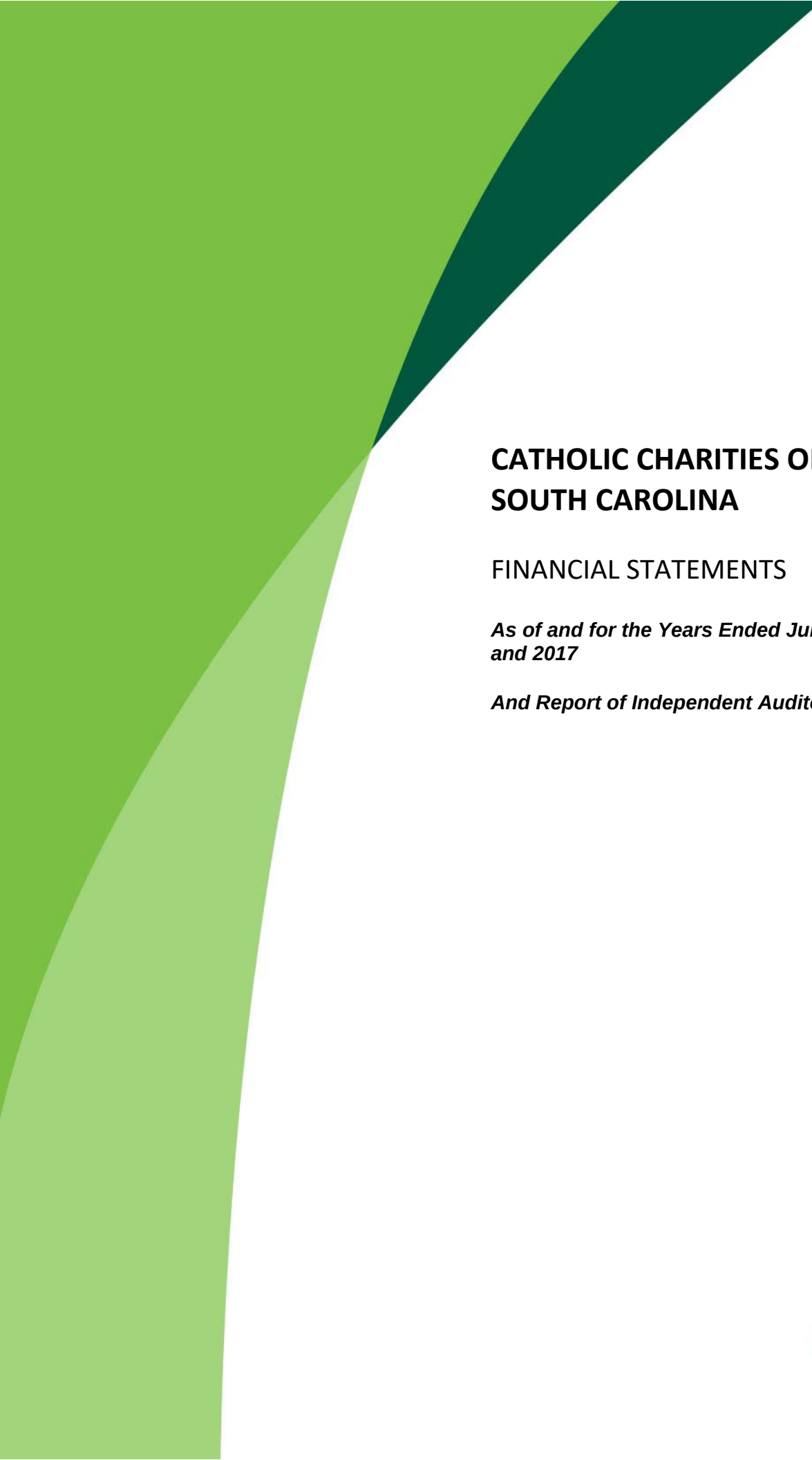




CATHOLIC CHARITIES OF SOUTH CAROLINA

FINANCIAL STATEMENTS

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

And Report of Independent Auditor

CATHOLIC CHARITIES OF SOUTH CAROLINA
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Report of Independent Auditor

