

Saint Francis Ministries, Inc., and Subsidiaries

Salina, Kansas

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2019 and 2018



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Saint Francis Ministries, Inc., and Subsidiaries

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Saint Francis Ministries, Inc., and Subsidiaries
Salina, Kansas

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Saint Francis Ministries, Inc., a Kansas not-for-profit organization, and its wholly-owned subsidiaries (collectively, Saint Francis), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018; the related consolidated statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of HUD Projects No. 065-HD015-CA and No. 065-HD025-CA of Bridgeway Apartments, Inc., a wholly-owned subsidiary, whose statements reflect total assets of \$976,881 and \$998,248 as of June 30, 2019 and 2018, respectively, and revenues of \$188,170 and \$184,954, respectively, for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Bridgeway Apartments, Inc., is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT

(Continued)

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

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

Opinion

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Saint Francis 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed on the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 28 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information, with the exception of the Bridgeway Apartments Inc., HUD Projects No. 065-HD015-CA and No. 065-HD025-CA information, has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, which insofar as it relates to the Bridgeway Apartments Inc., HUD Projects No. 065-HD015-CA and No. 065 HD025-CA information which is based on the reports of other auditors, is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Emphasis of Matter

As discussed in note 26 to the consolidated financial statements, Saint Francis has had recurring losses from operations over the last three years. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in note 26. Our opinion is not modified with respect to these matters.

INDEPENDENT AUDITORS' REPORT

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021, on our consideration of Saint Francis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants, agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Saint Francis' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Saint Francis' internal control over financial reporting and compliance.

KCoe Jam, LLP

January 25, 2021
Salina, Kansas

FINANCIAL SECTION

Saint Francis Ministries, Inc., and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (note 2)	\$ 10,816	\$ 323,138
Accounts and contracts receivable - net (note 3)	14,691,863	13,908,775
Unconditional promises receivable (note 4)	122,191	122,191
Prepaid expenses	640,617	478,674
Other current assets (note 2)	540,872	436,976
Total Current Assets	16,006,359	15,269,754
Property, Plant, and Equipment - Net (note 8)	12,595,569	11,906,381
Other Assets		
Notes receivable - net of current portion (note 5)	174,498	117,748
Investments (notes 6 and 7)	11,908,803	10,798,512
Beneficial interest in split-interest agreements and perpetual trusts (note 7)	245,854	246,266
Land - life estate (note 19)	489,400	489,400
Other assets	887	892
Total Other Assets	12,819,442	11,652,818
TOTAL ASSETS	\$ 41,421,370	\$ 38,828,953

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

Saint Francis Ministries, Inc., and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Continued)

June 30	2019	2018
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 9,853,577	\$ 7,091,851
Current maturities of gift annuities payable (note 12)	2,375	323
Line of credit (note 10)	-	5,337,732
Current maturities of long-term obligations	5,272	14,096
Accrued salaries, fringe benefits, and security deposits	4,361,393	4,137,912
Total Current Liabilities	14,222,617	16,581,914
Long-Term Obligations - Less Current Maturities		
Line of credit (note 10)	9,100,989	-
Long-term obligations less current maturities (note 11)	-	5,271
Gift annuities payable (note 12)	2,083	6,647
Life estate liability (notes 7 and 19)	74,457	78,490
Total Long-Term Obligations	9,177,529	90,408
Deferred Operating Revenue	1,335,966	1,660,695
Total Liabilities	24,736,112	18,333,017
Net Assets		
Without donor restrictions (note 13)	8,612,759	12,968,931
With donor restrictions (note 14)	8,072,499	7,527,005
Total Net Assets	16,685,258	20,495,936
TOTAL LIABILITIES AND NET ASSETS	\$ 41,421,370	\$ 38,828,953

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

Saint Francis Ministries, Inc., and Subsidiaries

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Without Donor Restrictions	With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue (note 15)	\$ 133,569,022	-	-	\$ 133,569,022
Grant income	1,350,439	-	-	1,350,439
Total Operating Revenues	134,919,461	-	-	134,919,461
Operating Expenses				
Program services	119,465,392	-	-	119,465,392
Fundraising	1,219,574	-	-	1,219,574
Management and general	22,642,054	-	-	22,642,054
Total Operating Expenses	143,327,020	-	-	143,327,020
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(8,407,559)	-	-	(8,407,559)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	388,731	250,029	-	638,760
Legacies and bequests	431,597	-	-	431,597
Net assets released from restrictions	119,132	(119,132)	-	-
Total Gifts and Bequests	939,460	130,897	-	1,070,357
Other Income (Expense)				
Investment income	87,302	-	4	87,306
Gain on sale of assets - net	1,309,458	-	-	1,309,458
Change in value of securities - split-interest agreements and life estate (note 6)	(280,977)	415,736	(1,143)	133,616
Other income - net	1,996,144	-	-	1,996,144
Total Other Income (Expense)	3,111,927	415,736	(1,139)	3,526,524
TOTAL NONOPERATING CHANGES - NET	4,051,387	546,633	(1,139)	4,596,881
Total Change in Net Assets	(4,356,172)	546,633	(1,139)	(3,810,678)
Net Assets - Beginning of Year	12,968,931	4,266,030	3,260,975	20,495,936
Net Assets - End of Year	\$ 8,612,759	\$ 4,812,663	\$ 3,259,836	\$ 16,685,258

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

Saint Francis Ministries, Inc., and Subsidiaries

CONSOLIDATED STATEMENTS OF ACTIVITIES

(Continued)

Years Ended June 30, 2018	Without Donor Restrictions	With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue (note 15)	\$ 114,781,348	-	-	\$ 114,781,348
Grant income	1,100,342	-	-	1,100,342
Total Operating Revenues	115,881,690	-	-	115,881,690
Operating Expenses				
Program services	107,370,618	-	-	107,370,618
Fundraising	1,210,632	-	-	1,210,632
Management and general	17,573,168	-	-	17,573,168
Total Operating Expenses	126,154,418	-	-	126,154,418
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(10,272,728)	-	-	(10,272,728)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	420,782	399,315	-	820,097
Legacies and bequests	222,507	-	-	222,507
Net assets released from restrictions	160,771	(160,771)	-	-
Total Gifts and Bequests	804,060	238,544	-	1,042,604
Other Income (Expense)				
Investment income	28,306	-	51	28,357
Gain on sale of assets - net	1,802,001	-	-	1,802,001
Change in value of securities - split-interest agreements and life estate (note 6)	13,970	220,585	4,483	239,038
Other income - net	83,325	-	-	83,325
Total Other Income (Expense)	1,927,602	220,585	4,534	2,152,721
TOTAL NONOPERATING CHANGES - NET	731,662	459,129	4,534	3,195,325
Total Change in Net Assets	(7,541,066)	459,129	4,534	(7,077,403)
Net Assets - Beginning of Year	20,509,997	3,806,901	3,256,441	27,573,339
Net Assets - End of Year	\$ 12,968,931	\$ 4,266,030	\$ 3,260,975	\$ 20,495,936

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

Saint Francis Ministries, Inc., and Subsidiaries
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2019	Program Services	Fund- raising	Management and General	Total
EXPENSES				
Salaries and Related Expenses				
Salaries and wages	\$ 41,028,842	\$ 658,804	\$ 8,976,044	\$ 50,663,690
Employee health and retirement benefits	6,306,734	126,724	1,391,206	7,824,664
Payroll taxes and unemployment compensation	3,065,094	36,097	606,648	3,707,839
Total Salaries and Related Expenses	50,400,670	821,625	10,973,898	62,196,193
Other Expenses				
Patient services	7,048,318	-	-	7,048,318
Program expenses	302,432	-	15,755	318,187
Office and communication expense	1,763,509	67,794	1,837,927	3,669,230
Advertising and direct mail	61,714	22,578	15,263	99,555
Transportation and vehicle expense	1,750,426	18,125	98,044	1,866,595
Staff development expense	223,606	20,020	1,060,432	1,304,058
Consultants	154,216	17,789	4,604,012	4,776,017
Contract services	52,354,982	12,282	475,426	52,842,690
Travel and public relations	1,949,389	185,851	1,199,986	3,335,226
Board of Directors	-	-	37,670	37,670
Accreditation fees	-	-	5,165	5,165
Occupancy	1,891,402	2,657	1,017,538	2,911,597
Insurance	917,429	8,074	224,559	1,150,062
Depreciation (note 8)	442,796	28,066	671,165	1,142,027
Interest	-	-	272,671	272,671
Miscellaneous	204,503	14,713	132,543	351,759
Total Other Expenses	69,064,722	397,949	11,668,156	81,130,827
TOTAL EXPENSES	\$ 119,465,392	\$ 1,219,574	\$ 22,642,054	\$ 143,327,020

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

Saint Francis Ministries, Inc., and Subsidiaries

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

(Continued)

Years Ended June 30, 2018	Program Services	Fund- raising	Management and General	Total
EXPENSES				
Salaries and Related Expenses				
Salaries and wages	\$ 36,889,209	\$ 622,475	\$ 8,740,407	\$ 46,252,091
Employee health and retirement benefits	4,707,412	87,972	1,200,098	5,995,482
Payroll taxes and unemployment compensation	2,643,980	36,738	591,665	3,272,383
Employee moving and living allowance	1,876	-	11,516	13,392
Total Salaries and Related Expenses	44,242,477	747,185	10,543,686	55,533,348
Other Expenses				
Patient services	5,639,947	-	174	5,640,121
Program expenses	270,157	-	19,239	289,396
Office and communication expense	1,748,109	62,887	841,122	2,652,118
Advertising and direct mail	277,353	58,673	30,168	366,194
Transportation and vehicle expense	1,481,392	18,791	102,729	1,602,912
Staff development expense	287,541	22,157	484,923	794,621
Consultants	542,023	40,123	2,493,076	3,075,222
Contract services	46,671,650	16,492	437,022	47,125,164
Travel and public relations	2,397,015	198,189	800,232	3,395,436
Board of Directors	-	-	53,636	53,636
Accreditation fees	-	-	12,035	12,035
Occupancy	1,778,135	5,128	493,544	2,276,807
Insurance	980,015	7,927	283,419	1,271,361
Depreciation (note 8)	860,632	20,120	732,399	1,613,151
Interest	-	-	119,584	119,584
Miscellaneous	194,172	12,960	126,180	333,312
Total Other Expenses	63,128,141	463,447	7,029,482	70,621,070
TOTAL EXPENSES	\$ 107,370,618	\$ 1,210,632	\$ 17,573,168	\$ 126,154,418

