

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION ST. PAUL PROVINCE  
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## INDEPENDENT AUDITORS' REPORT

Finance Committee  
Sisters of St. Joseph of Carondelet,  
Ministries Foundation, St. Paul Province  
St. Paul, Minnesota

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

We have audited the accompanying financial statements of the Sisters of St. Joseph of Carondelet, Ministries Foundation, St. Paul Province (the Foundation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, 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.

### ***Auditors' 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 auditors' 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.


Finance Committee  
Sisters of St. Joseph of Carondelet,  
Ministries Foundation, St. Paul Province

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sisters of St. Joseph of Carondelet, Ministries Foundation, St. Paul Province as of June 30, 2019 and 2018, 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.

**Report on Supplementary Information**

We have audited the financial statements of Sisters of St. Joseph of Carondelet, Ministries Foundation, St. Paul Province as of and for the year ended June 30, 2019. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 18 through 20, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
September 17, 2019

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 138,127	\$ 350,630
Pledges Receivable, Net	39,270	19,378
Accounts Receivable	48,457	107,360
Investments Held for Others	319,441	518,991
Investments	17,924,268	17,197,666
Equipment, Net of Accumulated Depreciation of \$143,984 and \$142,305 as of June 30, 2019 and 2018, Respectively	10,913	-
Other Assets	9,210	7,036
	<b>\$ 18,489,686</b>	<b>\$ 18,201,061</b>
<b>Total Assets</b>	<b>\$ 18,489,686</b>	<b>\$ 18,201,061</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 277,333	\$ 328,395
Annuity Contracts Payable	120,122	124,641
Investments Held for Others	319,441	518,991
Total Liabilities	716,896	972,027
<b>NET ASSETS</b>		
Without Donor Restriction:		
Undesignated	3,794,993	3,574,941
Board-Designated	8,238,436	8,005,140
Total Without Donor Restriction	12,033,429	11,580,081
With Donor Restriction	5,739,361	5,648,953
Total Net Assets	17,772,790	17,229,034
Total Liabilities and Net Assets	<b>\$ 18,489,686</b>	<b>\$ 18,201,061</b>

See accompanying Notes to Financial Statements.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>						
Contributions and Gifts:						
Annual Giving	\$ 701,271	\$ 31,375	\$ 732,646	\$ 761,732	\$ -	\$ 761,732
Total Contributions and Gifts	701,271	31,375	732,646	761,732	-	761,732
Service Fee Income	58,377	-	58,377	99,498	-	99,498
Estate Proceeds	282,351	-	282,351	428,673	-	428,673
Investment Income (Net of Fees of \$39,239 and \$39,536, Respectively)	1,014,760	253,825	1,268,585	1,334,529	365,254	1,699,783
Change in the Value of Split-Interest Agreements	(20,785)	-	(20,785)	(13,301)	-	(13,301)
Transfers, Appropriations, and Release from Temporarily Restricted Net Assets	194,792	(194,792)	-	192,559	(192,559)	-
Total Support and Revenues	2,230,766	90,408	2,321,174	2,803,690	172,695	2,976,385
<b>EXPENSES</b>						
Program Expenses	926,546	-	926,546	913,557	-	913,557
Supporting Services:						
Management and General	291,092	-	291,092	290,311	-	290,311
Fundraising	559,780	-	559,780	517,526	-	517,526
Total Supporting Services	850,872	-	850,872	807,837	-	807,837
Total Expenses	1,777,418	-	1,777,418	1,721,394	-	1,721,394
<b>CHANGE IN NET ASSETS</b>	453,348	90,408	543,756	1,082,296	172,695	1,254,991
Net Assets - Beginning of Year	11,580,081	5,648,953	17,229,034	10,497,785	5,476,258	15,974,043
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 12,033,429</u>	<u>\$ 5,739,361</u>	<u>\$ 17,772,790</u>	<u>\$ 11,580,081</u>	<u>\$ 5,648,953</u>	<u>\$ 17,229,034</u>