To the Board of Directors of the
Catholic Charities of South Carolina
Charleston, South Carolina

We have audited the accompanying financial statements of Catholic Charities of South Carolina (a South Carolina corporation), 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of South Carolina as of June 30, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Greenville, South Carolina
October 15, 2018

CATHOLIC CHARITIES OF SOUTH CAROLINA
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 84,917	\$ 501,058
Funds held in trust by affiliate:		
Pooled investments	2,444,324	2,354,084
Accounts receivable, net of allowance	2,954	7,470
Prepaid expenses	26,129	17,675
Property and equipment, net	492,932	319,219
Total Assets	\$ 3,051,256	\$ 3,199,506
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 41,723	\$ 30,973
Accrued wages and benefits	142,247	106,189
Due to other Diocesan entities	295,239	19,910
Total Liabilities	479,209	157,072
Net Assets:		
Unrestricted:		
Operating	(394,072)	(4,587)
Property and equipment	492,932	319,219
	98,860	314,632
Temporarily restricted	973,187	1,227,802
Permanently restricted	1,500,000	1,500,000
Total Net Assets	2,572,047	3,042,434
Total Liabilities and Net Assets	\$ 3,051,256	\$ 3,199,506

CATHOLIC CHARITIES OF SOUTH CAROLINA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Bishop's stewardship appeal	\$ 985,000	\$ -	\$ -	\$ 985,000
Contributions	494,197	825,733	-	1,319,930
Donated facilities	373,324	-	-	373,324
Program service fees	315,454	-	-	315,454
Elder home residential income	732,922	-	-	732,922
Net realized gain on investments	14,964	74,001	-	88,965
Net unrealized gain on investments	19,749	97,665	-	117,414
Interest and dividend income	50	-	-	50
	<u>2,935,660</u>	<u>997,399</u>	<u>-</u>	<u>3,933,059</u>
Net assets released from restrictions	<u>1,252,014</u>	<u>(1,252,014)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>4,187,674</u>	<u>(254,615)</u>	<u>-</u>	<u>3,933,059</u>
Expenses:				
Program services	3,900,155	-	-	3,900,155
General and administrative	503,291	-	-	503,291
Total Expenses	<u>4,403,446</u>	<u>-</u>	<u>-</u>	<u>4,403,446</u>
Change in net assets	(215,772)	(254,615)	-	(470,387)
Net assets, beginning of year	<u>314,632</u>	<u>1,227,802</u>	<u>1,500,000</u>	<u>3,042,434</u>
Net assets, end of year	<u>\$ 98,860</u>	<u>\$ 973,187</u>	<u>\$ 1,500,000</u>	<u>\$ 2,572,047</u>

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

CATHOLIC CHARITIES OF SOUTH CAROLINA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Bishop's stewardship appeal	\$ 900,000	\$ -	\$ -	\$ 900,000
Contributions	434,900	905,487	-	1,340,387
Donated facilities	279,738	-	-	279,738
Program service fees	254,423	-	-	254,423
Elder home residential income	745,138	-	-	745,138
Net realized loss on investments	20,396	100,851	-	121,247
Net unrealized gain on investments	19,688	97,359	-	117,047
Interest and dividend income	300	-	-	300
	<u>2,654,583</u>	<u>1,103,697</u>	<u>-</u>	<u>3,758,280</u>
Net assets released from restrictions	<u>580,904</u>	<u>(580,904)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>3,235,487</u>	<u>522,793</u>	<u>-</u>	<u>3,758,280</u>
Expenses:				
Program services	2,441,538	-	-	2,441,538
General and administrative	848,829	-	-	848,829
Total Expenses	<u>3,290,367</u>	<u>-</u>	<u>-</u>	<u>3,290,367</u>
Change in net assets	(54,880)	522,793	-	467,913
Net assets, beginning of year	<u>369,512</u>	<u>705,009</u>	<u>1,500,000</u>	<u>2,574,521</u>
Net assets, end of year	<u>\$ 314,632</u>	<u>\$ 1,227,802</u>	<u>\$ 1,500,000</u>	<u>\$ 3,042,434</u>