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

Saint Francis Ministries, Inc., and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third-party payors	\$ 132,461,205	\$ 118,683,931
Cash received from grants	1,200,867	1,111,716
Receipts of gifts and bequests	825,039	821,261
Interest and dividends received	14,740	-
Miscellaneous receipts	124,537	142,596
Cash paid to employees and suppliers	(140,208,783)	(123,651,767)
Interest paid	(119,584)	(119,584)
NET CASH USED IN OPERATING ACTIVITIES	(5,701,979)	(3,011,847)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(796,306)	(1,135,327)
Purchase of investments	(25,453,624)	(3,305,175)
Proceeds from sale of property and equipment and other assets	983,690	2,038,666
Proceeds from sales and maturities of investments	23,975,628	1,871,685
Proceeds from surrender of annuity contracts	1,092,867	-
Proceeds from sale of oil interests	1,910,000	-
Advances on notes receivable	(75,693)	-
Proceeds from notes receivable	-	50,000
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	\$36,562	(480,151)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of annuity obligations	(2,512)	(325)
Payments on long-term obligations	(14,095)	(16,335)
Net proceeds (payments) on line of credit	3,763,257	3,237,732
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,746,650	3,221,072
Net Change in Cash and Cash Equivalents	(318,767)	(270,926)
Cash and Cash Equivalents - Beginning of Year	399,160	670,086
Cash and Cash Equivalents - End of Year	\$ 80,393 \$	399,160
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Reconciliation of Cash Flow to the Consolidated Statements Financial Position		
Cash and cash equivalents	\$ 10,816 \$	323,138
Restricted cash included in other current assets	69,577	76,022
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	\$80,393 \$	399,160

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

Saint Francis Ministries, Inc., and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

Years Ended June 30	2019	2018
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Change in net assets	\$ (3,810,678)	(7,077,403)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Annuity interest reinvested	(73,405)	(29,196)
Depreciation	1,142,027	1,613,151
Loan forgiveness	18,943	7,142
(Gain) Loss on disposition of investments	(521,758)	(288,090)
(Gain) Loss on disposition of property and equipment	(787,700)	(1,513,911)
(Gain) Loss on sale of mineral interests	(1,910,000)	-
Stock contributions	-	(11,425)
Changes in fair market value of:		
Investments	(112,577)	(227,338)
Split-interest agreements and perpetual trusts	1,143	(9,321)
Annuity contracts	(17,418)	-
Contributions receivable - gift annuities	(730)	-
Life estate liability	(4,033)	(2,380)
Changes in assets and liabilities:		
Accounts and contracts receivable	(783,088)	3,561,733
Unconditional promises receivable	-	1,597
Prepaid expenses	(161,943)	(281,543)
Other current assets	(110,341)	71,486
Accounts payable	1,530,827	(408,499)
Annuities payable	-	(2)
Accrued salaries, fringe benefits, and security deposits	223,481	1,241,302
Deferred operating revenue	(324,729)	340,850
Total Adjustments	(1,891,301)	4,065,556
NET CASH USED IN OPERATING ACTIVITIES	\$ (5,701,979)	(3,011,847)

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Other Noncash Activities

Purchase of property, plant, and equipment financed with accounts payable	\$ 1,230,899	-
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The accompanying notes are an integral part of these consolidated financial statements.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

Nature of Activities Saint Francis Ministries, Inc., and its wholly-owned subsidiaries (collectively, Saint Francis), are not-for-profit, child welfare organizations, with a mission of providing healing and support to children and families. Saint Francis currently operates in the states of Kansas, Oklahoma, Mississippi, Texas, and Arkansas. Under the terms of the bylaws and the operating agreements established by the parent and subsidiary corporations, the parent corporation, as sole member of the subsidiary corporations, elects the Board of Directors of each subsidiary corporation. Saint Francis Community Services Inc., changed their name to Saint Francis Ministries, Inc. on February 26, 2019.

Saint Francis Foundation, Inc. (Foundation), was organized on September 27, 2017. The Foundation is a public charity, was organized and is operated for the benefit of, and to support and carry out the purposes of Saint Francis Ministries, Inc. The initial directors of the Foundation were appointed by Saint Francis Ministries, Inc. There will be no less than three and no more than five directors of the Board of Directors. At all times, at least three of the directors shall be individuals serving as members of Saint Francis' Board of Directors. Because of the economic interest and control, the Foundation is included with Saint Francis Ministries, Inc., and its wholly-owned subsidiaries when referring to Saint Francis.

Principles of Consolidation The accompanying consolidated financial statements include the accounts of Saint Francis Ministries, Inc., and its wholly-owned subsidiaries: Bridgeway Apartments, Inc.; Saint Francis Community and Residential Services, Inc.; Saint Francis Community Services in Mississippi, Inc.; Saint Francis Community and Family Services, Inc.; Saint Francis Community Services in Nebraska, Inc.; Saint Francis Community Services in Oklahoma, Inc.; Saint Francis Community Services in Arkansas, Inc.; and Saint Francis Community Outreach Services, Inc.; and the accounts of Saint Francis Foundation, Inc. (collectively, Saint Francis). All significant intercompany transactions have been eliminated in consolidation.

The following subsidiaries were incorporated as of June 30, 2019, but there was no activity in these corporations as of that date: Saint Francis Community Services in Texas, Inc.; and Saint Francis Ministries in Illinois, Inc. Activity related to these entities, if any, was conducted in subsidiaries mentioned in the previous paragraph.

Income Tax Exemption Saint Francis is exempt from federal income taxes under Section 501(c)(3) of the *Internal Revenue Code* (IRC), and the entities are not private foundations. Saint Francis files a federal exempt organization income tax return. Tax returns of Saint Francis are subject to U.S. federal income tax examinations by tax authorities generally for a period of three years after the date of the tax returns.

The Foundation is a supporting organization within Section 509(a)(3) of the IRC and is supervised and controlled in connection with Saint Francis.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Consolidated Financial Statement Presentation Saint Francis reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets in this category are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary and secondary objectives of the organization. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets in this category are subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be terminated by the actions or by passage of time. Other donor restrictions are perpetual in nature, whereby the donors have stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported in the statements of activities as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Basis of Accounting The records are maintained, and consolidated financial statements prepared on the accrual basis of accounting.

Use of Estimates The preparation of consolidated financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, the reported revenues and expenses during the reporting period, and the disclosures in the consolidated financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents For purposes of the consolidated statements of cash flows, Saint Francis generally considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts and Contracts Receivable Accounts and contracts receivable are stated at unpaid amounts, net of allowances for uncollectible accounts and contractual adjustments. The allowance for uncollectible accounts is established through provisions charged against revenue and is maintained at a level believed adequate by management to absorb estimated bad debts based on historical experience and current economic conditions. Accounts and contracts receivable are considered past due when they are upon payment terms set forth at the date of the related service provided.

Notes Receivable Notes receivable are presented at the outstanding unpaid principal balance, net of allowance for credit losses. The allowance for credit losses on the notes receivable is established through provisions for losses charged against revenue. The allowance for credit losses on notes receivable is maintained at a level believed adequate by management to absorb estimated probable credit losses. Management believes that the notes receivable are fully collectible; therefore, no allowance for credit losses is recorded.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Property, Plant, Equipment, and Depreciation Property, plant, and equipment are recorded at cost if purchased or at fair market value on the date of the gift if donated. Saint Francis capitalizes property and equipment with a useful life greater than one year and cost in excess of \$5,000. Depreciation expense is determined using the straight-line method over the estimated useful life of each depreciable asset.

Software Development Costs Software development costs include costs to develop software to meet internal needs and cloud based applications used to deliver services. Saint Francis capitalizes development costs related to these software applications once the preliminary project is complete, it is probable that the project will be completed, and the software will be used to perform the function intended.

Investments Investments in equities and mutual funds with readily determinable fair values are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are reported in the consolidated statements of activities as increases or decreases in net assets.

The unrealized gains and losses are allocated to net assets without donor restrictions unless specifically restricted by the donor. Short-term investments are stated at cost, which approximates fair value.

Beneficial Interest in Split-Interest Agreements and Perpetual Trusts Split-interest trusts and assets of trusts that are irrevocable by the grantor, are included in the consolidated statements of financial position. The assets are recorded at the present value of the expected future cash receipts from the trusts' assets.

Donors have established charitable gift annuities with a third party and named Saint Francis as beneficiary. The present value of the expected future cash receipts from these annuities is recorded as an asset.

Gift Annuities Payable Certain donors have entered into charitable gift annuities directly with Saint Francis. These annuities are accounted for using the actuarial method. Assets are recorded at fair market value at the date of the receipt. Liabilities for future annuity payments are recorded at their present value, based upon Internal Revenue Service (IRS) life expectancy tables.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Fair Value Measurement Saint Francis determines the fair value of investments using three levels of input as defined by related accounting standards. The accounting standards define a fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy established by the standards prioritizes the inputs used in valuation techniques into three levels as follows:

Level 1: Inputs to the valuation methodology are unadjusted, quoted prices for identical assets or liabilities in active markets that Saint Francis has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be based on an observable market for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Annuities: Annuity contracts are valued based upon the cash surrender value balance provided by the issuer of the annuity.

Greater Salina Community Foundation: The account held at Greater Salina Community Foundation (the Community Foundation) is valued based upon information provided by the Community Foundation. Saint Francis considers the measure of this account to be a level 3 measurement within the fair value measurement hierarchy because the significant inputs are unobservable. (See note 9.)

