52,620) |
| Realized gain on investments | (103,175) | (40,642) |
| Unrealized gain on investments | (37,343) | (214,378) |
| Increase in inventory | (49,187) | (20,711) |
| Depreciation | 26,597 | 26,139 |
| Decrease (increase) in: | | |
| Contributions receivable | (1,074,937) | - |
| Accounts receivable | 57,040 | (12,540) |
| Prepaid expenses | (463) | 74,882 |
| Security deposits | (6,236) | 3,850 |
| Increase (decrease) in: | | |
| Accounts payable and other liabilities | 83,115 | (105,086) |
| Net cash and cash equivalents from operating activities | <u>\$ 406,095</u> | <u>\$ (66,191)</u> |
| Summarized Data: | | |
| Cash | \$ 496,577 | \$ 446,086 |
| Diocesan savings | 429,356 | 18,344 |
| Certificate of deposit and other savings | 101,912 | 100,159 |
| | <u>\$ 1,027,845</u> | <u>\$ 564,589</u> |

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

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 1—Description of the organization

Organization – The mission of Catholic Charities of the Diocese of Raleigh, Inc. (“Catholic Charities”) is to assist the parishes, communities, and the Diocese of Raleigh (“Diocese”) in accomplishing the social mission of the church. In its roles of servant, advocate, facilitator, and convener, Catholic Charities acts in the parish and community at-large to heighten awareness of issues and, when appropriate, provides services to fulfill unmet needs. Catholic Charities serves people in need through advocating for social and economic justice as well as addressing immediate needs with emergency resources or direct service.

Note 2—Summary of significant accounting policies

Basis of Accounting – The financial statements of Catholic Charities have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation – Catholic Charities’ financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Accordingly, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. As a result, the net assets of Catholic Charities and changes therein are classified and reported as either unrestricted net assets, temporarily restricted net assets, or permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets – Net assets that are subject to donor imposed stipulations that may or will be met either by actions of Catholic Charities and/or by the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor imposed stipulations that require funds to be permanently maintained by Catholic Charities.

In February 2016, the Financial Accounting Standards Board (“FASB”), issued a new accounting standard, Accounting Standard Update (“ASU”) 2016-02, *Leases (Topic 842)*, which says Lessees will be required to recognize a lease liability and a right-of-use asset for all leases, operating and capital, at the commencement date. The new standard will be effective for Catholic Charities on July 1, 2020. Early adoption is permitted. Catholic Charities is currently evaluating the effect that the standard will have on its financial statements and related disclosures.

In August 2016, the FASB issued a new accounting standard, ASU 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which changes presentation and disclosure requirements to provide more relevant information about their resources to donors, grantors, creditors, and other users. These changes include qualitative and quantitative requirements within net assets classes, investment returns, expenses, liquidity and availability of resources, and presentation of operating cash flows. The new standard is effective for Catholic Charities beginning July 1, 2018. Catholic Charities is currently evaluating the effect that the standard will have on its financial statements and related disclosures.

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2—Summary of significant accounting policies (continued)

In June 2018, the FASB issued a new accounting standard, ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, which is intended to clarify issues that have been faced when characterizing grants and similar contracts with government agencies and others as reciprocal transactions or nonreciprocal transactions. The new standard is also intended to help with difficulties in distinguishing between conditional and unconditional contributions for reporting purposes. The new standard will be effective for Catholic Charities on July 1, 2019. Catholic Charities is currently evaluating the effect that the standard will have on its financial statements and related disclosures.

Cash and Cash Equivalents – Catholic Charities considers temporary deposits in financial institutions, Diocesan savings and all certificates of deposit accessible with little to no penalty to be cash equivalents.

Receivables – Catholic Charities periodically evaluates the receivable balances as well as the status of any significant past due accounts to determine if any balances are uncollectible. When management determines that a receivable is uncollectible, the balance is removed from the receivables balance and is charged directly against earnings. Subsequent recoveries of amounts previously written off are credited directly to earnings.

Inventory – Catholic Charities' inventory consists of donated and purchased food as well as donated clothing and household goods on hand at the end of the fiscal year. Catholic Charities values inventory at cost or, if donated, a stated value determined by Feeding America, Inc. for food inventory and at estimated thrift shop values for clothing and household goods. The value of food, clothing, and household goods donated is recorded as a contribution when received and reported as an expense when distributed in the statement of activities and changes in net assets.