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

CATHOLIC CHARITIES OF SOUTH CAROLINA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (470,387)	\$ 467,913
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	29,169	14,797
Net realized gain from investments	(88,965)	(121,247)
Net unrealized gain from investments	(117,414)	(117,047)
(Increase) decrease in:		
Accounts receivable	4,516	-
Prepaid expenses	(8,454)	(4,500)
Due from Diocesan entities	-	14,640
Increase (decrease) in:		
Accounts payable	10,750	18,113
Accrued expenses	36,058	27,929
Unearned revenue	275,329	(100,876)
Net cash from operating activities	<u>(329,398)</u>	<u>199,722</u>
Cash flows from investing activities:		
Proceeds from sales of investments	890,030	2,309,335
Purchases of investments	(773,891)	(2,189,348)
Purchases of property and equipment	(202,882)	(5,575)
Net cash from investing activities	<u>(86,743)</u>	<u>114,412</u>
Change in cash and cash equivalents	(416,141)	314,134
Cash and cash equivalents, beginning of year	501,058	186,924
Cash and cash equivalents, end of year	<u>\$ 84,917</u>	<u>\$ 501,058</u>

CATHOLIC CHARITIES OF SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 1—Organization

Catholic Charities of the Diocese of Charleston, Inc. was incorporated in 1945 to coordinate social services and charitable work. In September 2017 the organization's name was changed to Catholic Charities of South Carolina ("Catholic Charities"). Catholic Charities is a not-for-profit corporation operating in the state of South Carolina with offices in Charleston, North Charleston, Beaufort, Columbia, Greenville, and Conway. It is primarily supported by (a) Bishop's stewardship appeal funds and other subsidies provided by the Chancery of the Roman Catholic Diocese of Charleston ("Chancery"), a related organization; (b) contributions for Catholic Charities collected by the parishes in the Roman Catholic Diocese of Charleston ("Diocese of Charleston"), which are related organizations; (c) contributions from individuals and unrelated organizations; and (d) program fees.

Commanded by the Holy Gospel mandates to love, to serve, and to teach, Catholic Charities provides care and services to improve the lives of South Carolinians in need. A member of Catholic Charities USA, Catholic Charities works directly and in collaboration with parish communities and other organizations to serve the needy in South Carolina. Catholic Charities is committed to social ministry as an essential element of our faith.

The programs provided by Catholic Charities are as follows:

Campaign for Human Development - Provides funding for self-help community organizations and advocates for social justice.

Direct Services - Education, consultation, advocacy, and emergency services not incorporated under one of the Catholic Charities other programs.

General Assistance - Financial and health care assistance provided to the needy.

Ministry Work:

Save a Smile Program - Catholic Charities provides subsidies to low-income individuals in order to improve their health, self-esteem, and employment opportunities.

Food Programs - Catholic Charities provides other support directed toward nourishment programs.

Senior Assistance - Provides assistance to seniors in need.

Clean of Heart - Provides laundry and shower facilities for the homeless in downtown Columbia.

Disaster Relief - Financial and material assistance to persons affected by natural disasters.

Carter May Home/St. Joseph Residence - Community residential care for older adults.

Immigration Services - Provides low-cost immigration counseling services for those who cannot afford a private lawyer.

CATHOLIC CHARITIES OF SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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 and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - Financial statement presentation follows the recommendations of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, Section 205, *Not-for-Profit Entities, Presentation of Financial Statements*. As required by ASC 958, the accompanying financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This presentation has been accomplished by classification of fund balances and transactions into the following classes of net assets:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by actions of Catholic Charities and/or the passage of time. Restrictions may include support of a particular activity, investment for a specified term, or use in a specified future period. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. It is Catholic Charities' policy to record temporarily restricted contributions received, for which the restriction expires in the same year, as unrestricted support.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Catholic Charities. The donors of these assets permit Catholic Charities to use all or part of the income earned on related investments for general or specific purposes.