Beneficial Interest in Perpetual Trusts: Saint Francis has beneficial income interests in perpetual trusts administered by third parties. The income earned from these trusts is available for organizational purposes as determined by donor restrictions. Beneficial interests are recognized in the consolidated financial statements at the fair market value of net assets held in the trusts, which approximates the present value of the future cash flows of the trusts using a discount rate of 2%. Saint Francis considers the measurement of its beneficial interest in the perpetual charitable trust to be a level 3 measurement within the fair value measurement hierarchy because, even though the measurement is based on the unadjusted fair value of trust assets reported by the trustee, Saint Francis will never receive those assets or have the ability to direct the trustee to redeem them.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Charitable Remainder Trusts and Gift Annuities: Saint Francis has a beneficial interest in charitable remainder trusts and charitable gift annuities administered by third parties. Charitable remainder trusts and gift annuities are valued using an income approach based on calculating the present value of the projected future distributions expected to be received. Saint Francis re-measures the fair value of these investments annually and adjusts the measurement inputs based on statements received from the trustee, market conditions, and other relevant data including life expectancy and a discount rate of 3.4%.

Land - Life Estate: The fair value for the land - life estate is determined by using information for similar property.

Common Trust Fund: A stable value fund that is composed primarily of fully benefit-responsive investment contracts, fixed income securities, and money market funds, that is valued at the asset value of units of the bank collective trust.

Exchange Traded Funds: These assets are valued at the net asset value reported on the active market on which the securities are traded. The valuation occurs throughout the day based on the market value of the underlying securities as well as the market supply and demand for the particular exchange trade fund.

Mutual Funds: Assets are valued at the daily closing price as reported by the fund. Mutual funds held by Saint Francis are open-ended mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by Saint Francis are deemed to be actively traded.

Debt Securities: Assets are valued using pricing models maximizing the use of observable market data for similar securities.

Life Estate Liability: Saint Francis has a liability associated with a life estate. The value of the life estate is estimated based on donor life expectancy and a discount rate of 3.4%.

Operating Revenues, Other Income, and Expenses All non-contribution revenue/income is recorded when earned/entitled and all expenses are recorded when incurred, in accordance with the accrual basis of accounting.

Financial Aid (Charity Care) Saint Francis provides care to youth and families who meet its criteria under its financial aid policy without charge or at amounts less than its established rates. Because Saint Francis does not pursue collection of amounts determined to qualify as financial aid, they are recorded as revenue and written off as financial aid in the same period.

Net Maintenance Revenue Net maintenance revenue are reported at the estimated net amounts from patients, third-party payors, and others for services rendered. Revenue is recorded when services are provided.

Contributions and Other Financial Support Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the reporting period are reported as net assets without donor restrictions.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Contributions received and unconditional promises receivable are measured at their fair value and reported as an increase in net assets in the year in which there is sufficient evidence in the form of verifiable documentation that a promise was made and received, and when the amount of the contribution is ascertainable. Financial support includes legacies, bequests, and contributions from donors. Saint Francis reports gifts of cash and other assets as restricted financial support if they are received in accordance with donor stipulations that limit the use of the donated assets, or if they are designated as financial support for future periods. When a donor restriction expires, that is, when a stipulated time restriction or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the consolidated statements of activities as released from restrictions.

Saint Francis reports gifts of goods and equipment as net assets without donor restriction if the donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with donor restrictions that specify how the assets are to be used and gifts of cash or other assets that are used to acquire long-lived assets are reported as net assets with donor restrictions. Saint Francis reports the expiration of donor restrictions when the donated or acquired long-lived assets are placed in service, unless the donor has stipulated how long those assets must be maintained.

Donated Services, Goods, and Facilities Donated professional services are reflected in the consolidated statements of activities at their fair value. Professional services donated for the years ended June 30, 2019 and 2018, were \$53,800 and \$15,553, respectively. Materials and other assets donated are recorded and reflected in the accompanying consolidated financial statements at their fair values at the date of receipt.

Net Board Directed and Endowment Income The net endowment income and that income earned by the Board Directed/Quasi Endowment net assets without donor restrictions are reported as non-operating gains when the income is unrestricted. Income earned by the Endowment Fund for the provisions investments is recorded as an addition to net assets with donor restrictions. Investment revenues are reported net of related expenses, such as custodial fees and investment advisor fees. Investment expenses totaled \$67,630 and \$52,496 for the years ended June 30, 2019 and 2018, respectively.

Functional Allocation of Expenses The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. The presentation of expenses by function and nature is included in the statements of functional expenses. Saint Francis charges program expenses incurred for a specific function directly to the program or supporting service category. Costs that can be specifically identified as being incurred for the activities of that program or supporting service are allocated to that program or supporting service. Other costs that are incurred by Saint Francis benefit more than one program or supporting service and are allocated on a reasonable basis that is consistently applied. Payroll and related expenses are allocated based on estimates of time and effort; other costs including depreciation, listener support, certain occupancy and office costs, promotion and marketing, engineering, and computers and software are allocated based on estimates of usage or benefit received by each function. Saint Francis re-evaluates its allocation method each year to determine if there are adjustments that are necessary to the allocation method based on actual activities conducted during the year.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Expenses The subsidiary corporations have contracted with Saint Francis for the procurement of supporting services. These contract service fees paid by each corporation to the parent are eliminated in the consolidation.

Self-Insurance Saint Francis is self-insured with respect to group health insurance for eligible employees, subject to plan guidelines with a specific maximum per participant. Saint Francis estimates its liability for the risks covered by the program.

Advertising Costs Saint Francis expenses advertising costs as the costs are incurred. Advertising expenses for the years ended June 30, 2019 and 2018, were \$99,556 and \$355,740, respectively.

New Accounting Pronouncement In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Intangible Assets and Liabilities*. The update addressed the complexity and understandability of classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Saint Francis has adopted the presentation of these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Reclassifications Certain reclassifications have been made to the prior-year consolidated financial statements to conform them to the current-year consolidated financial statements.

Evaluation of Subsequent Events Saint Francis has evaluated subsequent events through June 30, 2021, the date the consolidated financial statements were available to be issued.

2. RESTRICTED CASH, CASH EQUIVALENTS, AND OTHER CURRENT ASSETS

At June 30, 2019 and 2018, Saint Francis held cash and cash equivalents of \$453,112 and \$500,000, respectively. The board designated and temporarily donor restricted funds, respectively.

Under regulatory agreements with the U.S. Department of Housing and Urban Development (HUD), Saint Francis is required to set aside specified amounts for the Bridgeway Apartments, Inc., project for the replacement of property and other project expenditures approved by HUD. HUD-restricted funds are held in separate accounts and generally are not available for operating purposes. As of June 30, 2019 and 2018, HUD-restricted deposits of \$65,082 and \$71,536, respectively, were included in other current assets.

3. ACCOUNTS AND CONTRACTS RECEIVABLE

Accounts and contracts receivable at June 30, 2019 and 2018, is net of the allowance for uncollectible accounts of \$83,571 and \$83,571, respectively.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. UNCONDITIONAL PROMISES RECEIVABLE

Unconditional promises to give are as follows:

June 30	2019	2018
Unconditional promises to give due in:		
Less than one year	\$ 122,191	\$ 122,191

For each of the years ended June 30, 2019 and 2018, Saint Francis had unconditional promises to give receivable related to the capital campaign in the amount of \$1,172 and other unconditional promises to give totaling \$121,019.

There was no allowance for unconditional promises for the years ended June 30, 2019 and 2018. Saint Francis does not have any conditional promises as of June 30, 2019 and 2018.

5. NOTES RECEIVABLE

On June 16, 2014, Saint Francis loaned \$59,000 to a member of management. The note is forgivable after the third year of employment at a rate of 1% of the loan amount each year for the subsequent five years thereafter. Full forgiveness of the note would be achieved on year eight of employment. If employment ends at any time before the eighth year of employment, the remaining balance will be due in five equal annual installments beginning on the date of termination or cessation of employment on the same date each year thereafter. Interest will be applied to the outstanding amount not yet repaid at the prime rate as published by the *Wall Street Journal* at the time of termination. The balance of the loan was \$47,200 and \$59,000 as of June 30, 2019 and 2018, respectively.

On November 18, 2015, Saint Francis loaned \$50,000 to a member of management. The note is forgivable after the first year of employment at a rate of 1% of the loan amount each year for the subsequent seven years thereafter. Full forgiveness of the note would be achieved on year eight of employment. If employment ends at any time before year eight of employment, the remaining balance will be due at the date of termination or cessation of employment. Interest will be applied to the outstanding amount not yet repaid at the *Wall Street Journal* prime rate at the time of signing. The balance of the loan was \$35,714 and \$42,858 as of June 30, 2019 and 2018, respectively.

On April 11, 2019, Saint Francis entered into a line of credit with Saint Francis El Salvador, S.A., which the maximum amount of \$300,000 to be advanced. There is no guarantee or collateral for the loan was for one year ending December 31, 2019, with automatic renewal each year. Interest has not been accrued on this loan. The balance at June 30, 2019, was \$75,694.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. INVESTMENTS

The schedule below summarizes the investments of Saint Francis:

June 30		2019	2018
Equities and common trust funds	\$	-	\$ 9,682,782
Exchange traded funds		4,483,813	-
Mutual funds - index		2,553,584	-
Mutual fund - cash equivalent		755,820	-
Debt securities		4,059,237	-
Annuities		-	1,059,941
Greater Salina Community Foundation		20,786	20,786
Other investments		35,563	35,003
Total Investments	\$	11,908,803	\$ 10,798,512

The change in value of investments, split-interest agreements, and life estate is computed as follows:

Years Ended June 30		2019	2018
Investments	\$	112,577	\$ 201,576
Annuities		17,418	25,761
Perpetual trusts		(1,143)	4,483
Charitable remainder trusts and gift annuities		730	4,838
Life estate liability		4,034	2,380
Total Change in Value	\$	133,616	\$ 239,038

Saint Francis invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, Saint Francis' assets and liabilities measured at fair value:

