

SAINT RITA CATHOLIC COMMUNITY

Dallas, Texas

Combined Financial Statements

Years Ended June 30, 2017 and 2016

SAINT RITA CATHOLIC COMMUNITY
Combined Financial Statements
Years Ended June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Finance Council
Saint Rita Catholic Community
Dallas, Texas

We have audited the accompanying combined financial statements of Saint Rita Catholic Community (the "Church"), which comprise the combined statements of financial position as of June 30, 2017 and 2016, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Church's preparation and fair presentation of the combined 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 Church'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Saint Rita Catholic Community as of June 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental information on pages 14 - 17 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

PSK LLP

Arlington, Texas
August 28, 2017

SAINT RITA CATHOLIC COMMUNITY

Combined Statements of Financial Position

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,271,055	\$ 1,668,479
Investments	3,992,099	6,460,895
Accounts receivable	15,284	15,276
Physical properties, net	25,301,170	22,342,091
Cash restricted for building	15,495	43,396
Other assets	<u>100,884</u>	<u>121,944</u>
Total Assets	<u>\$ 30,695,987</u>	<u>\$ 30,652,081</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 211,592	\$ 306,898
Retainage payable	598,380	1,023,785
Accrued expenses	133,292	120,142
Funds held for others	61,370	71,028
Deferred revenues	994,983	1,180,062
Capital leases payable	8,479	25,190
Note payable	<u>5,150,000</u>	<u>4,700,000</u>
Total liabilities	<u>7,158,096</u>	<u>7,427,105</u>
Net Assets		
Unrestricted		
Available for operations	861,064	1,133,900
Board designated	449,740	2,988,837
Invested in physical properties	<u>19,544,311</u>	<u>16,593,116</u>
Total unrestricted	20,855,115	20,715,853
Temporarily restricted	1,682,776	1,509,123
Permanently restricted	<u>1,000,000</u>	<u>1,000,000</u>
Total net assets	<u>23,537,891</u>	<u>23,224,976</u>
Total Liabilities and Net Assets	<u>\$ 30,695,987</u>	<u>\$ 30,652,081</u>

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

SAINT RITA CATHOLIC COMMUNITY

Combined Statement of Activities

Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Contributions	\$ 3,324,364	\$ 566,423	\$ -	\$ 3,890,787
Capital Campaign contributions	-	838,421	-	838,421
Tuition and fees, net of financial aid	5,419,093	-	-	5,419,093
Gifts and grants	5,696	-	-	5,696
Loss on disposal of physical properties	(6,585)	-	-	(6,585)
Interest and dividends	16,362	57,312	-	73,674
Net realized and unrealized gains (losses) on investments	(16,472)	208,579	-	192,107
Fundraising	511,555	-	-	511,555
Other revenue	258,220	-	-	258,220
Net assets released from restrictions	<u>1,497,082</u>	<u>(1,497,082)</u>	-	-
 Total revenues	 <u>11,009,315</u>	 <u>173,653</u>	 <u>-</u>	 <u>11,182,968</u>
Expenses				
Program Services				
Parish administration and programs	1,293,529	-	-	1,293,529
School administration and programs	981,861	-	-	981,861
Instructional and student activities	4,318,951	-	-	4,318,951
Ministries	324,545	-	-	324,545
Worship and liturgical	642,215	-	-	642,215
Faith formation	215,249	-	-	215,249
Athletics	76,721	-	-	76,721
Student organizations	<u>310,958</u>	<u>-</u>	<u>-</u>	<u>310,958</u>
 Total program services	 <u>8,164,029</u>	 <u>-</u>	 <u>-</u>	 <u>8,164,029</u>
Supporting Services				
Endowment	29,142	-	-	29,142
Fundraising	69,759	-	-	69,759
Facilities	<u>2,607,123</u>	<u>-</u>	<u>-</u>	<u>2,607,123</u>
 Total supporting services	 <u>2,706,024</u>	 <u>-</u>	 <u>-</u>	 <u>2,706,024</u>
 Total expenses	 <u>10,870,053</u>	 <u>-</u>	 <u>-</u>	 <u>10,870,053</u>
 Change in net assets	 139,262	 173,653	 -	 312,915
Net assets at beginning of year	<u>20,715,853</u>	<u>1,509,123</u>	<u>1,000,000</u>	<u>23,224,976</u>
Net assets at end of year	<u>\$ 20,855,115</u>	<u>\$ 1,682,776</u>	<u>\$ 1,000,000</u>	<u>\$23,537,891</u>