Fixed Assets – Fixed assets, primarily consisting of leasehold improvements, office furniture, and equipment, are recorded at cost using a capitalization threshold of \$500 and are depreciated over the estimated useful lives of the assets. In accordance with Catholic Charities' policy, fixed assets are included in unrestricted net assets. Depreciation is computed using the straight-line method with estimated useful lives ranging from 3 to 10 years. Of total depreciation expense of \$26,597 and \$26,139 for the years ended June 30, 2018 and 2017, respectively, \$16,421 and \$18,363 is reflected in administrative expenses and \$10,176 and \$7,776 is included in program expenses, respectively. Maintenance and repairs are charged to expense while major renewals are capitalized. The cost of equipment retired and disposed of, as well as related accumulated depreciation, is eliminated from the accounts with the resulting gain or loss included in operations.

Revenue Recognition – Contributions are recognized when the donor makes an unconditional promise to transfer assets. Catholic Charities reports gifts of cash and other assets as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets for time or for purpose. When a donor restriction expires, whether a stipulated time restriction ends and/or a 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. If a restriction is fulfilled in the same period in which the contribution is received, Catholic Charities reports the support as unrestricted. In the event that both temporarily restricted and unrestricted monies are available for use for activities that comply with donor restrictions, Catholic Charities will use temporarily restricted funds first. Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Intentions to Give – From time to time, Catholic Charities is notified that it is named as a beneficiary in a will or trust document. To the extent that these bequests are revocable during the lifetime of the donor, these intentions to give are not recorded in the financial statements of Catholic Charities.

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2—Summary of significant accounting policies (continued)

Compensated Absences – Effective for fiscal year 2018, employees are permitted to carry over up to five days of vacation time earned. During 2017, compensated absences such as vacation were not subject to carryover for employees of Catholic Charities except under special pre-approved situations. As of June 30, 2018, and 2017, Catholic Charities had \$19,185 and \$-0- accrued for compensated absences, respectively.

Contributed Services – A substantial number of unpaid volunteers have made significant contributions of their time to develop Catholic Charities' programs. The value of this contributed time is not reflected in the financial statements as it is not susceptible to objective measurement or valuation.

Expense Recognition and Allocation – The cost of providing Catholic Charities' programs and other activities is summarized on a functional basis in the statements of activities and changes in net assets. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. Administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Catholic Charities.

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results will differ from those estimates.

Income Taxes – Catholic Charities is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal and state income taxes on activities which are consistent with its mission. Accordingly, no income taxes have been provided in the accompanying financial statements.

Management has evaluated the effect of the guidance provided by the provisions of GAAP for Uncertainty in Income Taxes. Management believes that Catholic Charities continues to satisfy the requirements of a tax-exempt organization at June 30, 2018 and 2017. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined Catholic Charities had no uncertain income tax positions at June 30, 2018 and 2017. Catholic Charities is not classified as a private foundation.

Other Matters – Ordinary income and gains and losses arising from the sale, collection, or other disposition of investments, receivables, and the like are accounted for in the net asset group owning such assets. Income derived from investments of restricted net assets is unrestricted unless the income has been restricted by the donor.

Note 3—Financial instruments

Catholic Charities places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 for substantially all depository accounts. During the year, Catholic Charities from time to time may have had amounts on deposit in excess of the insured limits. Additionally, at June 30, 2018 and 2017, Catholic Charities had balances in excess of FDIC limits of \$256,231 and \$154,677, respectively. The cash balances are maintained at financial institutions with high credit quality ratings and Catholic Charities believes no significant risk of loss exists with respect to those balances. Catholic Charities also maintains a savings account with the Diocese. While these deposits are not subject to FDIC insurance, Catholic Charities believes no significant risk of loss exists with respect to those balances.

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 4—Contributions receivable

During the year ended June 30, 2018, Catholic Charities received unconditional promises to give to support a new program, the Durham Community Food Pantry. The promises to give are generally payable over three years and have been recorded at the present value of their estimated cash flows using a discount rate of 2.63%, which represents the three-year Treasury rate on the last business day of the fiscal year in the year of donation. Catholic Charities believes that the contributions receivable are fully collectible at June 30, 2018. There were no contributions receivable as of June 30, 2017.