June 30, 2019	Level 1	Level 2	Level 3	Total
ASSETS				
Other Holdings				
Exchange traded funds	\$ 4,483,813	\$ -	\$ -	\$ 4,483,813
Mutual funds	3,309,404	-	-	3,309,404
Debt securities	-	4,059,237	-	4,059,237
Greater Salina Community Foundation	-	-	20,786	20,786
Beneficial interest in perpetual trusts	-	-	218,839	218,839
Charitable remainder trusts	-	-	27,015	27,015
Land - life estate	-	489,400	-	489,400
TOTAL ASSETS	\$ 7,793,217	\$ 4,548,637	\$ 266,640	\$ 12,608,494
LIABILITIES				
Life estate liability	\$ -	\$ -	\$ 74,457	\$ 74,457
June 30, 2018				
ASSETS				
Other Holdings				
Annuities	\$ -	\$ -	\$ 1,059,941	\$ 1,059,941
Greater Salina Community Foundation	-	-	20,786	20,786
Beneficial interest in perpetual trusts	-	-	219,982	219,982
Charitable remainder trusts	-	-	26,284	26,284
Land - life estate	-	489,400	-	489,400
Total Other Holdings	-	489,400	1,326,993	1,816,393
Common trust funds measured at net asset value				9,682,782
TOTAL ASSETS	\$ -	\$ 489,400	\$ 1,326,993	\$ 11,499,175
LIABILITIES				
Life estate liability	\$ -	\$ -	\$ 78,490	\$ 78,490

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The change in fair value of level 3 assets was as follows:

June 30	2019	2018
Balance - Beginning of Year	\$ 1,326,993	\$ 1,265,089
Annuities surrendered	(1,077,358)	-
Total gains (losses) - realized and unrealized	17,005	61,904
Balance - End of Year	\$ 266,640	\$ 1,326,993

8. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment was comprised of the following:

June 30	2019	2018
Buildings and leasehold improvements	\$ 13,995,545	\$ 13,888,040
Land improvements	582,151	582,151
Furniture and equipment	3,430,032	3,188,873
Transportation equipment	5,571,769	6,051,172
Livestock and equipment	47,638	47,638
Subtotals	23,627,135	23,757,874
Deduct: Accumulated depreciation	14,096,220	13,466,602
Subtotals	9,530,915	10,291,272
Land	794,076	761,149
Software development costs in progress	2,266,276	700,036
Construction in progress	4,302	153,924
Property, Plant, and Equipment - Net	\$ 12,595,569	\$ 11,906,381

Depreciation expense for the years ended June 30, 2019 and 2018, totaled \$1,142,027 and \$ respectively.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

9. ASSETS TRANSFERRED TO A RECIPIENT ORGANIZATION

During the year ended May 31, 2001, Saint Francis permanently transferred \$10,000 to the Community Foundation for the establishment of the Saint Francis Academy Fund. The Community Foundation makes annual distributions to Saint Francis of an amount up to, but not to exceed, 5% of the fair market value. The Community Foundation has variance power over the funds as required by the IRS. At June 30, 2019 and 2018, the fair value of this asset was \$20,786 (see note 6).

10. LINE OF CREDIT

Saint Francis Ministries, Inc., entered into a business loan agreement with a financial institution on May 3, 2017, which was renewed April 1, 2018, and March 14, 2019, and provides for a line of credit in the amount of \$10,000,000 of which \$899,011 and \$4,662,268 was unused, respectively, at June 30, 2019 and 2018. Advances on this line of credit carried an interest rate of 5.5% and 5.0% as of June 30, 2019 and 2018, respectively. Monthly payments of all accrued unpaid interest began May 1, 2019. The line of credit is secured by a blanket commercial lien, primarily encompassing accounts receivable, equipment, and a portion of investments held by Saint Francis Foundation, Inc. This line of credit matures on January 31, 2021. The financial institution has approved an additional six-month extension.

On March 14, 2019, Saint Francis Ministries, Inc., entered into an amendment of a business loan agreement whereby a certain covenant violation as of June 30, 2019, was waived. In addition, certain covenant requirements through the maturity of the loan period were modified, and specific collateral was pledged. The agreement was modified on September 16, 2020, with the maturity date extended to January 31, 2021.

As of January 21, 2021, \$4,145,057 had been borrowed on the line of credit.

Interest expense on the line of credit for the years ended June 30, 2019 and 2018, was \$250,000 and \$118,850, respectively.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11. LONG-TERM OBLIGATIONS

On November 23, 2016, Saint Francis borrowed \$30,303 for the purchase of a vehicle. The note has an interest rate of 3.39%. As of June 30, 2019 and 2018, the balance of the note was \$5,272 and \$10,274, respectively; of which \$5,272 and \$10,274 was current, respectively. Monthly interest and principal payments of \$887 are due.

On January 20, 2017, Saint Francis borrowed \$12,843 for the purchase of a vehicle. The note has an interest rate of 2.99%. As of June 30, 2019 and 2018, the balance of the note was \$-0- and \$3,822, respectively; of which \$-0- and \$3,822 was current, respectively. Monthly interest and principal payments were \$553.

Saint Francis has pledged the vehicles as collateral on the notes.

Interest expense on the long-term debt was \$418 and \$1,664 for the year ended June 30, 2019 and 2018, respectively.

The aggregate maturities of all long-term obligations following June 30, 2019, are presented below:

Years Ending June 30		
2020	\$	5,272
2021		9,100,989
Total	\$	9,106,261

12. GIFT ANNUITIES PAYABLE

Gift annuities were as follows:

June 30	Portion		Total
	Current	Long-term	
2019	\$ 2,375	\$ 2,083	\$ 4,458
2018	\$ 323	\$ 6,647	\$ 6,970

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions included the following:

Years Ended June 30	2019	2018
Board Directed		
Balance - beginning of year	\$ 6,429,022	\$ 4,312,398
Quasi-Endowment:		
Investment income	41,361	4,514
Transfer in per board authorization	27,035	3,474
Gain on sale of securities	747,004	134,577
Change in value of securities	69,946	106,568
Change in value of annuities	17,418	25,761
Land sale transfers in per board authorization	-	1,619,223
Trusts	-	222,507
Contributions - trusts	431,492	-
Contributions - gift annuities	3,799	-
Total Board Directed	7,767,077	6,429,022
Unrestricted	845,682	6,539,909
Total Net Assets Without Donor Restrictions	\$ 8,612,759	\$ 12,968,931

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions included the following:

Year Ended June 30, 2019	Specific Purpose In Perpetuity		Total
Net Assets With Donor Restrictions			
Restricted for a specific use:			
Program items	\$ 2,911,405	-	\$ 2,911,405
Special provisions endowment	-	475,537	475,537
Regular endowment	-	2,784,299	2,784,299
Total Restricted for a Specific Use	2,911,405	3,259,836	6,171,241
Restricted by the passage of time:			
Split-interest agreements	27,015	-	27,015
Land with life estate	414,943	-	414,943
HUD capital advance	1,459,300	-	1,459,300
Total Restricted by the Passage of Time	1,901,258	-	1,901,258
Total Net Assets With Donor Restrictions	\$ 4,812,663	\$ 3,259,836	\$ 8,072,499

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Year Ended June 30, 2018	Specific Purpose In Perpetuity		Total
Net Assets With Donor Restrictions			
Restricted for a specific use:			
Program items	\$ 2,369,536	-	\$ 2,369,536
Special provisions endowment	-	475,532	475,532
Regular endowment	-	2,785,443	2,785,443
Total Restricted for a Specific Use	2,369,536	3,260,975	5,630,511
Restricted by the passage of time:			
Split-interest agreements	26,284	-	26,284
Land with life estate	410,910	-	410,910
HUD capital advance	1,459,300	-	1,459,300
Total Restricted by the Passage of Time	1,896,494	-	1,896,494
Total Net Assets With Donor Restrictions	4,266,030	3,260,975	7,527,005

Bridgeway Apartments, Inc., has agreements with the HUD whereby HUD made capital advances to Bridgeway Apartments, Inc., for Project I and Project II in the amounts of \$689,000 and \$1,459,300, respectively. The capital advances were used to finance the construction of an independent living complex for the developmentally disabled. Saint Francis is the sponsor organization. The advances bear no interest and are not required to be repaid so long as the housing remains available for very low-income persons with disabilities for at least 40 years in accordance with Section 502 of the National Housing Act. The capital advances are secured by real estate in Pearl River County, Tennessee. These advances are included in temporarily restricted net assets. If either of the projects were to discontinue maintenance of the projects for the specified resident category, a mortgage would be required and monthly payments would be required.

Changes in the components of net assets with permanent donor restrictions included the following:

	Special Provisions Endowment	Regular Endowment	Total
Balance - June 30, 2017	\$ 475,481	\$ 2,780,960	3,256,441
Change in value of perpetual trusts	-	4,483	4,483
Restricted income transferred to special provisions	51	-	51
Balance - June 30, 2018	475,532	2,785,443	3,260,975
Change in value of perpetual trusts	-	(1,143)	(1,143)
Restricted income transferred to special provisions	4	-	4
Balance - June 30, 2019	\$ 475,536	\$ 2,784,300	3,259,836

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15. FINANCIAL AID AND NET MAINTENANCE REVENUE

Saint Francis has agreements with third-party payors that provide for payments to Saint Francis at amounts different from its established rates. In addition, Saint Francis maintains records to monitor the level of financial aid it provides. The following information measures the financial aid provided to clients and the discounts and contractual adjustments related to third-party payor agreements.

Years Ended June 30	2019	2018
Maintenance Revenue	\$ 150,581,986	\$ 130,505,228
Less:		
Discounts and contractual adjustments	3,849,007	2,744,219
Financial aid (charity care)	7,696	69,237
Cost settlement reserve (recovery)	(3,087,459)	(1,814,157)
Intercompany maintenance revenue	16,243,720	14,724,581
Subtotals	17,012,964	15,723,880
Net Maintenance Revenue	\$ 133,569,022	\$ 114,781,348

The subsidiary corporations operate residential facilities at Salina, Kansas, and Picayune, Mississippi. Family Preservation, Reintegration/Foster Care/Adoption, and Family Foster Care services are provided in Kansas. Therapeutic and Bridge Foster Care services are also provided in Oklahoma. Supported Foster Care, Intensive Family Preservation, Family Support, and Visitation Supervision services are provided in Nebraska. Substantially all of the net maintenance fees are from governmental agencies (third-party payors).