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

SAINT RITA CATHOLIC COMMUNITY

Combined Statement of Activities

Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Contributions	\$ 3,129,625	\$ 187,591	\$ -	\$ 3,317,216
Capital Campaign contributions	-	2,019,067	-	2,019,067
Tuition and fees, net of financial aid	4,943,845	-	-	4,943,845
Gifts and grants	13,358	-	-	13,358
Interest and dividends	58,334	41,528	-	99,862
Net realized and unrealized losses on investments	(134,027)	(73,103)	-	(207,130)
Fundraising	536,722	-	-	536,722
Other revenue	300,553	-	-	300,553
Net assets released from restrictions	<u>4,392,122</u>	<u>(4,392,122)</u>	-	-
 Total revenues	 <u>13,240,532</u>	 <u>(2,217,039)</u>	 <u>-</u>	 <u>11,023,493</u>
Expenses				
Program Services				
Parish administration and programs	956,131	-	-	956,131
School administration and programs	886,823	-	-	886,823
Instructional and student activities	3,917,645	-	-	3,917,645
Ministries	598,428	-	-	598,428
Worship and liturgical	711,827	-	-	711,827
Faith formation	219,317	-	-	219,317
Athletics	79,395	-	-	79,395
Student organizations	<u>277,345</u>	-	-	<u>277,345</u>
 Total program services	 <u>7,646,911</u>	 <u>-</u>	 <u>-</u>	 <u>7,646,911</u>
Supporting Services				
Endowment	17,891	-	-	17,891
Fundraising	70,074	-	-	70,074
Facilities	<u>2,099,476</u>	-	-	<u>2,099,476</u>
 Total supporting services	 <u>2,187,441</u>	 <u>-</u>	 <u>-</u>	 <u>2,187,441</u>
 Total expenses	 <u>9,834,352</u>	 <u>-</u>	 <u>-</u>	 <u>9,834,352</u>
 Change in net assets	 3,406,180	 (2,217,039)	 -	 1,189,141
Net assets at beginning of year	<u>17,309,673</u>	<u>3,726,162</u>	<u>1,000,000</u>	<u>22,035,835</u>
Net assets at end of year	<u>\$ 20,715,853</u>	<u>\$ 1,509,123</u>	<u>\$ 1,000,000</u>	<u>\$ 23,224,976</u>

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

SAINT RITA CATHOLIC COMMUNITY

Combined Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ 312,915	\$ 1,189,141
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	1,344,668	807,825
Net realized and unrealized (gains) losses on investments	(192,107)	207,130
Loss on disposal of physical properties	6,585	-
Contributions restricted for building costs	(1,304,218)	(2,019,067)
Contributions to endowment fund	(58,551)	(60,374)
Changes in assets and liabilities:		
Accounts receivable	(8)	(5,257)
Other assets	21,060	(21,802)
Accounts payable	(95,306)	(656,921)
Retainage payable	(425,405)	828,524
Accrued expenses	13,150	(418)
Funds held for others	(9,658)	4,402
Deferred revenues	(185,079)	875,503
	(571,954)	1,148,686
Net cash and cash equivalents provided by (used in) operating activities		
Cash Flows From Investing Activities		
Change in cash restricted for building	27,901	2,075,022
Purchases of investments	(101,993)	(5,558,314)
Proceeds on sale of investments	2,762,896	5,476,115
Purchases of physical properties	(4,310,332)	(10,160,290)
	(1,621,528)	(8,167,467)
Net cash and cash equivalents used in investing activities		
Cash Flows From Financing Activities		
Contributions restricted for building costs	1,304,218	2,019,067
Contributions to endowment fund	58,551	60,374
Payments on capital leases payable	(16,711)	(56,628)
Borrowings on note payable	450,000	4,700,000
	1,796,058	6,722,813
Net cash and cash equivalents provided by financing activities		
Net change in cash and cash equivalents	(397,424)	(295,968)
Cash and cash equivalents at beginning of year	1,668,479	1,964,447
Cash and cash equivalents at end of year	\$ 1,271,055	\$ 1,668,479
Supplemental Disclosures:		
Cash paid for interest and capitalized	\$ 139,146	\$ 58,651
Noncash Investing and Financing Activities:		
Physical properties acquired under capital lease	\$ -	\$ 35,986

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

SAINT RITA CATHOLIC COMMUNITY
Notes to Combined Financial Statements

1 - Historical Background

Saint Rita Catholic Community (the “Church”) was established by the Catholic Diocese of Dallas (the “Diocese”) in 1961 for the purpose of providing ministry services to Catholics and others in Dallas, Texas, and the surrounding area.