See accompanying Notes to Financial Statements.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019					2018				
	Program Services	Management and General	Fundraising	Total Support Services	Total Expense	Program Services	Management and General	Fundraising	Total Support Services	Total Expense
Salaries	\$ -	\$ 176,785	\$ 258,286	\$ 435,071	\$ 435,071	\$ -	\$ 174,863	\$ 242,084	\$ 416,947	\$ 416,947
Payroll Taxes	-	12,443	18,179	30,622	30,622	-	12,552	17,175	29,727	29,727
Employee Benefits	-	22,564	32,966	55,530	55,530	-	21,829	29,869	51,698	51,698
Retirement Expenses	-	6,755	9,869	16,624	16,624	-	6,832	9,348	16,180	16,180
Total Personnel Costs	-	218,547	319,300	537,847	537,847	-	216,076	298,476	514,552	514,552
Grants	926,546	-	-	-	926,546	913,557	-	-	-	913,557
Advertising	-	5,126	7,489	12,615	12,615	-	4,886	6,685	11,571	11,571
Audit/Legal Fees	-	3,849	5,624	9,473	9,473	-	3,898	5,333	9,231	9,231
Bad Debt Expense	-	10,483	-	10,483	10,483	-	12,750	-	12,750	12,750
Computer Expenses	-	8,656	12,646	21,302	21,302	-	6,800	9,305	16,105	16,105
Event Expenses	-	-	123,911	123,911	123,911	-	-	108,598	108,598	108,598
Insurance	-	6,156	8,994	15,150	15,150	-	6,418	8,783	15,201	15,201
Other Expenses	-	13,226	19,323	32,549	32,549	-	11,666	16,660	28,326	28,326
Purchased Services	-	15,067	22,013	37,080	37,080	-	15,657	21,423	37,080	37,080
Rent	-	8,241	12,040	20,281	20,281	-	9,236	12,637	21,873	21,873
Solicitation Expenses	-	-	25,896	25,896	25,896	-	-	25,626	25,626	25,626
Depreciation Expense	-	682	997	1,679	1,679	-	-	-	-	-
Staff Development/ Travel/Meetings	-	1,059	1,547	2,606	2,606	-	2,924	4,000	6,924	6,924
Total Expense	<u>\$ 926,546</u>	<u>\$ 291,092</u>	<u>\$ 559,780</u>	<u>\$ 850,872</u>	<u>\$ 1,777,418</u>	<u>\$ 913,557</u>	<u>\$ 290,311</u>	<u>\$ 517,526</u>	<u>\$ 807,837</u>	<u>\$ 1,721,394</u>

See accompanying Notes to Financial Statements.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 543,756	\$ 1,254,991
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Change in the Value of Annuity Contracts	20,785	13,301
Realized and Unrealized Investment Gains	(933,901)	(1,490,008)
Depreciation Expense	1,679	-
Bad Debt Expense	10,483	12,750
(Increase) Decrease in Assets:		
Pledges Receivable	(30,375)	10,000
Other Assets	56,729	(35,547)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	(51,062)	80,135
Net Cash Used by Operating Activities	(381,906)	(154,378)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(422,098)	(368,472)
Proceeds from Sales of Investments	828,947	1,063,296
Net Decrease in Investments Held for Others	(199,550)	(378,800)
Purchase of Equipment	(12,592)	-
Net Cash Provided by Investing Activities	194,707	316,024
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Annuity Payments	(25,304)	(25,303)
Net Cash Used by Financing Activities	(25,304)	(25,303)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(212,503)	136,343
Cash and Cash Equivalents - Beginning of Year	350,630	214,287
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 138,127	\$ 350,630
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Donated Securities	\$ 64,935	\$ 78,445

See accompanying Notes to Financial Statements.



**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Sisters of St. Joseph of Carondelet, Ministries Foundation, St. Paul Province (the Foundation) is a Minnesota nonprofit corporation which is organized for the purpose of fundraising for various ministries of the Sisters of St. Joseph of Carondelet, St. Paul Province (the Province). The Province is a Minnesota nonprofit corporation which maintains the convents for the religious community of the Sisters of St. Joseph of Carondelet, Province of St. Paul (the Sisters), an unincorporated religious association.

The members of the Province consist of members of the religious community who constitute the Province Council of the religious community. Sisters who are members of the Province Council also constitute the Members of the Foundation and the affiliate organization St. Mary's Health Clinics (the Clinics).

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Basis of Presentation**

Resources are reported in separate categories of net assets based on the existence or absence of donor-imposed restrictions. Unconditional promises to give are recorded as receivables and revenues in the period the promise is made. All contributions are recorded at fair value at the time the promise is made. Conditional promises to give are not recorded until the condition is either substantially met or it is deemed remote that the condition will not be met.