The fair value of short and long-term contributions at June 30, 2018 was as follows:

| | |
|--|----------------------------|
| Gross contributions receivable - Durham Community Food Pantry: | |
| Contributions receivable in less than one year | \$ 447,000 |
| Contributions receivable in one to three years | 715,000 |
| Less net discount for present value of contributions receivable at 2.63% | <u>(87,063)</u> |
| Contributions receivable, net | <u><u>\$ 1,074,937</u></u> |

Note 5—Inventory

Inventory composition by type was as follows as of June 30:

| | <u>2018</u> | <u>2017</u> |
|------------------------------|--------------------------|--------------------------|
| Donated and purchased food | \$ 285,218 | \$ 288,830 |
| Clothing and household goods | <u>225,863</u> | <u>173,064</u> |
| | <u><u>\$ 511,081</u></u> | <u><u>\$ 461,894</u></u> |

Note 6—Fair value measurements

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels of inputs that may be used to measure fair value are as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical assets and are given the highest priority;
- Level 2 – Inputs consist of observable inputs other than quoted prices for identical assets; and
- Level 3 – Inputs consist of unobservable inputs and are given the lowest priority.

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 6—Fair value measurements (continued)

Catholic Charities' financial instruments carried at fair value on a recurring basis by the fair value hierarchy levels are shown below.

| | At June 30, 2018 | | | |
|--|---|--|--|-----------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
| Pooled investment funds: | | | | |
| Mutual funds - domestic | \$ 2,215,657 | \$ - | \$ - | \$ 2,215,657 |
| Mutual funds - international | 7,824 | - | - | 7,824 |
| Bond funds | 562,625 | - | - | 562,625 |
| Cash and equivalents | - | 38,159 | - | 38,159 |
| Total investments in the fair value hierarchy | 2,786,106 | 38,159 | - | 2,824,265 |
| Investments measured at NAV* | - | - | - | 343,862 |
| Total investments at fair value | 2,786,106 | 38,159 | - | 3,168,127 |
| Inventory | - | 511,081 | - | 511,081 |
| Total assets | <u>\$ 2,786,106</u> | <u>\$ 549,240</u> | <u>\$ -</u> | <u>\$ 3,679,208</u> |

| | At June 30, 2017 | | | |
|--|---|--|--|-----------------------------|
| | Quoted Prices in Active Markets for Identical Assets Level 1 | Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 | Total Fair Value |
| Pooled investment funds: | | | | |
| Mutual funds - domestic | \$ 2,032,747 | \$ - | \$ - | \$ 2,032,747 |
| Mutual funds - international | 5,924 | - | - | 5,924 |
| Bond funds | 638,645 | - | - | 638,645 |
| Real estate investment trusts | 1,827 | - | - | 1,827 |
| Cash and cash equivalents | - | 85,629 | - | 85,629 |
| Total investments in the fair value hierarchy | 2,679,143 | 85,629 | - | 2,764,772 |
| Investments measured at NAV* | - | - | - | 293,833 |
| Total investments at fair value | 2,679,143 | 85,629 | - | 3,058,605 |
| Inventory | - | 461,894 | - | 461,894 |
| Total assets | <u>\$ 2,679,143</u> | <u>\$ 547,523</u> | <u>\$ -</u> | <u>\$ 3,520,499</u> |

* In accordance with FASB Accounting Standards Codification Subtopic 820-10, certain investments that were measured at Net Asset Value ("NAV") per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 6—Fair value measurements (continued)

Catholic Charities uses appropriate valuation techniques based on the available inputs. When available, Catholic Charities measures fair value using Level 1 inputs as they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs are only used when Level 1 inputs were not available. The market approach was used for all assets classified as Level 1 and Level 2. Catholic Charities relies on fair value measurement calculations performed by third-party pricing services for the portion of the pooled investment fund classified as Level 2. Inputs include the credit risk of the issuer, maturity, current yield, and other terms and conditions of each instrument.

Level 2 assets also include food, clothing, and household goods inventories. Donated and purchased food inventories are presented at the standard cost that is influenced by product mix as determined by Feeding America, Inc. The standard cost was \$1.68 and \$1.73 per pound at June 30, 2018 and 2017, respectively. The fair value of donated clothing and household goods inventories are estimated using thrift shop values published by leading national organizations for similar items based on their condition.

There were no changes to valuation techniques during the years ended June 30, 2018 and 2017.