Saint Rita Catholic School (the “School”) is a coeducational parochial school of the Parish providing education to students in kindergarten through eighth grade.

Saint Rita School Endowment (the “Endowment”) is comprised of a trust fund that was established in 1997 to receive and maintain funds to assist, promote, and further the education of the students of the School.

Saint Rita Catholic Parish (the “Parish”) refers to ministries and activities of the Church that are not included above.

The combined financial statements of the Church include the accounts of the Parish, School, and Endowment. All significant inter-organizational transactions and balances have been eliminated.

2 - Significant Accounting Policies

Basis of Accounting - The combined financial statements of the Church have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred. The combined financial statements of the Church have been prepared using accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis of Presentation - As required by the Not-for-Profit Entities Classification of Net Assets topic of the Financial Accounting Standards Board *Accounting Standards Codification* (“FASB ASC”), the Church reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 and reported in the combined statement of activities as net assets released from restrictions.

Tuition is recognized as revenue in the period in which it is earned. Book, supply, and technology fees are also recognized as revenue in the period in which they are earned. Tuition and book, supply, and technology fees received in advance for the upcoming school year are included in deferred revenue. Registration fees are recognized as revenue in the period in which they are received.

Income Taxes - The Internal Revenue Service issued a determination letter dated March 25, 1946, stating that all Catholic Church entities listed in the *Official Catholic Directory* are exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Each year since then, the IRS has issued a communication stating that the determination letter is still in effect. Saint Rita Catholic Community, as part of the Catholic Diocese of Dallas, is exempt under this ruling, as other than a private foundation.

The Church follows the Income Taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Church is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of June 30, 2017, the Church has no uncertain tax positions that qualify for either recognition or disclosure in the combined financial statements and does not expect this to change in the next twelve months.

SAINT RITA CATHOLIC COMMUNITY
Notes to Combined Financial Statements

2 - Significant Accounting Policies (continued)

Programs - The Church pursues its objectives through the execution of the following major programs:

Parish administration and programs - All activities of the Parish not separately identified below.

School administration and programs - All activities of the School not separately identified below.

Instructional and student activities - Coeducational parochial education and activities provided to students in kindergarten through eighth grade.

Ministries - Various ministry areas of the Parish, including outreach, social, and health ministries.

Worship and liturgical - Prayer and worship services.

Faith formation - Religious education and spiritual development programs.

Athletics - Various athletic programs of the School, including football, volleyball, basketball, baseball, softball, and cheerleading.

Student organizations - Various support organizations of the School, including Booster Club.

The Church underwent an intensive fundraising Capital Campaign to raise funds for the construction of new Church facilities during the years ended June 30, 2017 and 2016. Certain costs related to the Capital Campaign were expensed and reflected on the combined statement of activities, while certain other costs, such as fees for architectural plans and construction costs, have been capitalized and are reflected on the combined statement of financial position.

Use of Estimates - Management used estimates and assumptions in preparing these combined financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Revenues and Support - Revenues and support for the Church are primarily derived from contributions from the Parish membership and from tuition and fees charged by the School.

Donated Services - No amounts have been reflected in the combined financial statements for donated services. The Church pays for most services requiring specific expertise. A large number of people have contributed significant amounts of time to the activities of the Church without compensation. The combined financial statements do not reflect the value of those contributed services.

Donated Assets - Donated marketable equity securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Compensated Absences - Employees of the Church, administrative and ministerial, are entitled to paid vacation depending upon length of service and other factors. The Church cannot reasonably estimate the amount of compensation for future absences; accordingly, no liability has been recorded in the accompanying combined financial statements. The Church's policy is to recognize the cost of compensated absences when paid to employees.

Cash and Cash Equivalents - For purposes of the combined financial statements, the Church considers all short-term investments with an original maturity of three months or less to be cash equivalents.