In the accompanying financial statements, net assets that have similar characteristics have been combined into categories as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets which have no donor-stipulated restrictions, as well as contributions for which donors have stipulated restrictions but which are met within the same reporting period, are reported as without donor restriction support.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of Accounting Principle**

The Foundation adopted Financial Accounting Standards Board (FASB) ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* for the year ended June 30, 2019. These changes were applied retrospectively to ensure comparability with the prior year presented herein. The adoption did not impact the Foundation's financial position as of June 30, 2019 and 2018 or the changes in its net assets or cash flows for the years then ended.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

**Pledges Receivable**

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional pledges are not included as support until such time as the conditions are substantially met. The Foundation assesses an allowance for bad debts using the allowance method, which is based on management judgment considering historical information and analyzed for collectability. When all collection efforts have been exhausted and no payments have been received, accounts are individually written off against the related allowance.

**Investments**

Investments are recorded at fair value based on quoted market values or on fair values as determined by management in consultation with the Foundation's investment managers for certain investments with no readily available quoted market prices. In valuing these investments, management considers the audited financial statements of the investee, the cost of the investments, developments since acquisition, estimates as to the effect of future developments, general economic conditions, and other pertinent factors.

Changes in the fair value of investments are recorded as unrealized gains or losses in the period of change. Due to the market volatility with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in future statement of activities.

**Equipment**

Equipment is capitalized at a threshold of \$1,000 and is stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments Held for Others**

In accordance with the standard for transfers of assets to a nonprofit organization of charitable trust that raises or holds contributions for others, if a nonprofit organization establishes a fund at a foundation with its own funds and specifies itself as the beneficiary of that fund or if a donor contributes assets and names a specific third-party beneficiary, the Foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as Investments Held for Others. The Foundation maintains legal ownership of these funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with the standard, a liability has been established for the fair market value of the funds.

**Contributions**

Contributions are recorded as support in the period received or pledged.

**Fair Value Measurements**

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs used to measure fair value into the following three categories:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income, and cost approaches to measure fair value.

**Income Taxes**

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal or state income taxes on related business income. Donations to the Foundation are tax deductible to the extent allowed by law.

The Foundation follows guidance in the income tax standard regarding the recognition of uncertain tax positions. The guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax filing that are not certain to be realized. The Foundation is not aware of any activities that would jeopardize its tax-exempt status. The Foundation is not aware of any activities that are subject to tax on unrelated business income, excise, or other taxes.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations**

The Foundation derived approximately 36% of its total contribution from one donor in the year ended June 30, 2019.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 17, 2019, the date the financial statements were available to be issued.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 2 PLEDGES RECEIVABLE**

Pledges receivable are summarized as follows at June 30, 2019:

Pledges Receivable Expected to be Collected in:	Amount
2020	\$ 117,520
Subtotal	117,520
Less: Allowance for Doubtful Accounts	(78,250)
Pledges Receivable	\$ 39,270

**NOTE 3 INVESTMENTS**

Investments, stated at fair value, consisted of the following at June 30:

	2019	2018
Cash and Money Market Funds	\$ 7,570	\$ 7,301
S&P Index Fund	10,257,917	9,836,598
U.S. Equity Small Cap Fund	4,005,619	4,190,352
U.S. Bond Funds	3,972,603	3,682,406
Subtotal	18,243,709	17,716,657
Less: Investments Held for Others	(319,441)	(518,991)
Total	\$ 17,924,268	\$ 17,197,666

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities, refer to Note 1 – Summary of Significant Accounting Policies.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Valuation Inputs**

The following table presents the fair value hierarchy at which the Foundation's investments are measured at June 30, 2019:

	Level 1	Level 2	Level 3	Total
Investments:				
S&P Index Fund	\$ 10,257,917	\$ -	\$ -	\$ 10,257,917
US Bond Funds	3,972,603	-	-	3,972,603
Total	<u>\$ 14,230,520</u>	<u>\$ -</u>	<u>\$ -</u>	14,230,520
Investments Valued at Net Asset Value				4,005,619
Cash and Money Market Funds				7,570
Total				<u>\$ 18,243,709</u>

The following table presents the fair value hierarchy at which the Foundation's investments are measured at June 30, 2018:

	Level 1	Level 2	Level 3	Total
Investments:				
S&P Index Fund	\$ 9,836,598	\$ -	\$ -	\$ 9,836,598
US Bond Funds	3,682,406	-	-	3,682,406
Total	<u>\$ 13,519,004</u>	<u>\$ -</u>	<u>\$ -</u>	13,519,004
Investments Valued at Net Asset Value				4,190,352
Cash and Money Market Funds				7,301
Total				<u>\$ 17,716,657</u>

Cash and cash equivalents are included in the table above to reconcile to the investment amounts on the statements of financial position.