The following table summarizes investments measured at fair value based on NAV per share as of June 30:

| June 30, 2018 | | | | |
|--|-------------------|-----------------------------|-----------------------------|--------------------------|
| Asset | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Period |
| Global hedge funds ^(a) | <u>\$ 343,862</u> | N/A | Quarterly | 5 to 65 days' notice |
| June 30, 2017 | | | | |
| Asset | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Period |
| Global hedge funds ^(a) | \$ 255,444 | N/A | Quarterly | 5 to 65 days' notice |
| Equity hedge funds ^(b) | 186 | N/A | Fund in Liquidation | Fund in Liquidation |
| Relative value hedge funds ^(c) | 16,958 | N/A | Fund in Liquidation | Fund in Liquidation |
| Relative value and event-driven hedge funds ^(d) | <u>21,245</u> | N/A | Fund in Liquidation | Fund in Liquidation |
| | <u>\$ 293,833</u> | | | |

(a) The Fund allocates assets to investment funds in four broad investment categories: event-driven, credit, equity market neutral and absolute return multi-strategy managers. Some or all of the marketable alternative strategies may be deployed across U.S. and non-U.S. markets. The Fund seeks to provide investors with a consistent source of absolute return that is uncorrelated to traditional equity and credit markets through strategies with minimal correlation to each other and to traditional risk factors.

(b) This class includes investments in equity hedge funds. Investment strategy involves a long and short strategy with active stock selection and diverse directional biases.

(c) This class includes investments in distressed and current pay bonds, bank debt mortgage-backed securities, both residential and commercial, as well as post-reorganization equity liquidations. A range of 0.27% to 4.94% of investment funds has side pocket arrangements.

(d) This class includes investments in common and preferred equities and various types of debt, often based on the probability that an event will occur, as well as, investments in global macro, equity and relative value hedge funds. Restrictions are based on shareholders' capital of investment strategy. A range of 0.27% to 4.94% of investment funds has side pocket arrangements.

The related realized and unrealized net gains and losses are reported in the statements of activities and changes in net assets as gain on sale of investments and unrealized loss on investments.

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 7—Investments

Catholic Charities participates in a pooled investment fund that is administered by the Diocese of Raleigh and managed by a fiscal agent. As of June 30, 2018, and 2017, Catholic Charities' portion of the Diocese's pooled investment fund consisted of the following:

| | 2018 | | 2017 | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Cost | Market Value | Cost | Market Value |
| Mutual funds - domestic | \$ 1,946,046 | \$ 2,215,657 | \$ 1,863,832 | \$ 2,032,747 |
| Mutual funds - international | 8,270 | 7,824 | 5,853 | 5,924 |
| Bond funds | 577,477 | 562,625 | 639,893 | 638,645 |
| Alternative investments | 334,907 | 343,862 | 293,229 | 293,833 |
| Real estate investment trusts | - | - | 1,753 | 1,827 |
| Cash and cash equivalents | 38,159 | 38,159 | 85,629 | 85,629 |
| | <u>\$ 2,904,859</u> | <u>\$ 3,168,127</u> | <u>\$ 2,890,189</u> | <u>\$ 3,058,605</u> |

Investment revenues are reported net of investment fees of \$12,601 and \$9,421 for the years ended June 30, 2018 and 2017, respectively.

Note 8—Funds functioning as endowment (“endowment”)

The Catholic Charities endowment consists of three individual funds established primarily for children and family programs that are included in the pooled investment fund described in Note 7. The endowment includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with Catholic Charities' endowment funds, including funds designated by the Diocesan Finance Council (“Council”) of the Diocese of Raleigh to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions in the accompanying statement of financial position and activities and changes in net assets. Catholic Charities has delegated the administration of the endowments to the Council and the endowments are held in custody by the Diocese.

Catholic Charities has no permanently restricted endowment funds and all donor-restricted endowment funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council. The Council considers the following factors in making decisions related to appropriations for expenditures or accumulations of donor-restricted endowment funds:

- (1) the duration and preservation of the various funds;
- (2) the purposes of the donor-restricted endowment funds;
- (3) general economic conditions;
- (4) the possible effect of inflation and deflation;
- (5) the expected total return from income and the appreciation of investments;
- (6) other resources of Catholic Charities; and
- (7) Catholic Charities' investment policies.

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 8—Funds functioning as endowment (continued)

Investment Return Objectives, Risk Parameters, and Strategies – Catholic Charities has adopted investment policies, directed by the Council, that attempt to emphasize total return. While shorter-term investment results are monitored, adherence to the sound long-term investment policy balancing short-term spending needs with the preservation of the real inflation-adjusted value of assets is of primary importance. Catholic Charities expects to attain an inflation-adjusted minimum average annual return, net of fees, over a rolling ten-year period. This real return is defined as the sum of capital appreciation (loss) and current income (interest and dividends) adjusted for inflation as measured by the Consumer Price Index. Investment policies are based on principles of responsible financial stewardship, as well as ethical and social stewardship. Catholic Charities and the Council are committed to a diversified asset allocation strategy, consisting primarily of domestic equities, international equities, domestic fixed income, international fixed income and alternative investments.