SAINT RITA CATHOLIC COMMUNITY
Notes to Combined Financial Statements

2 - Significant Accounting Policies (continued)

Physical Properties - Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. Maintenance, repairs and minor renewals that do not significantly improve or extend the lives of the representative assets are expensed when incurred. Additions, improvements and major renewals are capitalized.

Depreciation expense for the years ended June 30, 2017 and 2016 totaled \$1,344,668 and \$807,825, respectively. Depreciation is calculated using the straight line method over the estimated useful lives of the respective assets as follows:

Buildings and improvements	5 to 40 years
Furniture, fixtures and equipment	3 to 40 years

Investments - As required by the Not-for-Profit Entities Investments of Debt and Equity Securities topic of the FASB ASC, investments in marketable equity securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the combined statements of financial position. Realized and unrealized gains and losses are included in the change in net assets.

Funds Held for Others - Funds held for others consist of amounts held for other entities to whose benefit the contributions were made. These contributions are not recorded as revenue or expenses of the Church, as the Church is not the ultimate beneficiary.

Deferred Revenues - Deferred revenues consist primarily of tuition and fees related to the upcoming school year.

Endowment Fund - The Saint Rita School Endowment is comprised of a trust fund that is maintained for the purpose of receiving and maintaining funds to assist, promote, and further the education of the students of the School. The trust fund is administered by, and under the sole control of, a Board of Trustees (the "Trustees") and not administered by, or under the control of, the Parish or the School. The following description provides general information about the administration of the Endowment; the actual trust agreement provides a complete description of the Endowment's provisions.

Return objectives and risk parameters - The Trustees have adopted investment and spending policies that attempt to provide a predictable stream of funding to the School while seeking to maintain the purchasing power of the Endowment's assets. Under this policy, the Endowment's assets are invested in a manner that is intended to produce results that meet the return objectives while assuming a low level of investment risk.

Strategies employed for achieving objectives - To satisfy its long-term rate-of-return objectives, the Trustees rely 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 Trustees target a diversified asset allocation that places emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints. Investment allocation for the Fund is reviewed by the Trustees on a periodic basis.

Spending policy - When the trust fund has a current fair market value of \$1,000,000, the Trustees shall annually distribute 5% of the average of the fair market value of the trust fund for the three previous years. Such distributions may include both earnings and contributions, if the total remains over \$1,000,000. If the fair market value of the trust fund falls below \$1,000,000 at the end of six consecutive calendar quarters, then the Trustees shall thereafter accumulate all contributions, income, and gains of the trust fund until it has a current market value of \$1,000,000.

SAINT RITA CATHOLIC COMMUNITY
Notes to Combined Financial Statements

2 - Significant Accounting Policies (continued)

Concentrations of Credit Risk - At times, the Church maintains cash balances with financial institutions in excess of federally insured limits. It is the opinion of management that the solvency of these financial institutions is sufficient to cover any exposure.

Subsequent Events - Subsequent events have been evaluated through August 28, 2017, which is the date the combined financial statements were available to be issued.

3 - Physical Properties

Physical properties as of June 30, 2017 and 2016 are comprised of the following:

	2017	2016
Buildings	\$ 20,327,663	\$ 11,685,808
Building improvements	14,081,756	10,547,958
Furniture and fixtures	1,647,366	485,600
Equipment	1,221,360	1,075,653
Construction in Progress	3,461,495	13,262,979
	40,739,640	37,057,998
Less: accumulated depreciation	(15,438,470)	(14,715,907)
Net physical properties	\$ 25,301,170	\$ 22,342,091

4 - Investments

Investments as of June 30, 2017 and 2016 are comprised of the following:

	2017	2016
Certificates of deposit	\$ 1,491,477	\$ 1,503,927
Cash	118,999	2,066,770
Equity securities	1,449,675	1,653,034
Fixed income securities	931,948	1,237,164
Total	\$ 3,992,099	\$ 6,460,895

Components of investment income for the years ended June 30, 2017 and 2016 are comprised of the following:

	2017	2016
Interest and dividends	\$ 73,674	\$ 99,862
Net realized and unrealized gains (losses)	192,107	(207,130)
Total	\$ 265,781	\$ (107,268)

The Church follows the Fair Value Measurements topic of the FASB ASC for all financial assets and liabilities measured at fair value on a recurring basis. The topic establishes a framework for measuring fair value and enhances disclosure requirements for fair value measurements. The Fair Value Measurements topic of the FASB ASC defines fair value 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.