Investments - Catholic Charities carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

Unconditional Promises to Give - Unconditional promises to give are recognized as an asset, pledges receivable, and as revenue in the year received. Catholic Charities does not have any promises to give as of June 30, 2018 and 2017.

Property and Equipment - Purchases of property and equipment having a unit cost of \$5,000 or more are capitalized at cost. Donated property and equipment are capitalized at their estimated fair value at the date of donation. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed primarily by using the straight-line method of depreciation based on the estimated useful lives of the assets ranging from three to forty years.

Revenue and Support - Contributions are considered to be unrestricted unless specifically restricted by the donors. Contributions that are restricted by the donors are reported as increases in the unrestricted net assets if the restrictions expire in the reporting period the contributions are received. All other donor-restricted contributions are reported as increases in the temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when the stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

CATHOLIC CHARITIES OF SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2—Summary of significant accounting policies (continued)

Certain contributions are collected by the parishes in the Diocese of Charleston from their parishioners and remitted to the Chancery. The Chancery holds such contributions as custodian, until substantially all parishes have remitted such collections to it, and then remits the total collections to Catholic Charities. These contributions are recognized as support when received by Catholic Charities. Funding allocations from the Bishop's stewardship appeal and other subsidies from the Chancery are recognized as support when received, which does not materially differ from the accrual basis of accounting.

Bequests are recognized at the fair value of Catholic Charities' interest in the estate when the probate court declares a will valid.

Program service fees for family counseling, immigration services, and services to the elderly are recognized at the time the related services are rendered. Services to the elderly consist principally of the rental of units in the Carter May Home/St. Joseph Residence, a retirement home.

Income Taxes - Catholic Charities is exempt from federal and state income taxes under certain provisions of Section 501(c)(3) of the Internal Revenue Code and the South Carolina Code of laws. The FASB provides guidance on Catholic Charities' evaluation of accounting for uncertainty in income taxes. Management evaluated Catholic Charities' tax position and concluded that no uncertain tax positions exist that require adjustment to the financial statements to comply with the provisions of this guidance.

Catholic Charities' policy is to record a liability for any tax position taken that is beneficial to Catholic Charities, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2018 and, accordingly, no liability has been accrued. Management believes that Catholic Charities continues to satisfy the requirements of a tax-exempt organization and, therefore, had no uncertain income tax positions at June 30, 2018 and 2017.

Donated Services and Facilities - A number of full and part-time volunteers have made contributions of their time to maintain Catholic Charities' programs. However, the value of this contributed time is not reflected in the accompanying financial statements since such contributed services do not (a) create or enhance non-financial assets; or (b) require specialized skills, that are provided by persons possessing those skills, and which would be purchased if not donated. Certain facilities have been provided to Catholic Charities free or below market rent. The rental value for this donated office and building space has been estimated and recognized in the accompanying financial statements based upon an estimated rental rate of equivalent properties in the current market.

Statements of Cash Flows - For purposes of the statements of cash flows, Catholic Charities considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents, except for the cash investments in the funds managed by investment companies.

Functional Allocation of Expenses - The costs of providing the various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CATHOLIC CHARITIES OF SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2—Summary of significant accounting policies (continued)

Recent Accounting Pronouncements – In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard is effective for annual reporting periods beginning after December 15, 2018. Catholic Charities is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2019. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the combined balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This ASU is not expected to have an impact on the Catholic Charities' financial statements.

The FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, effective for fiscal years beginning after December 15, 2017. The amendments change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. The amendment includes qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of cash flows. Catholic Charities is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Note 3—Cash and cash equivalents

Catholic Charities places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. Catholic Charities from time to time may have amounts on deposit in excess of the insured limits. As of June 30, 2018, Catholic Charities had no balances which exceeded these insured amounts.

Note 4—Funds held in trust by affiliate

Catholic Charities' investments are held in trust by an affiliated organization, the Catholic Community Foundation of South Carolina (the “Foundation”). The Foundation holds and invests funds belonging to Catholic Charities in a custodial capacity.