Spending Policy – Catholic Charities’ policy is that the annual income distribution available from endowment funds is a maximum of 4.0% for the fiscal years ended June 30, 2018 and 2017, respectively, of the three-year average fair value of the endowment, measured at December 31 of the prior fiscal year.

Endowment composition by type of fund is as follows as of June 30:

| | 2018 | | |
|----------------------------------|---------------------|-----------------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total |
| Donor-restricted endowment funds | \$ - | \$ 1,054,536 | \$ 1,054,536 |
| Board-designated endowment | 2,113,591 | - | 2,113,591 |
| Total | <u>\$ 2,113,591</u> | <u>\$ 1,054,536</u> | <u>\$ 3,168,127</u> |

| | 2017 | | |
|----------------------------------|---------------------|-----------------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total |
| Donor-restricted endowment funds | \$ - | \$ 1,144,536 | \$ 1,144,536 |
| Board-designated endowment | 1,914,069 | - | 1,914,069 |
| Total | <u>\$ 1,914,069</u> | <u>\$ 1,144,536</u> | <u>\$ 3,058,605</u> |

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 8—Funds functioning as endowment (continued)

Changes in endowment for the year ended June 30:

| | 2018 | | |
|---|---------------------|---------------------|---------------------|
| | Temporarily | | Total |
| | Unrestricted | Restricted | |
| Endowment, beginning of year | \$ 1,914,069 | \$ 1,144,536 | \$ 3,058,605 |
| Investment income | 59,004 | - | 59,004 |
| Realized gain on sale of securities | 103,175 | - | 103,175 |
| Net unrealized appreciation of securities | 37,343 | - | 37,343 |
| Amounts expended | - | (90,000) | (90,000) |
| Endowment, end of year | <u>\$ 2,113,591</u> | <u>\$ 1,054,536</u> | <u>\$ 3,168,127</u> |

| | 2017 | | |
|---|---------------------|---------------------|---------------------|
| | Temporarily | | Total |
| | Unrestricted | Restricted | |
| Endowment, beginning of year | \$ 1,606,429 | \$ 1,215,536 | \$ 2,821,965 |
| Investment income | 52,620 | - | 52,620 |
| Realized gain on disposal of securities | 40,642 | - | 40,642 |
| Net unrealized appreciation of securities | 214,378 | - | 214,378 |
| Amounts expended | - | (71,000) | (71,000) |
| Endowment, end of year | <u>\$ 1,914,069</u> | <u>\$ 1,144,536</u> | <u>\$ 3,058,605</u> |

Note 9—Temporarily restricted net assets

Temporarily restricted net assets are made up of funds given by donors with restrictions that they be used at a particular time and/or for a particular purpose. Temporarily restricted net assets consisted of the following as of June 30:

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Children and Family Programs | \$ 1,054,536 | \$ 1,144,536 |
| CPO/CFH Programs | 14,493 | 14,493 |
| Disaster Response | 268,279 | 509,760 |
| Durham Community Food Pantry | 1,514,733 | - |
| Homelessness Program | 16,950 | - |
| Fayetteville bequests | 150,250 | 211,951 |
| Holy Family Assistance | 374 | 1,726 |
| Assistance Funded by the Endowment for the Poor | 9,527 | 44,494 |
| Kathleen Walsh Charitable Fund | 70,557 | 77,762 |
| Support Circle Program | 94,824 | 64,352 |
| Other programs | 5,792 | 7,391 |
| | <u>\$ 3,200,315</u> | <u>\$ 2,076,465</u> |

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 10—Governmental assistance

Catholic Charities received governmental revenues at a federal, state, county and local level totaling \$784,447 and \$924,269 for the years ended June 30, 2018 and 2017, respectively. Of these amounts, \$476,349 and \$620,290, respectively, represented federal commodities received and recorded.

Note 11—Related party transactions

Catholic Charities maintains a savings account with the Diocese. Catholic Charities earned \$695 and \$137 in interest on this account for the years ended June 30, 2018 and 2017, respectively. Catholic Charities had \$18,482 and \$18,344, respectively, invested in the account bearing an interest rate of 3.10% at June 30, 2018 and 2017.