The Investments Valued at Net Asset Value are invested in domestic common stock. The fair value of the investments in this category is based on quoted market prices for the underlying securities which comprise the net asset value of the collective funds. Investments Valued at Net Asset Value are valued at \$4,005,619 and \$4,190,352 at June 30, 2019 and 2018, respectively, can be redeemed monthly at the Net Asset Value of the Fund as determined on the fifth business day of each month. There is no stated period of redemption notice for the Fund. The Foundation has no unmet funding commitments to the Fund.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 5 RELATED PARTY TRANSACTIONS**

**Province**

During the years ended June 30, 2019 and 2018, the Foundation paid the Province \$36,908 and \$40,358, respectively, for services provided by the Sisters and for management services. In 2019 and 2018, the Foundation paid the Province \$20,281 and \$21,873 for rent, respectively. The Foundation made contributions to the Province of \$464,464 and \$518,422 during the years ended June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, the Foundation owed the Province \$5,053 and \$33,748 for these charges, respectively. These amounts were included in the accounts payable balance as of June 30, 2019 and 2018.

The Province paid the Foundation \$17,998 and \$26,944 in 2019 and 2018, respectively, for various services, the most significant of which was a service fee for certain fundraising costs. The Province made cash contributions to the Foundation of \$2,750 and \$4,170 in 2019 and 2018, respectively.

In October 1996, the Province contributed \$5,000,000 to the Foundation with the request that investment income earned thereon be used to fund ministries of the Province. Investment gains related to this contribution were \$25,830 and \$83,220 for the years ended June 30, 2019 and 2018, respectively.

**Clinics**

The Foundation made contributions to St. Mary's Health Clinics (the Clinics), an affiliate of the Foundation, of \$870,069 and \$1,050,442 during the years ended June 30, 2019 and 2018, respectively, which included the net Carondelet Gala revenue and pass-through donations.

The total net payable from the Foundation to the Clinics at June 30, 2019 and 2018 was \$181,971 and \$208,180, respectively, and includes donations raised by the Foundation on behalf of the Clinics which have not yet been transferred over to the Clinics. The amount also includes contributions requested from other Foundation funds that have not yet been received by the Clinics. The payable amount to the Clinics at year-end is included in accounts payable and funds held for others.

The Foundation charged the Clinics for certain fundraising costs totaling \$37,272 and \$67,144 during the years ended June 30, 2019 and 2018, respectively.

At June 30, 2019 and 2018, the Foundation had a receivable from the Clinics of \$15,670 and \$48,409, respectively, for the reimbursement of fundraising costs.

As of June 30, 2019 and 2018, the Foundation has \$251,993 and \$467,616, respectively, of investments held for the Clinics included in funds held for others on the statements of financial position.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 6 TRUST AGREEMENT**

The Foundation is a named beneficiary under an endowment fund (James Doherty Fund). Under the terms of the agreement, the Foundation receives distributions from the James Doherty Fund on behalf of others and distributes the funds in accordance with the wishes of the James Doherty Fund. The fund, which is held by an outside trustee, has assets with a fair value of \$1,197,628 and \$1,209,127 at June 30, 2019 and 2018, respectively. The Foundation received distributions of \$55,729 and \$45,000 for the years ended June 30, 2019 and 2018. Under certain circumstances, the Foundation's status as beneficiary of the trust may be changed by the trustee and, accordingly, the fund is not reflected as an asset in the financial statements of the Foundation.

**NOTE 7 ANNUITY CONTRACTS PAYABLE**

The Foundation has entered into various gift annuity contracts with donors. Charitable gift annuity contracts obligate the Foundation to make payments to the annuitants for the remainder of their lives. Assets are recorded at fair value at the date of receipt and a liability has been recorded equal to the present value of the estimated future obligations. The difference between the fair value of assets contributed and obligations recorded is recognized as contribution revenue.

The various gift annuity contracts have been discounted using interest rates of 4.4% to 7.995%. IRS life expectancy tables are utilized to determine life expectancies. Liabilities under gift annuity agreements amounted to \$120,122 and \$124,641 at June 30, 2019 and 2018, respectively. Changes in split-interest agreements, which resulted from the revaluation of annuity contracts, were \$(20,785) and \$(13,301) for the years ended June 30, 2019 and 2018, respectively.