SAINT RITA CATHOLIC COMMUNITY
Notes to Combined Financial Statements

4 - Investments (continued)

The topic establishes market or observable inputs as the preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. The topic establishes a hierarchy for grouping these assets and liabilities based on the significance level of the following inputs:

Level I – Quoted prices in active markets for identical assets or liabilities.

Level II – Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant drivers are observable.

Level III – Significant inputs to the valuation model are unobservable.

The cash, equity securities, and fixed income securities are held in active markets and are classified within the hierarchy as Level I assets. The certificates of deposit are directly held obligations of the respective financial institutions and are classified within the hierarchy as Level II assets.

5 - Capital Leases

The School has entered into capital leases for computer equipment. The cost of the equipment under the capital leases at June 30, 2017 is \$35,986 with accumulated depreciation of \$14,094. The following is a schedule of future minimum lease payments under the capital leases as of June 30, 2017:

<u>Year Ending June 30,</u>	<u>Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Net Present Value</u>
2018	\$ 8,607	\$ 128	\$ 8,479

6 - Operating Leases

The Church has entered into non-cancelable operating leases for office equipment. Total rent expense for the years ended June 30, 2017 and 2016 totaled \$38,727 and \$37,284, respectively. The following is a schedule of future minimum rentals under the leases at June 30, 2017:

<u>Year Ending June 30,</u>	
2018	\$ 31,353
2019	14,826
2020	8,388
2021	5,592

7 - Note Payable

In April 2015, the Church obtained a note payable with available credit in the amount of \$7,000,000 to finance the construction of new Church facilities. The note provides for monthly payments of interest only until the conversion date of September 15, 2017, with interest at 2.75%. Thereafter, monthly payments of principal and interest will be due in an amount sufficient to fully amortize the outstanding balance of the note over fifteen years. In September 2022, interest becomes 4.9% and monthly payments of principal and interest will be due in an amount sufficient to fully amortize the outstanding balance of the note over ten years. All unpaid principal and interest will be due at maturity in September 2032. The note is secured by Church property. At June 30, 2017 and 2016, the note had an outstanding balance of \$5,150,000 and \$4,700,000, respectively.

SAINT RITA CATHOLIC COMMUNITY
Notes to Combined Financial Statements

7 - Note Payable (continued)

As of June 30, 2017, future maturities were scheduled as follows:

<u>Year Ending June 30,</u>	
2018	\$ 243,539
2019	285,211
2020	293,154
2021	301,318
2022	309,709
Thereafter	<u>3,717,069</u>
Total	<u>\$ 5,150,000</u>

8 - Commitments

The Church pays a quarterly assessment to the Catholic Diocese of Dallas (the "Diocese"), which is calculated as a percentage of contributions, less certain deductions. Assessments were \$432,249 and \$403,400 for the years ended June 30, 2017 and 2016, respectively.

At June 30, 2017, the Church was a party to a construction contract with a general contractor in the amount of \$9,641,413 for the construction of new facilities. As of June 30, 2017, construction had been completed and the full contract amount of \$9,641,413 had been billed related to this contract and properly capitalized on the Church's combined statement of financial position. Included in this amount is \$298,378 of retainage on the contract that has been accrued and capitalized on the Church's combined statement of financial position. The retainage will be paid through the next fiscal year, as all final walkthroughs are completed.

At June 30, 2017, the Church was a party to a construction contract with a general contractor in the amount of \$3,000,023 for the construction of new facilities. As of June 30, 2017, construction had been completed and the full contract amount of \$3,000,023 had been billed related to this contract and properly capitalized on the Church's combined statement of financial position. Included in this amount is \$300,002 of retainage on the contract that has been accrued and capitalized on the Church's combined statement of financial position. The retainage will be paid through the next fiscal year, as all final walkthroughs are completed.

Amounts that have been billed associated with the aforementioned contracts but not yet paid as of June 30, 2017 are included in accounts payable and retainage payable on the combined statements of financial position.