In addition to interest, Catholic Charities received in support and revenue from the Diocese the amount of \$1,462,390 and \$1,620,830 during the years ended June 30, 2018 and 2017, respectively. This included \$1,295,282 and \$1,062,772 in allocations from the Bishop's Annual Appeal for the years ended June 30, 2018 and 2017, respectively. Catholic Charities incurred charges from the Diocese of \$71,702 and \$182,332 for rent, accounting, stewardship and development, and other fiscal services during the years ended June 30, 2018 and 2017, respectively. Included in accounts payable and other liabilities on the accompanying statements of financial position are \$63,479 and \$78,705 of amounts payable to the Diocese as of June 30, 2018 and 2017, respectively. Catholic Charities also had a receivable from the Diocese of \$-0- and \$29,738 as of June 30, 2018 and 2017, respectively.

Note 12—Defined benefit pension plans

Catholic Charities participates in a multi-employer noncontributory defined benefit retirement plan entitled the Retirement Plan for Lay Employees of the Bishop of the Roman Catholic Diocese of Raleigh, North Carolina for which the EIN number is 56-0591293 ("Lay Plan"). The Lay Plan is separately valued and funded by contributions from various employing units throughout the Diocese. Substantially all employees of Catholic Charities were covered under this plan. Pension benefits provided under the Plan allow for a monthly annuity payment equal to ½ of the product of the years of qualified benefit service not to exceed 40 years and 1% of the final average compensation as defined by the Plan.

Participants are eligible to begin receiving benefits no earlier than age 65 and the Plan contains provisions for payments to surviving spouses in certain circumstances. In substantially all circumstances, a participant in the Plan becomes fully vested after five years of eligible service. The risks of participating in this multi-employer plan are different from a single employer plan in the following aspects:

- a) Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating companies;
- b) If a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating parishes, schools, and other entities; and
- c) If Catholic Charities stops participating in the Plan, it could be required to pay an amount, referred to as withdrawal liability, based on the unfunded status of the Plan. Catholic Charities has no intention of stopping its participation in the Plan.

During the year ended June 30, 2010, the Council approved a recommendation by management of the Diocese to execute a hard freeze of the Lay Plan as of January 2011. The various employing units throughout the Diocese continue to fund existing obligations of the Lay Plan from before the hard freeze was executed. Catholic Charities contributed \$84,973 and \$53,454 to the Lay Plan for the years ended June 30, 2018 and 2017, respectively, which represented approximately 3.7% and 2.6%, respectively, of the total contributions of all employing units to the Lay Plan.

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 12—Defined benefit pension plans (continued)

The actuarial present value of vested and non-vested accumulated plan benefits and net assets available for benefits is not determined for the individual entities participating in this multi-employer plan and, accordingly, such information is not presented herein. Because the employing units participating in the Plan are parishes and related organizations of the Diocese, Catholic Charities relies upon each employing unit to contribute their required contribution to ensure that pension obligations under the Plan are met. In the event that individual employers of the Plan are unable to make their required contributions, the obligations would be reallocated to the remaining contributing units.

| | As of January 1, 2018 | As of January 1, 2017 |
|--|----------------------------------|----------------------------------|
| Market value of plan assets | \$ 38,668,201 | \$ 33,772,592 |
| Present value of accrued Plan benefits | \$ 43,556,546 | \$ 42,371,204 |
| Percent funded | 88.80% | 79.7% |
| Total contributions to the Plan | \$ 2,285,198 | \$ 2,173,079 |
| Total employees covered under the Plan | 1,631 | 1,628 |
| Discount rate used to value the Plan liability | 6.50% | 6.50% |

Note 13—Investment savings plan

Catholic Charities offers its employees a pretax IRC Section 403(b) Plan ("403(b) Plan"). Under the provisions of the 403(b) Plan, substantially all employees are covered. For the years ended June 30, 2018 and 2017, Catholic Charities contributed \$0.50 for each \$1 invested by employees on the first 5% of qualified compensation, plus a non-contributory deferral of 4% of qualified compensation into accounts of all eligible employees, up to a maximum of 6.5% of qualified compensation per employee. Participants in the 403(b) Plan are immediately vested in their employee contributions and in the basic matching contribution provided by Catholic Charities. Employees are vested in Catholic Charities' non-contributory deferral contribution after five years of service. For the years ended June 30, 2018 and 2017, contributions to the 403(b) Plan totaled \$109,518 and \$127,911, respectively.