Saint Francis recognizes patient revenue associated with services provided to patients who have third-party, or other health insurance coverage on the basis of contractual rates for the services provided. For uninsured patients who do not qualify for charity care, Saint Francis recognizes revenue at its standard rates for services provided. A portion of Saint Francis' uninsured patients will be provided charity care for the services provided and Saint Francis provides charity care to those patients who meet the requirements. The cost of providing this charity care was \$11,947 and \$64,422 for the years ended June 30, 2019 and 2018, respectively.

16. ENDOWMENT ASSETS

Saint Francis' endowment consists of various individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Saint Francis, over the long term, expects the current spending policy to allow its endowment to grow. This is consistent with Saint Francis' objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. To that objective, Saint Francis has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Actual returns in any given year may vary from expectations. Investment risk is measured in terms of the total endowment fund, investment mix, and allocation between asset classes. Strategies are managed to not expose the fund to undue levels of risk.

The Board of Directors of Saint Francis has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Saint Francis classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor-restricted net assets in perpetuity, is classified as other donor-restricted net assets until those assets are appropriated for expenditure by Saint Francis in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Saint Francis considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of Saint Francis and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of Saint Francis; and
- (7) The investment policies of Saint Francis.

The endowment net assets composition by type was as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose In Perpetuity	Total
June 30, 2019:			
Donor-restricted	\$ -	\$ 1,518,052	\$ 4,777,888
Board-directed quasi	7,767,077	-	7,767,077
Total Endowments	\$ 7,767,077	\$ 1,518,052	\$ 12,544,965
June 30, 2018:			
Donor-restricted	\$ -	\$ 1,176,090	\$ 4,437,065
Board-directed quasi	6,429,022	-	6,429,022
Total Endowments	\$ 6,429,022	\$ 1,176,090	\$ 10,866,087

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Changes in endowment net assets were as follows:

June 30, 2019	Net Assets Without Donor Restrictions	Specific Purpose	Net Assets With Donor Restrictions In Perpetuity	Total
Endowment Net Assets - June 30, 2017	\$ 4,312,398	\$ 1,025,759	\$ 3,256,441	8,594,598
Investment income	4,514	740	2,624	7,878
Contributions	222,507	-	-	222,507
Transfer in per board authorization	1,619,223	-	(2,624)	1,616,599
Net appreciation - realized and unrealized	266,906	150,331	4,483	421,720
Restricted income transferred to special provisions	-	-	51	51
Appropriation of endowment assets for expenditure	3,474	(740)	-	2,734
Endowment Net Assets - June 30, 2018	6,429,022	1,176,090	3,260,975	10,866,087
Investment income	41,361	6,448	19,561	67,370
Contributions	435,291	-	-	435,291
Transfer in per board authorization	27,035	-	(19,561)	7,474
Net appreciation - realized and unrealized	834,368	341,962	(1,143)	1,175,187
Restricted income transferred to special provisions	-	-	4	4
Appropriation of endowment assets for expenditure	-	(6,448)	-	(6,448)
Endowment Net Assets - June 30, 2019	\$ 7,767,077	\$ 1,518,052	\$ 3,259,836	12,544,965

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

17. LEASES

Leases for building space have been entered into by Saint Francis. These leases have a provision that allows Saint Francis to terminate the leases under certain situations. Rent expenses on these leases totaled \$1,656,906 and \$1,293,149 for the years ended June 30, 2019 and 2018, respectively. The minimum lease payments required under these operating leases with original terms in excess of one year are as follows:

Years Ending June 30

2020	\$	1,436,527
2021		1,791,344
2022		1,140,881
2023		926,842
2024		797,384
Total	\$	6,092,978

Saint Francis has also entered into leases for certain office equipment. All of these leases are classified as operating leases and have terms expiring annually. Rent expense on these leases totaled \$148,213 and \$89,775 for the years ended June 30, 2019 and 2018, respectively.

During the year ended June 30, 2019, Saint Francis entered into a master-lease agreement with Enterprise Holdings, which was classified as an operating lease. As a result of this lease agreement, Enterprise Holdings now maintains all of Saint Francis' vehicles, including vehicles that are owned by Saint Francis. Total lease expense for this lease agreement was \$255,600 for the year ended June 30, 2019.

18. PENSION PLANS

Saint Francis has the following retirement plans:

Clergy Plan: Six employees who are Episcopal clergy are covered under a multi-employer pension plan with the Church Pension Fund that was established by the General Convention of the Episcopal Church. Under this defined benefit plan, the clergy accrue benefits that are determined by formula at the time of retirement, disability, or death. These benefits do not fluctuate due to market performance. Saint Francis contributed 8% of clergy's total assessable compensation. The plan also provides both life and disability benefit coverage. Reports are available upon request from the Church Pension Group. The total amounts contributed by Saint Francis for the years ended June 30, 2019 and 2018, were \$91,842 and \$149,375, respectively.

401(k) Plan: Effective January 1, 2010, Saint Francis established the Saint Francis Community Services, Inc. 401(k) Plan. On October 10, 2019, the name of the plan was changed to Saint Francis Ministries, Inc. 401(k) Plan. Under the 401(k) plan, Saint Francis makes contributions both matching and discretionary, for employees who meet certain age and length of service requirements. The total amounts expensed by Saint Francis for the years ended June 30, 2019 and 2018, were \$1,191,324 and \$146,146, respectively.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

19. CONTINGENCIES

Life Estate

During the fiscal year ended June 30, 2009, a donor established a life estate agreement naming Saint Francis as the beneficiary of the donor's farm land. Under the terms of the agreement, the donor continues to use the land as long as the donor is living. At the time of the donor's death, the land will become unrestricted. The asset's market value of \$489,400 for the years ended June 30, 2019 and 2018, and a corresponding liability of \$74,457 and \$78,490 for the years ended June 30, 2019 and 2018, have been recorded, respectively.

COVID-19

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted supply chains, and created significant uncertainty, volatility, and disruption across economic markets.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on Saint Francis' business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which Saint Francis operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

Legal

Saint Francis is involved in litigation and other possible claims arising in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of these matters will not have a material adverse effect on Saint Francis' consolidated financial position or the results of its consolidated operations.

20. CONCENTRATION OF BUSINESS RISK

The State of Kansas has "privatized" out of home placements for youth in the custody of the Department for Children and Families (DCF). Saint Francis was awarded the Reintegration Care/Adoption Services and Family Preservation Services contracts for the West and Wichita areas of Kansas through the period ending June 30, 2017, with 2 additional two-year renewals under the agreement of the parties. Prior to July 1, 2015, the contracts were based on fixed rates, which were negotiated at the beginning of each contract year. As of July 1, 2015, the contracts were converted to cost reimbursement contracts. Rate negotiations continue to occur at the beginning of each contract year and costs are settled at the end of the contract year after June 30.

Total maintenance revenue for the years ended June 30, 2019 and 2018, was \$135,600,000 and \$109,715,853, respectively, from state agencies for these and other contracts. Referrals and services are received from other social service agencies.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

21. CONCENTRATIONS OF CREDIT RISK

Saint Francis has demand deposits, repurchase agreements, and money market funds on deposit with various financial institutions. Balances with certain financial institutions were in excess of the insurance limitation during the years ended June 30, 2019 and 2018.

22. CERTAIN SIGNIFICANT ESTIMATES

Significant estimates used in preparing these consolidated financial statements are described below.

Allocation of Functional Expenses: Functional expenses are charged to the specific purpose for which they are incurred when readily determinable and allocated proportionately to a multi-purpose function.

Deferred Operating Revenue: Saint Francis receives payments in the first 90 days for each referral under the Family Preservation contracts. Saint Francis is generally responsible for the first 90 months of services for each referral. Saint Francis estimates the time that services will be provided, and the revenue is recognized over this time period and is reported as deferred operating revenue in the consolidated statements of financial position.

Allowance for Uncollectible Accounts The allowance for uncollectible accounts were determined by information available to management and past history. It is at least reasonable to expect that the significant estimates used will change within the next year.

23. BRIDGEWAY APARTMENTS, INC.

Bridgeway Apartments, Inc., located in Picayune, Mississippi, operates a 13-unit apartment project (Phase I) and a 12-unit apartment project (Phase II), collectively known as the Projects, for people who are intellectually and developmentally disabled. The Projects are operated under Section 811 of the National Housing Act and regulated by the HUD with respect to rental charges and operating expenses. Under the regulatory agreement, the projects may not increase rents charged to tenants without HUD approval. Use of the residual receipts account is contingent upon HUD's prior written approval.

The Projects' operations are concentrated in the multi-family real estate market. In addition, the Projects operate in a heavily regulated environment. The operations of the Projects are subject to administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

24. COST SETTLEMENT

For the year ended June 30, 2018, the Reintegration/Foster Care/Adoption Services and Family Preservation Services contracts was subject to a cost settlement provision based upon an audit by DCF. Saint Francis was to be reimbursed for allowable costs incurred above the current DCF contract payments. In addition, Saint Francis was to pay to DCF any current DCF contract payments in excess of allowable costs incurred. If the actual amounts that Saint Francis received or paid as a result of the audit differed from the estimated amounts recorded, Saint Francis recorded the change as a change in assets, which could have a significant impact on the consolidated financial statements. The consolidated statements of financial position reflect the following estimated settlements due to, DCF as of June 30, 2018, and the additional amounts received:

Accounts and contracts receivable related to the year ended June 30, 2017	\$ 3,117,293
Less: Accounts payable related to the year ended June 30, 2017	29,834
Net Receivable as of June 30, 2018	\$ 3,087,459
<hr/>	
Amounts received (paid) in the year ended June 30, 2019	
Family Preservation - West Region	\$ 150,034
Family Preservation - Wichita Region	(29,834)
Reintegration/Foster Care/Adoption Services - West Region	1,794,719
Reintegration/Foster Care/Adoption Services - Wichita Region	1,172,540
Amount Included in Operating Revenues for the year ended June 30, 2018	\$ 3,087,459

In addition, Saint Francis received an additional \$4,660,193 from DCF that is included in the revenues for the year ended June 30, 2019.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

25. LIQUIDITY AND AVAILABILITY OF ASSETS

The following represents the financial assets of Saint Francis as of June 30, 2019, reduced by amounts not available for general use due to donor-imposed restrictions within one year of the statement of financial position date.