9 - Retirement Plan

The Church participates in the Diocese's 403(b) Retirement Plan for Lay Employees. After one year of employment, eligible employees receive an employer contribution of 3% of annual salary and an employer matching contribution of up to an additional 4% of annual pay. Aggregate employer contributions during the years ended June 30, 2017 and 2016 were \$261,472 and \$252,610, respectively.

10 - Board Designated Net Assets

The leadership of the Church has set aside certain unrestricted funds for specific purposes. These funds have not been restricted by the original donors; they are considered board designated.

SAINT RITA CATHOLIC COMMUNITY
Notes to Combined Financial Statements

10 - Board Designated Net Assets (continued)

Board designated net assets as of June 30, 2017 and 2016 are comprised of the following:

	2017	2016
Saner Fund	\$ -	\$ 2,638,862
Parish Nurse Fund	25,574	25,574
Parents' Club General Fund	346,338	258,587
Booster Club Fund	71,645	59,631
Walkoviak Fine Arts Fund	6,183	6,183
	\$ 449,740	\$ 2,988,837

11 - Temporarily Restricted Net Assets

The balance of temporarily restricted net assets as of June 30, 2017 and 2016, relates to certain contributions for which the donors have imposed restrictions. These restrictions require the Church to use such funds for expenses directly related to the Church activities that correspond to the donors' wishes. During the years ended June 30, 2017 and 2016, temporarily restricted net assets in the amount of \$1,497,082 and \$4,392,122, respectively, had been expended in accordance with donor restrictions and have been reclassified to unrestricted net assets.

Temporarily restricted net assets as of June 30, 2017 and 2016 are comprised of the following:

	2017	2016
St. Rita Fine Arts Fund	\$ 25,304	\$ 21,546
Scholarship Fund	60,762	67,115
Holthouser Fund	13,756	13,756
Pedro Medrano Scholarship Fund	28,987	-
School Capital Campaign Fund	15,495	45,896
Endowment Funds	1,538,472	1,360,810
	\$ 1,682,776	\$ 1,509,123

12 - Endowment Net Assets

Permanently restricted net assets consist of investments to be held in perpetuity, the income from which is expendable for operations of the School as described in Note 2.

The following is a summary of changes in endowment net assets for the years ended June 30, 2017 and 2016:

	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2015	\$ 1,463,456	\$ 1,000,000	\$ 2,463,456
Contributions	60,374	-	60,374
Interest and dividends	41,528	-	41,528
Net realized and unrealized gains	(73,103)	-	(73,103)
Appropriations	(131,445)	-	(131,445)
Balance at June 30, 2016	\$ 1,360,810	\$ 1,000,000	\$ 2,360,810
Contributions	58,551	-	58,551
Interest and dividends	57,312	-	57,312
Net realized and unrealized losses	208,579	-	208,579
Appropriations	(146,780)	-	(146,780)
Balance at June 30, 2017	\$ 1,538,472	\$ 1,000,000	\$ 2,538,472

SUPPLEMENTARY INFORMATION

SAINT RITA CATHOLIC COMMUNITY

Combining Statement of Financial Position

June 30, 2017

	<u>Parish</u>	<u>School</u>	<u>Endowment</u>
Assets			
Cash and cash equivalents	\$ 333,877	\$ 899,328	\$ 37,850
Investments	417,075	1,074,402	2,500,622
Accounts receivable	220,301	4,177	-
Physical properties, net	24,878,226	422,944	-
Cash restricted for building	-	15,495	-
Other assets	<u>43,215</u>	<u>57,669</u>	<u>-</u>
Total Assets	<u>\$ 25,892,694</u>	<u>\$ 2,474,015</u>	<u>\$ 2,538,472</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable	\$ 158,405	\$ 262,381	\$ -
Retainage payable	598,380	-	-
Accrued expenses	112,131	21,161	-
Funds held for others	60,242	1,128	-
Deferred revenues	13,074	981,909	-
Capital lease payable	-	8,479	-
Note payable	<u>5,150,000</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,092,232</u>	<u>1,275,058</u>	<u>-</u>
Net Assets			
Unrestricted			
Available for operations	619,738	241,326	-
Board designated	25,574	424,166	-
Invested in physical properties	<u>19,129,846</u>	<u>414,465</u>	<u>-</u>
Total unrestricted	19,775,158	1,079,957	-
Temporarily restricted	25,304	119,000	1,538,472
Permanently restricted	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Total net assets	<u>19,800,462</u>	<u>1,198,957</u>	<u>2,538,472</u>
Total Liabilities and Net Assets	<u>\$ 25,892,694</u>	<u>\$ 2,474,015</u>	<u>\$ 2,538,472</u>