**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 8 RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES**

At June 30, the Foundation's net assets with donor restrictions were as follows:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Insurance Fund	\$ 111,509	\$ 111,509
Campaign Fund - Ministry Support	2,201,449	2,201,449
Total	<u>2,312,958</u>	<u>2,312,958</u>
 Subject to the Passage of Time	 39,270	 19,378
 Endowments:		
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
Healthcare Ministries	603,375	603,375
Campaign Fund - Ministry Support	766,120	766,120
Total	<u>1,369,495</u>	<u>1,369,495</u>
 Subject to Endowment Spending Policy and Appropriation:		
Endowment Earnings:		
Healthcare Ministries	368,228	371,192
Campaign Fund - Ministry Support	1,649,410	1,575,930
Total Subject to Endowment Spending Policy and Appropriation	<u>2,017,638</u>	<u>1,947,122</u>
Total Endowments	<u>3,387,133</u>	<u>3,316,617</u>
Total Net Assets with Donor Restrictions	<u>\$ 5,739,361</u>	<u>\$ 5,648,953</u>

Net assets released from restriction were released when the purpose restrictions were met.

**NOTE 9 ENDOWMENT**

The Foundation's endowment funds were established for Healthcare Ministries and Ministry Support. The endowment includes both donor-restricted and board-designated endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 9 ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of Ministries Foundation-Sisters of St. Joseph of Carondelet has interpreted the Minnesota 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 to the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

The following is a summary of endowment fund activity and balances subject to the UPMIFA of 2006 as of and for the years ended June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund June 30, 2017	\$ 7,604,241	\$ 3,121,172	\$ 10,725,413
Investment Income	811,366	365,254	1,176,620
Contributions	-	-	-
Transfers and Appropriations of Endowment Assets	(410,467)	(169,809)	(580,276)
Endowment Fund June 30, 2018	8,005,140	3,316,617	11,321,757
Investment Income	609,132	253,825	862,957
Contributions	-	-	-
Transfers and Appropriations of Endowment Assets	(375,836)	(183,309)	(559,145)
Endowment Fund June 30, 2019	<u>\$ 8,238,436</u>	<u>\$ 3,387,133</u>	<u>\$ 11,625,569</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation had no funds with deficiencies as of June 30, 2019 and 2018.

**Return Objectives and Risk Parameters**

The primary investment objective of the portfolio is an emphasis on capital appreciation with modest current income. The portfolio seeks to maximize potential total return consistent with minimizing overall volatility in the context of these guidelines. The total rate of return for individual investment styles will be compared to their appropriate index.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation 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.

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 9 ENDOWMENT (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

Appropriations by the board of directors were \$559,145 and \$580,276 for the years ended June 30, 2019 and 2018, respectively. The amount is determined based on the overall needs of the Foundation and the programs it supports balanced with the long-term investment return objectives for a fund to be held in perpetuity. Disbursements from the endowment are also approved according to the Foundation's overall investment spending policy which is 5% of the investment's average fair value using a five-year average.

**NOTE 10 LIQUIDITY DISCLOSURE**

The Foundation strives to maintain liquid financial assets sufficient to cover a year of general expenditures and bi-annual grant payments. The Foundation investment portfolio remains sufficiently liquid regardless of market conditions to meet those needs. The Foundation's management and finance committee regularly review the liquidity portfolio of the Foundation. The Foundation's investments are sufficiently liquid that if cash on hand is not sufficient, investments can be liquidated and available in days.

The following reflects the Foundation's financial assets available to meet general expenditures within one year of the statement of financial position date:

	<u>2019</u>	<u>2018</u>
Cash	\$ 138,127	\$ 350,630
Accounts Receivable	48,457	107,360
Pledges Receivable, Net	39,270	19,378
Investments	17,924,268	17,197,666
Less: Restricted by the Donor	<u>(5,739,361)</u>	<u>(5,648,953)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 12,410,761</u></u>	<u><u>\$ 12,026,081</u></u>