Year Ended June 30, 2019

Financial Assets - End of Year

Cash and cash equivalents	\$	10,816
Accounts and contracts receivable - net		14,691,863
Unconditional promises receivable		122,191
Notes receivable		174,498
Other current assets		540,872
Investments		11,908,803
Beneficial interest in split-interest agreements and perpetual trusts		245,854

Total Financial Assets - End of Year		27,694,897
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Amounts Not Available to Be Used for General Purposes Within One Year

Notes receivable - net of current portion		(174,498)
Investments		(11,908,803)
Beneficial interest in split-interest agreements and perpetual trusts		(540,872)

Total Amounts Not Available to Be Used Within One Year		(12,624,173)
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Financial Assets Available to Meet Cash Needs For General Expenditures Within One Year

	\$	15,070,724
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Saint Francis manages its liquidity and reserves following three guiding principles: operating in a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund operating needs, and maintaining sufficient reserves to provide reasonable assurance of financial stability. The financial assets available to meet general expenditures over the next 12 months are approximately 1 month of expected expenditures. In addition, Saint Francis has a balance on a line of credit. See note 26 for going concern and subsequent events information.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

26. GOING CONCERN AND SUBSEQUENT EVENTS

Saint Francis has sustained recurring losses and negative cash flows from operations for the years and expects similar losses for the fiscal year ended June 30, 2020. Management has developed a comprehensive action plan to alleviate substantial doubt of a going concern and the initial phases of the plan have been implemented.

The goal of the comprehensive action plan is to protect the service pillars of Saint Francis: Primary Care, Out-of-Home Services, and Residential Services. The plan consists of three phases and the expected completion dates are as follows:

	Expected Completion Date
Phase I - Stabilization	June 2022
Phase II - Internal Investment	June 2024
Phase III - Moderated Growth	June 2026

Phase I includes steps to decrease non-program expenses, increase cash flow, and improve the financial operating position of Saint Francis. This includes non-program personnel changes and reductions; instituting spending controls, evaluating all vendor relationships including independent contractors; consolidating selected locations; liquidating select properties, both owned and leased; ceasing expansion opportunities; pausing new program opportunities; ceasing future facility construction; evaluating and adjusting programs that are not supported by funding or do not align with core mission; liquidating vehicles from the fleet; and evaluating technology needs. As part of this plan, Saint Francis management is communicating the current state of affairs and the comprehensive action plan to operational partners, current state partners, employees, financial institutions, and other stakeholders. Additionally, renegotiations are underway with the Nebraska Department of Health and Senior Services regarding the case management services contract in the Eastern Service Area.

Based upon the steps noted in the previous paragraph, Saint Francis management expects to improve cash flow, by renegotiating the Nebraska case management contract, creating a reinvestment sustainability plan for the Kansas operations, creating and utilizing operational budgets with key stakeholders, liquidating idle assets, increasing board oversight and board education, and increasing staff training for key finance policies and procedures.

Phase II includes maintaining favorable cash flow, continuing with budgets and budget versus actual reporting, evaluating service delivery, and monitoring internal investment opportunities.

Phase III includes the same steps as Phase II and evaluating growth opportunities that would be in the best interest of Saint Francis and its mission.

Based upon the above plans, management believes that these actions will enable Saint Francis to continue as a going concern through January 31, 2022.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Saint Francis Community and Family Services, Inc. was awarded a Reintegration/Foster Care grant (case management services) for the Wichita and the West Regions of Kansas for the period October 1, 2019, through June 30, 2023. There are 2 additional two-year renewals by written agreements of the parties. Under the terms of the grant, Saint Francis Community and Family Services, Inc., will not receive payment for any expenditure made or incurred prior to October 1, 2019, through June 30, 2023. The grant for the West Region of Kansas (Catchment Area 1) totaled \$71,581,162, and the grant for the Wichita Region of Kansas (Catchment Area 7) totaled \$82,381,162. Indirect costs are not to exceed ten percent of the total grant budget. Grant funds are paid for services rendered.

On July 2, 2019, Saint Francis Community Services in Nebraska, Inc. was awarded a contract with the State of Nebraska to supply and deliver Full Service Case Management to the State of Nebraska through June 30, 2024. The contract may be renewed for 2 additional one-year periods when mutually agreed to by both parties. The total contract is approximately \$19,000,000 in the first year and \$41,000,000 in the second year. Saint Francis and the Nebraska Department of Health and Human Services are currently negotiating a revised contract.

On April 20, 2020, Saint Francis was granted an unsecured loan from INTRUST Bank, N.A. in the amount of \$10,000,000, pursuant to the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted March 27, 2020. The loan is in the form of a note dated April 20, 2020, matures on April 20, 2025, and bears interest at a rate of 5% per annum, payable monthly, commencing on July 21, 2021. The loan may be paid by Saint Francis at any time prior to maturity with no prepayment penalties. Funds from the loan are restricted for specified purposes as outlined in the CARES Act.

Subsequent to June 30, 2019, the following corporations were established with Saint Francis Community and Family Services, Inc., as the sole member:

Saint Francis Ministries in Nebraska, Inc.

Saint Francis Community Services in Iowa, Inc.

Saint Francis Ministries in Kentucky, Inc.

St. John's Acquisition Corporation was organized on August 29, 2019, and the name of the corporation was subsequently changed to Saint Francis Data Corporation on October 7, 2019.

On September 26, 2019, Saint Francis entered into an agreement with St. John's Military School, Inc., a Kansas corporation. The name of the corporation was restated to Saint John's Ministries and School, Inc., a not-for-profit organization. Saint Francis Ministries, Inc., became the sole member of this corporation. The assets totaling \$1,850,000, the majority being real estate in Salina, Kansas, are the significant assets of the corporation.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

27. NEW ACCOUNTING PRONOUNCEMENTS

In May of 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The purpose of the new standard was to eliminate industry specific revenue recognition. The ASU provides a new framework for addressing revenue recognition issues comprehensively and is intended to be simpler and less complex than current guidance. The core principle is that entities should recognize revenue when they transfer or promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Saint Francis' management has not yet determined the impact that implementation of this update will have on the consolidated financial statements. The standard is effective for periods beginning after December 15, 2019, and will be applied retrospectively.

In June of 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities - Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made (Topic 842)*. This ASU is intended to clarify how a not-for-profit organization determines whether a resource provider is participating in an exchange transaction and provides a framework for determining whether a resource recipient should account for a transaction as a contribution or as an exchange transaction. Previous to this ASU, there has been difficulty and diversity in practice among not-for-profit organizations: with conditional grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and in distinguishing between conditional and unconditional contributions. The new standard is effective for annual reporting periods beginning after December 15, 2018, for resource recipients. Saint Francis' management has not yet determined the impact, if any, the implementation of this amendment will have on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU intends to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. Previous to this ASU, entities were allowed to exclude from the consolidated statement of financial position leases classified as operating leases. This ASU required lessees to recognize lease liabilities arising from leases on the consolidated statement of financial position. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. The new standard is effective for Saint Francis for the year ending June 30, 2023. In July 2018, FASB issued ASU 2018-11, *Leases: Targeted Improvements*, which amends ASU 2016-02 to provide an entity with a transition method for implementing the standard. Under the new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of net assets in the consolidated statement of financial position at the adoption date. Saint Francis' management has not yet determined the impact, if any, that implementation of this amendment will have on the consolidated financial statements.

SUPPLEMENTARY INFORMATION SECTION

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS MINISTRIES, INC. - STATEMENTS OF FINANCIAL POSITION

June 30	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ (311,866)	\$ (121,002)
Accounts and contracts receivable	(12,631)	-
Unconditional promises receivable	122,191	122,191
Notes receivable - current	-	-
Prepaid expenses	469,265	336,501
Due from other funds and/or subsidiary corporation	20,759,008 ⁽¹⁾	12,938,392 ⁽¹⁾
Other current assets	6,467	(30,546)
Total Current Assets	21,032,434	13,245,536
Property, Plant, and Equipment - Net	11,173,741	10,114,600
Other Assets		
Notes receivable - net	110,954	117,748
Investments	56,479	1,115,866
Beneficial interest in split-interest agreements and perpetual trusts	203,236	203,204
Land - life estate	489,400	489,400
Other assets	-	-
Total Other Assets	860,069	1,926,218
TOTAL ASSETS	\$ 33,066,244	\$ 25,286,354
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,604,380	\$ 525,236
Line credit	9,106,261	5,357,098
Current maturities of gift annuities payable	2,375	323
Due to other funds and/or subsidiary corporation	3,167,264 ⁽¹⁾	273,582 ⁽¹⁾
Accrued salaries and fringe benefits	178,797	75,590
Total Current Liabilities	14,059,077	6,231,829
Deferred Operating Revenue	4,834	-
Long-Term Obligations - Less Current Maturities		
Gift annuities payable	2,083	6,647
Note payable	2,805,769 ⁽²⁾	3,210,008 ⁽²⁾
Life estate liability	74,457	78,490
Total Long-Term Obligations	2,882,309	3,295,145
Net Assets		
Without donor restrictions	14,230,600	13,945,947
With donor restrictions	1,889,424	1,813,433
Total Net Assets	16,120,024	15,759,380
TOTAL LIABILITIES AND NET ASSETS	\$ 33,066,244	\$ 25,286,354

(1) Amounts due to/from subsidiary corporations eliminated upon consolidation.

(2) See note 2 on the Saint Francis Community and Family Services, Inc. - Statement of Financial Position.