Note 14—Leases

Catholic Charities leases various office spaces under noncancelable leases with various expiration dates through 2022. Catholic Charities' rental expense was \$424,460 and \$401,741 for the years ended June 30, 2018 and 2017, respectively.

Future minimum rental commitments under the leases are as follows:

| <u>Years Ending June 30,</u> | |
|-------------------------------------|---------------------|
| 2019 | \$ 400,349 |
| 2020 | 332,878 |
| 2021 | 291,939 |
| 2022 | 281,249 |
| 2023 | 200,515 |
| Thereafter | 457,010 |
| | <u>\$ 1,963,940</u> |

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 15—Fundraising

Catholic Charities conducts certain fundraising activities in order to generate revenues to assist in supporting its programs and activities. Fundraising expenses of \$263,307 and \$178,809 are included in administrative expenses for the years ended June 30, 2018 and 2017, respectively.

Note 16—Contributed goods

Catholic Charities receives donated goods, primarily groceries, clothing, and household goods, from organizations, schools, individuals, and other sources. Catholic Charities accepts and distributes these donations to needy families and individuals in the community. During the years ended June 30, 2018 and 2017, Catholic Charities recorded receipts of donated food, clothing, and other goods with a value of \$3,633,815 and \$3,932,928 and disbursements of \$3,584,628 and \$3,912,218, respectively.

Catholic Charities' primary facility for the receipt and subsequent distribution of donated groceries is Catholic Parish Outreach. Catholic Parish Outreach received and distributed approximately 924 and 970 tons of donated groceries during the years ended June 30, 2018 and 2017, respectively.

Note 17—Subsequent events

In September 2018, Hurricane Florence hit the coast of North Carolina causing widespread flooding and setting rain records in many areas of North Carolina. Many homes were damaged, leaving a significant number of people without safe housing, food, and basic needs. Catholic Charities is focused on getting needed supplies to families in the impacted areas, providing non-perishable food and water, clean-up kits, hygiene items, and assisting families with finding safe and stable housing. Catholic Charities has collected contributions and grants in excess of \$1,047,000 to assist with Hurricane Florence relief.

On October 29, 2018, Catholic Charities signed a letter of intent with a construction company in the amount of \$535,355 to upfit a building leased during fiscal year 2018. The building will be used for a new Catholic Charities program, the Durham Community Food Pantry. The lease agreement calls for the lessor to contribute up to a maximum of \$200,000 of the cost of the leasehold improvements. The construction is anticipated to be completed by March 2019. Operations at the Durham Community Food Pantry are expected to commence before the end of the 2019 fiscal year.

On June 8, 2018, Catholic Charities incorporated a separate nonprofit organization called Oak City Cares, Inc. The mission of Oak City Cares is to serve as a hub for connecting individuals and families, who are at risk of or are experiencing homelessness, to coordinated services that create a path to stable housing and renewed hope. The organization will coordinate multiple human services, including housing, food, hygiene, and medical services from Wake County nonprofit organizations and Wake County Human Services into one central location. Oak City Cares expects to commence operations during fiscal year 2019. Catholic Charities is currently evaluating the effect that the new organization will have on its financial statements and related disclosures.

Catholic Charities has evaluated subsequent events for disclosure and recognition through December 21, 2018, the date on which these financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

| | Immigration Services | Raleigh Office | Support Circles | Catholic Parish Outreach | Centro para Familias Hispanas | Smart Start Wake |
|------------------------------|---------------------------------|---------------------------|----------------------------|-------------------------------------|--|-----------------------------|
| Salaries and fringe benefits | \$ 274,061 | \$ 293,907 | \$ 134,124 | \$ 209,504 | \$ 65,128 | \$ 120,287 |
| Equipment and supplies | 3,014 | 2,924 | 1,203 | 5,420 | 800 | 11 |
| Depreciation | - | - | - | 5,326 | - | - |
| Repairs and maintenance | 2,993 | 1,607 | 794 | 33,293 | 9,880 | 1,800 |
| Telephone | 1,479 | 3,930 | 696 | 3,233 | 1,853 | - |
| Utilities | 1,320 | - | - | 17,586 | 3,982 | 863 |
| Rent | 18,074 | 29,444 | 12,569 | 115,523 | 19,544 | 8,360 |
| Auto and travel | 5,443 | 4,651 | 3,692 | 1,519 | 906 | 1,225 |
| Postage and printing | 2,347 | 1,027 | 85 | 4,022 | 555 | - |
| Conferences and meetings | 1,550 | 616 | 100 | 924 | 170 | - |
| Dues and subscriptions | 1,025 | 1,924 | - | - | - | - |
| Program expenses | 1,072 | 81,825 | 143,767 | 3,535,019 | 1,489 | 1,195 |
| Professional services | 17,111 | 1,925 | 9,186 | 15,781 | 794 | - |
| Other | 1,276 | 585 | 172 | 4,262 | 767 | - |
| | <u>\$ 330,765</u> | <u>\$ 424,365</u> | <u>\$ 306,388</u> | <u>\$ 3,951,412</u> | <u>\$ 105,868</u> | <u>\$ 133,741</u> |