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
SCHEDULE OF FUNCTIONAL ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2019  
(UNAUDITED)  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Annual Giving:			
Annual Fund	\$ 428,885	\$ -	\$ 428,885
Events	272,386	31,375	303,761
Total Annual Giving	<u>701,271</u>	<u>31,375</u>	<u>732,646</u>
Service Fee Income	58,377	-	58,377
Estate Proceeds	282,351	-	282,351
Change in the Value of Split-Interest Agreements	(20,785)	-	(20,785)
Transfers, Appropriations, and Release from With Donor-Restricted Net Assets	194,792	(194,792)	-
Total Revenues	<u>1,216,006</u>	<u>(163,417)</u>	<u>1,052,589</u>
<b>OPERATING EXPENSES</b>			
Annual Giving:			
Annual Fund	25,865	-	25,865
Events	122,996	-	122,996
Total Annual Giving	<u>148,861</u>	<u>-</u>	<u>148,861</u>
Planned Giving	31	-	31
Other Fundraising Expenses	701,980	-	701,980
Total Operating Expenses	<u>850,872</u>	<u>-</u>	<u>850,872</u>
<b>INCREASE (DECREASE) IN NET ASSETS DUE TO OPERATIONS</b>	365,134	(163,417)	201,717
<b>INVESTMENT ACTIVITY</b>			
General Operating and Restricted Board-Designated	-	-	-
	<u>1,014,760</u>	<u>253,825</u>	<u>1,268,585</u>
<b>INCREASE IN NET ASSETS DUE TO INVESTMENT ACTIVITY</b>	1,014,760	253,825	1,268,585
<b>GRANT ACTIVITY</b>			
Grants	<u>926,546</u>	<u>-</u>	<u>926,546</u>
<b>DECREASE IN NET ASSETS DUE TO GRANT ACTIVITY</b>	<u>926,546</u>	<u>-</u>	<u>926,546</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	453,348	90,408	543,756
Net Assets - Beginning of Year	<u>11,580,081</u>	<u>5,648,953</u>	<u>17,229,034</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 12,033,429</u>	<u>\$ 5,739,361</u>	<u>\$ 17,772,790</u>

**SISTERS OF ST. JOSEPH OF CARONDELET,  
MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
SCHEDULE OF TOTAL ACTIVITIES UNDER FOUNDATION DIRECTION  
YEAR ENDED JUNE 30, 2019  
(UNAUDITED)  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Foundation Activities	Activities for the Benefit of Province Organizations	Grants Received for the Benefit of Province Organizations	Year-to-Date Total
<b>OPERATING REVENUES</b>				
Contributions and Gifts:				
Annual Giving	\$ 1,014,997	\$ 232,819	\$ 280,000	\$ 1,527,816
Service Fee Income	58,377	-	-	58,377
Change in the Value of Split-Interest Agreements	(20,785)	-	-	(20,785)
Total Operating Revenues	<u>1,052,589</u>	<u>232,819</u>	<u>280,000</u>	<u>1,565,408</u>
<b>OPERATING EXPENSES</b>				
Annual Giving	148,861	-	-	148,861
Planned Giving	31	-	-	31
Other Fundraising Expenses	701,980	-	-	701,980
Total Operating Expenses	<u>850,872</u>	<u>-</u>	<u>-</u>	<u>850,872</u>
Investment Gain, Net	1,268,585	25,830	-	1,294,415
Grants Made	926,546	458,199	339,033	1,723,778
<b>NET EXCESS OF FUNDS RAISED OVER COSTS</b>	<u>\$ 543,756</u>	<u>\$ (199,550)</u>	<u>\$ (59,033)</u>	<u>\$ 285,173</u>

*Note: As the Foundation acts as agent for various Province organizations, funds raised and grant distributions are not included as Foundation revenues and expenses in the statement of activities.*

**SISTERS OF ST. JOSEPH OF CARONDELET,  
 MINISTRIES FOUNDATION, ST. PAUL PROVINCE  
 SCHEDULE OF CHANGES IN INVESTMENTS HELD FOR OTHERS  
 YEAR ENDED JUNE 30, 2019  
 (UNAUDITED)  
 (SEE INDEPENDENT AUDITORS' REPORT)**

	Investments Held for Others			
	St. Joseph's Hospital	St. Mary's Health Clinic	Other	Total
<b>BALANCE - JUNE 30, 2018</b>	\$ 22,030	\$ 467,616	\$ 29,345	\$ 518,991
Contributions	55,729	-	177,090	232,819
Disbursements	(45,729)	(239,719)	(172,751)	(458,199)
Investment Gain	1,735	24,095	-	25,830
<b>BALANCE - JUNE 30, 2019</b>	<u>\$ 33,765</u>	<u>\$ 251,992</u>	<u>\$ 33,684</u>	<u>\$ 319,441</u>