Saint Francis Ministries, Inc., and Subsidiaries
SAINT FRANCIS MINISTRIES, INC. - STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Contract service fee	\$ 14,009,475	-	-	\$ 14,009,475
Grant income	17,027	-	-	17,027
Total Operating Revenues	14,026,502	-	-	14,026,502
Operating Expenses				
Program services	36,196	-	-	36,196
Fundraising	215,845	-	-	215,845
Management and general	17,441,975	-	-	17,441,975
Operating service fees	6,051	-	-	6,051
Total Operating Expenses	17,700,067	-	-	17,700,067
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(3,673,565)	-	-	(3,673,565)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	3,900	2,912	-	6,812
Legacies and bequests	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	3,900	2,912	-	6,812
Other Income				
Investment income	20,315	-	4	20,319
Gain on sale of assets - net	903,720	56,143	-	959,863
Change in value of securities - split-interest agreements and life estate	2,461	17,630	(698)	19,393
Other income - net	2,956,268	-	-	2,956,268
Total Other Income	3,882,764	73,773	(694)	3,955,843
Transfers and Contributions				
Transfer from Foundation and other corporations	71,554	-	-	71,554
TOTAL NONOPERATING CHANGES - NET	3,958,218	76,685	(694)	4,034,209
Total Change in Net Assets	284,653	76,685	(694)	360,644
Net Assets - Beginning of Year	13,945,947	1,160,981	652,452	15,759,380
Net Assets - End of Year	\$ 14,230,600	\$ 1,237,666	\$ 651,758	\$ 16,120,024

(1) Eliminated upon consolidation.

(2) Inter-company net other income is eliminated upon consolidation.

(3) Inter-company management and general expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries
SAINT FRANCIS MINISTRIES, INC. - STATEMENTS OF ACTIVITIES
(Continued)

Years Ended June 30, 2018	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Contract service fee	\$ 9,896,408	-	-	\$ 9,896,408 ⁽¹⁾
Grant income	-	-	-	-
Total Operating Revenues	9,896,408	-	-	9,896,408
Operating Expenses				
Program services	4,411	-	-	4,411 ⁽³⁾
Fundraising	-	-	-	-
Management and general	12,109,985	-	-	12,109,985 ⁽⁴⁾
Total Operating Expenses	12,114,396	-	-	12,114,396
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(2,217,988)	-	-	(2,217,988)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	296	-	296
Legacies and bequests	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	296	-	296
Other Income				
Investment income	39,751	-	51	39,802
Gain on sale of assets - net	1,436,010	19,983	-	1,455,993
Change in value of securities - split-interest agreements and life estate	10,518	50,271	4,260	65,049
Other income - net	1,043,078	-	-	1,043,078 ⁽²⁾
Total Other Income	2,529,357	70,254	4,311	2,603,922
Transfers and Contributions				
Transfer to Foundation and other corporation	(1,578,849)	-	-	(1,578,849)
TOTAL NONOPERATING CHANGES - NET	950,508	70,550	4,311	1,025,369
Total Change in Net Assets	(1,267,480)	70,550	4,311	(1,192,619)
Net Assets - Beginning of Year	15,213,427	1,090,431	648,141	16,951,999
Net Assets - End of Year	\$ 13,945,947	\$ 1,160,981	\$ 652,452	\$ 15,759,380

(1) Eliminated upon consolidation.

(2) Inter-company net other income is eliminated upon consolidation.

(3) Inter-company program services expense is eliminated upon consolidation.

(4) Inter-company management and general expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

BRIDGEWAY APARTMENTS, INC. - STATEMENTS OF FINANCIAL POSITION

June 30	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,029	\$ 1,636
Prepaid expenses	14,001	3,091
Other current assets	71,099	80,442
Total Current Assets	87,129	85,169
Property, Plant, and Equipment - Net	889,002	912,329
Other Assets		
Deposits	750	750
TOTAL ASSETS	\$ 976,881	\$ 998,248
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 45,557	\$ 51,700
Accrued expenses and security deposits	4,116	3,926
Total Current Liabilities	49,673	55,626
Deferred Operating Revenue	987	2,773
Net Assets (Deficit)		
Without donor restrictions	(533,079)	(519,451)
With donor restrictions	1,459,300	1,459,300
Total Net Assets (Deficit)	926,221	939,849
TOTAL LIABILITIES AND NET ASSETS	\$ 976,881	\$ 998,248

Saint Francis Ministries, Inc., and Subsidiaries
BRIDGEWAY APARTMENTS, INC. - STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Net Assets With Donor Restrictions Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 188,170	\$ -	\$ -	\$ 188,170
Operating Expenses				
Management and general	202,036	-	-	202,036
Bad debt expense	-	-	-	-
Total Operating Expenses	202,036	-	-	202,036
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(13,866)	-	-	(13,866)
NONOPERATING CHANGES				
Other Income				
Investment income	(31)	-	-	(31)
Gain (Loss) on sale of assets - net	-	-	-	-
Other income - net	269	-	-	269
Total Other Income	238	-	-	238
TOTAL NONOPERATING CHANGES - NET	238	-	-	238
Total Change in Net Assets	(13,628)	-	-	(13,628)
Net Assets (Deficit) - Beginning of Year	(519,451)	1,459,300	-	939,849
Net Assets (Deficit) - End of Year	\$ (533,079)	\$ 1,459,300	\$ -	\$ 926,221

Saint Francis Ministries, Inc., and Subsidiaries
BRIDGEWAY APARTMENTS, INC. - STATEMENTS OF ACTIVITIES
(Continued)

Years Ended June 30, 2018	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Net Assets With Donor Restrictions Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 184,954	\$ -	\$ -	\$ 184,954
Operating Expenses				
Management and general	199,720	-	-	199,720
Bad debt expense	-	-	-	-
Total Operating Expenses	199,720	-	-	199,720
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(14,766)	-	-	(14,766)
NONOPERATING CHANGES				
Other Income				
Investment income	43	-	-	43
Gain (Loss) on sale of assets - net	-	-	-	-
Other income - net	2,359	-	-	2,359
Total Other Income	2,402	-	-	2,402
TOTAL NONOPERATING CHANGES - NET	2,402	-	-	2,402
Total Change in Net Assets	(12,364)	-	-	(12,364)
Net Assets (Deficit) - Beginning of Year	(507,087)	1,459,300	-	952,213
Net Assets (Deficit) - End of Year	\$ (519,451)	\$ 1,459,300	\$ -	\$ 939,849

Saint Francis Ministries, Inc., and Subsidiaries
SAINT FRANCIS COMMUNITY AND RESIDENTIAL SERVICES, INC. -
STATEMENTS OF FINANCIAL POSITION

June 30	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ (1,098,054)	\$ 75,742
Accounts and contracts receivable	1,729,783	1,460,443
Due from other funds and/or parent corporation	456,463 ⁽¹⁾	97,555 ⁽¹⁾
Prepaid expenses	111,727	89,664
Other current assets	144,244	127,778
Total Current Assets	1,344,163	1,851,182
Property, Plant, and Equipment - Net	255,049	381,317
TOTAL ASSETS	\$ 1,599,212	\$ 2,232,499
LIABILITIES AND NET ASSETS (DEFICIT)		
Current Liabilities		
Accounts payable	\$ 991,844	\$ 1,014,507
Due to other funds and/or parent corporation	8,071,959 ⁽¹⁾	5,510,031 ⁽¹⁾
Accrued salaries and fringe benefits	2,016,694	3,179,875
Total Current Liabilities	11,080,497	9,704,413
Deferred Operating Revenue	-	50,992
Net Assets (Deficit)		
Without donor restrictions	(9,481,285)	(7,522,906)
With donor restrictions	-	-
Total Net Assets (Deficit)	(9,481,285)	(7,522,906)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 1,599,212	\$ 2,232,499

(1) Amounts due from/to parent corporation eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries
SAINT FRANCIS COMMUNITY AND RESIDENTIAL SERVICES, INC. -
STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS			
Operating Revenues			
Net maintenance revenue	\$ 10,737,874	-	\$ 10,737,874
Grant income	460,192	-	460,192
Total Operating Revenues	11,198,066	-	11,198,066
Operating Expenses			
Program services	10,913,739	-	10,913,739
Management and general	943,605	-	943,605
Operating service fees paid to parent	1,324,906	-	1,324,906
Total Operating Expenses	13,182,250	-	13,182,250
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(1,984,184)	-	(1,984,184)
NONOPERATING CHANGES			
Gifts and Bequests			
Contributions	-	-	-
Net assets released from restrictions	-	-	-
Total Gifts and Bequests	-	-	-
Other Income (Expense)			
Investment income	6,579	-	6,579
Gain (Loss) on sale of assets - net	150	-	150
Other income - net	1,882	-	1,882
Total Other Income (Expense)	8,611	-	8,611
Transfers and Contributions			
Transfer from other corporations	17,194	-	17,194
TOTAL NONOPERATING CHANGES - NET	25,805	-	25,805
Total Change in Net Assets	(1,958,379)	-	(1,958,379)
Net Assets (Deficit) - Beginning of Year	(7,522,906)	-	(7,522,906)
Net Assets (Deficit) - End of Year	\$ (9,481,285)	-	\$ (9,481,285)

(1) Eliminated upon consolidation.

(2) Inter-company net maintenance revenue is eliminated upon consolidation.

(3) Inter-company program services expense is eliminated upon consolidation.

(4) Inter-company management and general expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries
SAINT FRANCIS COMMUNITY AND RESIDENTIAL SERVICES, INC. -
STATEMENTS OF ACTIVITIES
(Continued)

Years Ended June 30, 2018	Net Assets Without Donor Restrictions	Specific Purpose	Net Assets With Donor Restrictions Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 10,206,206	-	-	\$ 10,206,206
Grant income	566,234	-	-	566,234
Total Operating Revenues	10,772,440	-	-	10,772,440
Operating Expenses				
Program services	9,252,292	-	-	9,252,292
Management and general	1,029,555	-	-	1,029,555
Operating service fees paid to parent	917,504	-	-	917,504
Total Operating Expenses	11,199,351	-	-	11,199,351
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(426,911)	-	-	(426,911)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	-	-	-
Other Income (Expense)				
Investment income	2,790	-	-	2,790
Gain (Loss) on sale of assets - net	-	-	-	-
Other income - net	-	-	-	-
Total Other Income (Expense)	2,790	-	-	2,790
Transfers and Contributions				
Transfer from other corporations	99,873	-	-	99,873
TOTAL NONOPERATING CHANGES - NET	102,663	-	-	102,663
Total Change in Net Assets	(324,248)	-	-	(324,248)
Net Assets (Deficit) - Beginning of Year	(7,198,658)	-	-	(7,198,658)
Net Assets (Deficit) - End of Year	\$ (7,522,906)	-	-	\$ (7,522,906)

(1) Eliminated upon consolidation.