In accordance with ASC 958, Section 320, *Not-for-Profit Entities, Investments - Debt and Equity Securities*, Catholic Charities' investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820, *Fair Value Measurements and Disclosures*, also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

CATHOLIC CHARITIES OF SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 4—Investments (continued)

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

All of Catholic Charities' investments are valued at fair value under Level 1 inputs and consist of the following at June 30:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Cash investments with investment companies	\$ 47,553	\$ 47,553	\$ 34,869	\$ 34,869
Corporate and government debt securities	662,517	652,431	661,210	659,206
Equity securities	1,444,888	1,744,340	1,446,826	1,659,810
Publicly traded partnerships	-	-	222	199
	<u>\$ 2,154,958</u>	<u>\$ 2,444,324</u>	<u>\$ 2,143,127</u>	<u>\$ 2,354,084</u>

Note 5—Property and equipment

Property and equipment consist of the following at June 30:

	2018	2017
Office buildings	\$ 543,747	\$ 392,574
Furniture, vehicles, and equipment	259,236	207,527
	802,983	600,101
Less accumulated depreciation	(310,051)	(280,882)
	<u>\$ 492,932</u>	<u>\$ 319,219</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$29,169 and \$14,797, respectively.

CATHOLIC CHARITIES OF SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 5—Property and equipment (continued)

An office building was constructed in Greenville, South Carolina on land leased from a local parish of the Diocese of Charleston. Construction of the building was completed in 2004. Catholic Charities has entered into a lease agreement for 99 years with the Diocese of Charleston on behalf of a local parish to lease this land at an annual rental expense of \$100 (see Note 6). Catholic Charities occupies approximately 52% of the building and leases 39% of the building to the parish. The remaining 9% of the building is occupied by one other non-profit organization for their share of the total operating costs of the building.

Note 6—Related party and other leasing transactions

Catholic Charities leases the land its Greenville office is located on from a local parish of the Diocese of Charleston for an annual rent of \$100. The Lowcountry office of Catholic Charities are leased from a Diocesan parish for no rent. The annual rent value of such donated facilities was estimated to be \$56,000 for the years ended June 30, 2018 and 2017, respectively, and is identified as donated facilities revenue in the accompanying statements of activities.

Catholic Charities occupied the Carter May Home/St. Joseph Residence and certain office space owned by the Diocese of Charleston. No rental payments were charged for the use of the Carter May Home/St. Joseph Residence and Catholic Charities Central office space from the Diocese of Charleston. The annual rental value of these donated facilities was estimated at \$228,324 and \$223,738 for the years ended June 30, 2018 and 2017, respectively, and is identified as the donated facilities revenue in the accompanying statements of activities.

Catholic Charities leases certain office space in Columbia, South Carolina from the Chancery. Total rental expense recorded for this property is \$-0- and \$36,000 for the years ended June 30, 2018 and 2017, respectively, and is allocated between program expenses and general and administrative expenses in the statements of activities.

Catholic Charities is provided administrative, professional, and other support from the Chancery and the Catholic Community Foundation of South Carolina which are not reflected in these financial statements. The Chancery also provides direct financial support through the Bishop's stewardship appeal of \$985,000 and \$900,000 for the years ended June 30, 2018 and 2017, respectively, which is included as bishop's stewardship appeal support in the statements of activities.

Catholic Charities occupied and operated the Hardeeville Thrift Store facility during the year which is owned by the Diocese of Charleston. No rental payments were charged for the use of this office space from the Diocese of Charleston. The annual rental value of such donated facilities was estimated at \$50,000 for the years ended June 30, 2018 and 2017, respectively, which is included in the statement of activities.

As described in Note 4, Catholic Charities' investments are held in trust by the Foundation, an affiliate and related party.