<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 1,271,055
-	3,992,099
(209,194)	15,284
-	25,301,170
-	15,495
-	<u>100,884</u>
<u>\$ (209,194)</u>	<u>\$ 30,695,987</u>

\$ (209,194)	\$ 211,592
-	598,380
-	133,292
-	61,370
-	994,983
-	8,479
-	<u>5,150,000</u>
<u>(209,194)</u>	<u>7,158,096</u>

-	861,064
-	449,740
-	<u>19,544,311</u>
-	20,855,115
-	1,682,776
-	<u>1,000,000</u>
-	<u>23,537,891</u>
<u>\$ (209,194)</u>	<u>\$ 30,695,987</u>

SAINT RITA CATHOLIC COMMUNITY

Combining Statement of Financial Position

June 30, 2016

	<u>Parish</u>	<u>School</u>	<u>Endowment</u>
Assets			
Cash and cash equivalents	\$ 621,340	\$ 1,004,435	\$ 42,704
Investments	3,052,710	1,090,079	2,318,106
Accounts receivable	133,082	10,729	-
Physical properties, net	21,621,966	720,125	-
Cash restricted for building	-	43,396	-
Other assets	<u>57,157</u>	<u>64,787</u>	<u>-</u>
Total Assets	<u>\$ 25,486,255</u>	<u>\$ 2,933,551</u>	<u>\$ 2,360,810</u>
 Liabilities and Net Assets			
Liabilities			
Accounts payable	\$ 280,626	\$ 154,807	\$ -
Retainage payable	1,023,785	-	-
Accrued expenses	102,619	17,523	-
Funds held for others	70,697	331	-
Deferred revenues	11,941	1,168,121	-
Capital lease payable	-	25,190	-
Note payable	<u>4,700,000</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,189,668</u>	<u>1,365,972</u>	<u>-</u>
 Net Assets			
Unrestricted			
Available for operations	712,424	421,476	-
Board designated	2,664,436	324,401	-
Invested in physical properties	<u>15,898,181</u>	<u>694,935</u>	<u>-</u>
Total unrestricted	19,275,041	1,440,812	-
Temporarily restricted	21,546	126,767	1,360,810
Permanently restricted	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Total net assets	<u>19,296,587</u>	<u>1,567,579</u>	<u>2,360,810</u>
Total Liabilities and Net Assets	<u>\$ 25,486,255</u>	<u>\$ 2,933,551</u>	<u>\$ 2,360,810</u>

<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 1,668,479
-	6,460,895
(128,535)	15,276
-	22,342,091
-	43,396
-	<u>121,944</u>
<u>\$ (128,535)</u>	<u>\$ 30,652,081</u>

\$ (128,535)	\$ 306,898
-	1,023,785
-	120,142
-	71,028
-	1,180,062
-	25,190
-	<u>4,700,000</u>
<u>(128,535)</u>	<u>7,427,105</u>

-	1,133,900
-	2,988,837
-	<u>16,593,116</u>
-	20,715,853
-	1,509,123
-	<u>1,000,000</u>
-	<u>23,224,976</u>
<u>\$ (128,535)</u>	<u>\$ 30,652,081</u>