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)

YEAR ENDED JUNE 30, 2018

| | Albemarle Office | Cape Fear Office | Fayetteville Office | Tar River Office | New Bern Office | Senior Pharmacy Program |
|------------------------------|-----------------------------|-----------------------------|--------------------------------|-----------------------------|----------------------------|------------------------------------|
| Salaries and fringe benefits | \$ 32,962 | \$ 141,598 | \$ 148,155 | \$ 152,287 | \$ 71,304 | \$ 30,140 |
| Equipment and supplies | 577 | 1,890 | 3,196 | 4,259 | 1,598 | - |
| Depreciation | 4,200 | 650 | - | - | - | - |
| Repairs and maintenance | 131 | 400 | 4,317 | 1,656 | 4,375 | - |
| Telephone | 1,423 | 6,183 | 4,182 | 2,659 | 2,702 | 1,092 |
| Utilities | 2,024 | - | 4,748 | 1,690 | 5,065 | - |
| Rent | 9,600 | 34,560 | 39,516 | 21,120 | 10,956 | 2,244 |
| Auto and travel | 798 | 2,044 | 3,201 | 4,936 | 2,460 | 283 |
| Postage and printing | 509 | 2,007 | 296 | 2,608 | 448 | 254 |
| Conferences and meetings | 27 | 473 | 283 | 1,963 | 103 | 57 |
| Dues and subscriptions | - | - | 185 | - | - | 755 |
| Program expenses | 68,751 | 81,633 | 145,028 | 82,883 | 12,893 | 66,577 |
| Professional services | 1,199 | 2,003 | 299 | 86 | 3,150 | 451 |
| Other | 99 | 1,112 | 479 | 141 | 276 | - |
| | <u>\$ 122,300</u> | <u>\$ 274,553</u> | <u>\$ 353,885</u> | <u>\$ 276,288</u> | <u>\$ 115,330</u> | <u>\$ 101,853</u> |

CATHOLIC CHARITIES OF THE DIOCESE OF RALEIGH, INC.
SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)

YEAR ENDED JUNE 30, 2018

| | Piedmont Office | Centro: la Comunidad | Disaster Response | Newton Grove Office | Administrative | Total |
|------------------------------|----------------------------|---------------------------------|------------------------------|--------------------------------|-----------------------|---------------------|
| Salaries and fringe benefits | \$ 162,033 | \$ 23,889 | \$ 220,778 | \$ 55,869 | \$ 627,742 | \$ 2,763,768 |
| Equipment and supplies | 1,138 | 619 | 597 | 2,937 | 8,856 | 39,039 |
| Depreciation | - | - | - | - | 16,421 | 26,597 |
| Repairs and maintenance | 2,737 | 1,050 | - | 477 | - | 65,510 |
| Telephone | 5,065 | 1,499 | 532 | 2,214 | 2,277 | 41,019 |
| Utilities | 4,528 | - | - | 3,363 | - | 45,169 |
| Rent | 40,406 | 4,020 | - | 19,140 | 39,384 | 424,460 |
| Auto and travel | 3,749 | 454 | 8,775 | 1,523 | 11,337 | 56,996 |
| Postage and printing | 236 | 41 | 1,418 | 172 | 19,541 | 35,566 |
| Conferences and meetings | 565 | 276 | 1,663 | - | 4,284 | 13,054 |
| Dues and subscriptions | - | - | 100 | - | 3,414 | 7,403 |
| Program expenses | 173,177 | 4,079 | 297,173 | 16,559 | 152,542 | 4,865,662 |
| Professional services | 2,213 | 458 | 915 | 737 | 124,736 | 181,044 |
| Other | 24 | 71 | 774 | 182 | 17,162 | 27,382 |
| | <u>\$ 395,871</u> | <u>\$ 36,456</u> | <u>\$ 532,725</u> | <u>\$ 103,173</u> | <u>\$ 1,027,696</u> | <u>\$ 8,592,669</u> |