Note 7—Retirement plan

Catholic Charities employees participate in a plan administered by the Diocese of Charleston. After one year of service, the employer contributes 5% of the employee's monthly salary for employees contributing a minimum of 3% of their monthly salary. The contributions are limited to the maximum annual amounts allowed by the Internal Revenue Service. For the years ended June 30, 2018 and 2017, Catholic Charities made contributions to the lay retirement plan for its employees totaling \$35,525 and \$30,109, respectively.

CATHOLIC CHARITIES OF SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 8—Program services

Program services consist of the following for the years ended June 30:

	2018	2017
Counseling services	\$ 203,851	\$ 165,853
Direct services	2,065,713	779,332
Carter May Home/St. Joseph Residence	1,033,965	996,088
Immigration services	596,626	485,815
Senior assistance	-	14,450
	<u>\$ 3,900,155</u>	<u>\$ 2,441,538</u>

Note 9—Temporarily restricted net assets

Temporarily restricted net assets consist of the following at June 30:

	2018	2017
Endowment earnings	\$ 533,201	\$ 411,793
Counseling services	6,723	13,896
Lowcountry deanery pantry program	44,158	24,452
Operation rice bowl	825	-
Disaster assistance - future	36,648	30,172
Disaster assistance - flood	8,865	9,145
Shelter laundry service program	1,962	40,861
Campaign for human development	16,703	18,205
Make money count program	17,260	17,260
Other restricted programs	116,546	35,741
Food for the hungry	2,538	2,538
Aid to pregnant women	246	1,316
Prison ministry	-	46,042
Disaster assistance - fire	19,127	13,072
Blue Cross Blue Shield Save a Smile Grant	1,825	50,000
Disaster Case Manager - PeeDee Region	-	20,394
Catholic Charities USA Long Term Recovery Grant	-	159,813
Disaster - Hurricane Matthew	110,927	55,075
One SC Foundation Grant for Hurricane Matthew flood assistance	31,988	261,496
Save a smile program	23,645	16,531
	<u>\$ 973,187</u>	<u>\$ 1,227,802</u>

CATHOLIC CHARITIES OF SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 10—Endowments

Catholic Charities endowment consists of a fund established primarily for the general support of Catholic Charities. The endowment is comprised only of donor-restricted endowment funds. As required by U.S. GAAP, the net assets associated with the endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Catholic Charities has interpreted the state of South Carolina enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, permanently restricted net assets are classified at the original value of the gifts donated to the endowment and the original value of subsequent gifts to the endowment. 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 Catholic Charities in a manner consistent with the standard of prudence prescribed by UPMIFA.

Catholic Charities follows an investment policy with long-term growth as the main objective. Catholic Charities 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). Catholic Charities utilizes a diversified asset allocation, with greater emphasis on equity-based investments, to achieve its long-term return objectives within prudent risk constraints.

Catholic Charities appropriates for expenditure only amounts for specifically identified expenses as needed. Catholic Charities take into consideration the following factors in making a determination to appropriate for expenditure endowment funds:

- General economic conditions;
- Possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the institution;
- The purpose of the fund and its relationship to the mission of the organization; and
- The organization’s investment policies.

The following details the changes in Catholic Charities’ endowment net assets for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 411,793	\$ 1,500,000	\$ 1,911,793
Investment return:				
Net appreciation				
(realized and unrealized)	-	171,666	-	171,666
	-	171,666	-	171,666
Amounts appropriated for expenditure	-	(50,258)	-	(50,258)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 533,201</u>	<u>\$ 1,500,000</u>	<u>\$ 2,033,201</u>

CATHOLIC CHARITIES OF SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 10—Endowments (continued)

The following details the changes in Catholic Charities' endowment net assets for the year ended June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 313,315	\$ 1,500,000	\$ 1,813,315
Investment return:				
Net appreciation				
(realized and unrealized)	-	198,211	-	198,211
	-	198,211	-	198,211
Amounts appropriated for expenditure	-	(99,733)	-	(99,733)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 411,793</u>	<u>\$ 1,500,000</u>	<u>\$ 1,911,793</u>

Note 11—Subsequent events

The Catholic Charities has evaluated subsequent events through October 15, 2018, which is the date these financial statements were available to be issued.