SAINT RITA CATHOLIC COMMUNITY

Combining Statement of Activities

Year Ended June 30, 2017

	Parish	School	Endowment
Revenues			
Contributions	\$ 3,790,696	159,178	\$ 58,551
Capital Campaign contributions	838,421	-	-
Tuition and fees, net of financial aid	77,364	5,341,729	-
Gifts and grants	5,696	250,000	-
Loss on disposal of physical properties	(6,585)	-	-
Interest and dividends	7,741	8,621	57,312
Net realized and unrealized gains (losses) on investments	4,128	(20,600)	208,579
Fundraising	3,192	508,363	-
Other revenue	-	258,220	-
	<u>4,720,653</u>	<u>6,505,511</u>	<u>324,442</u>
Expenses			
Program Services			
Parish administration and programs	1,293,529	-	-
School administration and programs	-	981,861	-
Instructional and student activities	-	4,318,951	-
Ministries	574,545	-	-
Worship and liturgical	642,215	-	-
Faith formation	215,249	-	-
Athletics	-	76,721	-
Student organizations	-	310,958	-
	<u>2,725,538</u>	<u>5,688,491</u>	<u>-</u>
Supporting Services			
Endowment	-	-	146,780
Fundraising	4,150	65,609	-
Facilities	1,714,148	892,975	-
	<u>1,718,298</u>	<u>958,584</u>	<u>146,780</u>
Total expenses	<u>4,443,836</u>	<u>6,647,075</u>	<u>146,780</u>
Transfers	227,058	(227,058)	-
Change in net assets	503,875	(368,622)	177,662
Net assets at beginning of year	<u>19,296,587</u>	<u>1,567,579</u>	<u>2,360,810</u>
Net assets at end of year	<u>\$ 19,800,462</u>	<u>\$ 1,198,957</u>	<u>\$ 2,538,472</u>

<u>Eliminations</u>	<u>Total</u>
\$ (117,638)	\$ 3,890,787
-	838,421
-	5,419,093
(250,000)	5,696
-	(6,585)
-	73,674
-	192,107
-	511,555
-	258,220
<u>(367,638)</u>	<u>11,182,968</u>
-	1,293,529
-	981,861
-	4,318,951
(250,000)	324,545
-	642,215
-	215,249
-	76,721
-	310,958
<u>(250,000)</u>	<u>8,164,029</u>
(117,638)	29,142
-	69,759
-	2,607,123
<u>(117,638)</u>	<u>2,706,024</u>
<u>(367,638)</u>	<u>10,870,053</u>
<u>-</u>	<u>-</u>
-	312,915
-	23,224,976
<u>\$ -</u>	<u>\$ 23,537,891</u>

SAINT RITA CATHOLIC COMMUNITY

Combining Statement of Activities

Year Ended June 30, 2016

	Parish	School	Endowment
Revenues			
Contributions	\$ 3,342,068	\$ 28,328	\$ 60,374
Capital Campaign contributions	2,019,067	-	-
Tuition and fees, net of financial aid	82,404	4,861,441	-
Gifts and grants	13,358	250,000	-
Interest and dividends	49,672	8,662	41,528
Net realized and unrealized gains (losses) on investments	(135,205)	1,178	(73,103)
Fundraising	4,098	532,624	-
Other revenue	-	300,553	-
	<u>5,375,462</u>	<u>5,982,786</u>	<u>28,799</u>
Expenses			
Program Services			
Parish administration and programs	1,206,131	-	-
School administration and instruction	-	886,823	-
Instructional and student activities	-	3,917,645	-
Ministries	598,428	-	-
Worship and liturgical	711,827	-	-
Faith formation	219,317	-	-
Athletics	-	79,395	-
Student organizations	-	277,345	-
	<u>2,735,703</u>	<u>5,161,208</u>	<u>-</u>
Supporting Services			
Endowment	-	-	131,445
Fundraising	7,424	62,650	-
Facilities	1,202,184	897,292	-
	<u>1,209,608</u>	<u>959,942</u>	<u>131,445</u>
Total expenses	<u>3,945,311</u>	<u>6,121,150</u>	<u>131,445</u>
Change in net assets	1,430,151	(138,364)	(102,646)
Net assets at beginning of year	<u>17,866,436</u>	<u>1,705,943</u>	<u>2,463,456</u>
Net assets at end of year	<u>\$ 19,296,587</u>	<u>\$ 1,567,579</u>	<u>\$ 2,360,810</u>

<u>Eliminations</u>	<u>Total</u>
\$ (113,554)	\$ 3,317,216
-	2,019,067
-	4,943,845
(250,000)	13,358
-	99,862
-	(207,130)
-	536,722
-	300,553
<u>(363,554)</u>	<u>11,023,493</u>
(250,000)	956,131
-	886,823
-	3,917,645
-	598,428
-	711,827
-	219,317
-	79,395
-	277,345
<u>(250,000)</u>	<u>7,646,911</u>
(113,554)	17,891
-	70,074
-	2,099,476
<u>(113,554)</u>	<u>2,187,441</u>
<u>(363,554)</u>	<u>9,834,352</u>
-	1,189,141
-	22,035,835
<u>\$ -</u>	<u>\$ 23,224,976</u>