(2) Inter-company net maintenance revenue is eliminated upon consolidation.

(3) Inter-company program services expense is eliminated upon consolidation.

(4) Inter-company management and general expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN MISSISSIPPI, INC. - STATEMENTS OF FINANCIAL

June 30	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 154,153	\$ 155,095
Accounts and contracts receivable	225,731	155,417
Prepaid expenses	-	1,000
Due from other funds and/or parent corporation	1,480 ⁽¹⁾	1,480 ⁽¹⁾
Other current assets	26,185	47,586
Total Current Assets	407,549	360,578
Property, Plant, and Equipment - Net	17,116	29,072
Other Assets		
Beneficial interest in split-interest agreements	42,617	43,062
Other assets	5	5
Total Other Assets	42,622	43,067
TOTAL ASSETS	\$ 467,287	\$ 432,717
LIABILITIES AND NET ASSETS (DEFICIT)		
Current Liabilities		
Accounts payable	\$ 2,457	\$ 2,012
Due to other funds and/or parent corporation	1,084,464 ⁽¹⁾	1,263,764 ⁽¹⁾
Accrued salaries and fringe benefits	74,364	17,832
Total Current Liabilities	1,161,282	1,283,608
Net Assets (Deficit)		
Without donor restrictions	(738,425)	(895,766)
With donor restrictions	44,430	44,875
Total Net Assets (Deficit)	(693,995)	(850,891)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 467,287	\$ 432,717

(1) Amounts due from/to parent corporation eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN MISSISSIPPI, INC. - STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 2,263,294	\$ -	\$ -	\$ 2,263,294
Grant income	-	-	-	-
Total Operating Revenues	2,263,294	-	-	2,263,294
Operating Expenses				
Program services	1,652,111	-	-	1,652,111
Management and general	250,019	-	-	250,019 ⁽²⁾
Operating service fees paid to parent	208,112	-	-	208,112 ⁽¹⁾
Total Operating Expenses	2,110,242	-	-	2,110,242
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	153,052	-	-	153,052
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	-	-	-
Legacies and bequests	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	-	-	-
Other Income (Expense)				
Investment income	2,083	-	-	2,083
Gain (Loss) on sale of assets - net	400	-	-	400
Change in value of securities and split-interest agreements	-	-	(445)	(445)
Other income - net	-	-	-	-
Total Other Income (Expense)	2,483	-	(445)	2,038
Transfers and Contributions				
Transfer from other corporations	1,806	-	-	1,806 ⁽¹⁾
TOTAL NONOPERATING CHANGES - NET	4,289	-	(445)	3,844
Total Change in Net Assets	157,341	-	(445)	156,896
Net Assets (Deficit) - Beginning of Year	(895,766)	-	44,875	(850,891)
Net Assets (Deficit) - End of Year	\$ (738,425)	\$ -	\$ 44,430	\$ (693,995)

(1) Eliminated upon consolidation.

(2) Inter-company management and general expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN MISSISSIPPI, INC. - STATEMENTS OF ACTIVITIES

(Continued)

Years Ended June 30, 2018	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 1,794,508	-	-	\$ 1,794,508
Grant income	-	-	-	-
Total Operating Revenues	1,794,508	-	-	1,794,508
Operating Expenses				
Program services	1,018,748	-	-	1,018,748
Management and general	209,656	-	-	209,656 ⁽²⁾
Operating service fees paid to parent	105,743	-	-	105,743 ⁽¹⁾
Total Operating Expenses	1,334,147	-	-	1,334,147
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	460,361	-	-	460,361
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	-	-	-
Legacies and bequests	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	-	-	-
Other Income (Expense)				
Investment income	2,084	-	-	2,084
Gain (Loss) on sale of assets - net	-	-	-	-
Change in value of securities and split-interest agreements	-	-	222	222
Other income - net	-	-	-	-
Total Other Income (Expense)	2,084	-	222	2,306
Transfers and Contributions				
Transfer from other corporations	5,235	-	-	5,235 ⁽¹⁾
TOTAL NONOPERATING CHANGES - NET	7,319	-	222	7,541
Total Change in Net Assets	467,680	-	222	467,902
Net Assets (Deficit) - Beginning of Year	(1,363,446)	-	44,653	(1,318,793)
Net Assets (Deficit) - End of Year	\$ (895,766)	-	\$ 44,875	\$ (850,891)

(1) Eliminated upon consolidation.

(2) Inter-company management and general expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY AND FAMILY SERVICES, INC. - STATEMENTS OF FINANCIAL POSITION

June 30	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,245,751	\$ 70,049
Accounts and contracts receivable	12,215,053	13,227,133
Prepaid expenses	29,962	38,254
Due from other funds and/or parent corporation	1,498,080 ⁽¹⁾	235,519 ⁽¹⁾
Other current assets	191,265	125,391
Total Current Assets	15,180,117	13,696,346
Property, Plant, and Equipment - Net	211,977	428,652
Other Assets		
Note receivable	2,805,769 ⁽²⁾	3,210,008 ⁽²⁾
TOTAL ASSETS	\$ 18,197,863	\$ 17,335,006
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 7,142,513	\$ 6,702,438
Due to other funds and/or parent corporation	609,843 ⁽¹⁾	66,099 ⁽¹⁾
Accrued salaries and fringe benefits	1,967,323	807,204
Total Current Liabilities	9,719,679	7,575,741
Deferred Operating Revenue	1,330,145	1,606,930
Net Assets		
Without donor restrictions	7,148,039	8,152,335
With donor restrictions	-	-
Total Net Assets	7,148,039	8,152,335
TOTAL LIABILITIES AND NET ASSETS	\$ 18,197,863	\$ 17,335,006

(1) Amounts due from/to parent corporation eliminated upon consolidation.

(2) Note and interest receivable from Saint Francis Ministries, Inc., is eliminated upon consolidation. The note is a construction loan outlay over and above the amount of undesignated and restricted donations for the construction of the PRTF facility. The total amount principal at June 30, 2019 and 2018, was \$2,805,769 and \$3,210,008, respectively.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY AND FAMILY SERVICES, INC. - STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 116,865,943	-	\$ -	\$ 116,865,943
Grant income	352,249	-	-	352,249
Total Operating Revenues	117,218,192	-	-	117,218,192
Operating Expenses				
Program services	104,240,507	-	-	104,240,507 ⁽³⁾
Management and general	2,579,876	-	-	2,579,876 ⁽⁴⁾
Operating service fees paid to parent	11,849,182	-	-	11,849,182 ⁽¹⁾
Total Operating Expenses	118,669,565	-	-	118,669,565
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(1,451,373)	-	-	(1,451,373)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	17,850	-	-	17,850
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	17,850	-	-	17,850
Other Income (Expense)				
Investment income	87,557	-	-	87,557 ⁽⁵⁾
Gain on sale of assets - net	107,470	-	-	107,470
Other income - net	184	-	-	184 ⁽²⁾
Total Other Income (Expense)	195,211	-	-	195,211
Transfers and Contributions				
Transfer from other corporations	234,016	-	-	234,016 ⁽¹⁾
TOTAL NONOPERATING CHANGES - NET	447,077	-	-	447,077
Total Change in Net Assets	(1,004,296)	-	-	(1,004,296)
Net Assets - Beginning of Year	8,152,335	-	-	8,152,335
Net Assets - End of Year	\$ 7,148,039	-	\$ -	\$ 7,148,039

(1) Eliminated upon consolidation.

(2) Inter-company net other income is eliminated upon consolidation.

(3) Inter-company program services expense is eliminated upon consolidation.

(4) Inter-company management and general expense is eliminated upon consolidation.

(5) See note 2 of Saint Francis Community and Family Services, Inc. - Statements of Financial Position.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY AND FAMILY SERVICES, INC. - STATEMENTS OF ACTIVITIES (Continued)

Years Ended June 30, 2018	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 99,221,422	-	-	\$ 99,221,422
Grant income	317,381	-	-	317,381
Total Operating Revenues	99,538,803	-	-	99,538,803
Operating Expenses				
Program services	94,605,195	-	-	94,605,195
Management and general	2,753,793	-	-	2,753,793
Operating service fees paid to parent	8,454,100	-	-	8,454,100
Total Operating Expenses	105,813,088	-	-	105,813,088
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(6,274,285)	-	-	(6,274,285)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	16,700	-	-	16,700
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	16,700	-	-	16,700
Other Income (Expense)				
Investment income	97,989	-	-	97,989
Gain on sale of assets - net	57,918	-	-	57,918
Other income - net	87	-	-	87
Total Other Income (Expense)	155,994	-	-	155,994
Transfers and Contributions				
Transfer from other corporations	206,136	-	-	206,136
TOTAL NONOPERATING CHANGES - NET	378,830	-	-	378,830
Total Change in Net Assets	(5,895,455)	-	-	(5,895,455)
Net Assets - Beginning of Year	14,047,790	-	-	14,047,790
Net Assets - End of Year	\$ 8,152,335	-	-	\$ 8,152,335

(1) Eliminated upon consolidation.

(2) Inter-company net other income is eliminated upon consolidation.

(3) Inter-company program services expense is eliminated upon consolidation.

(4) Inter-company management and general expense is eliminated upon consolidation.

(5) See note 2 of Saint Francis Community and Family Services, Inc. - Statements of Financial Position.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN OKLAHOMA, INC. -

STATEMENTS OF FINANCIAL POSITION

June 30

2019

2018

ASSETS

Current Assets

Cash and cash equivalents	\$	6,399	\$	6,399
Accounts and contracts receivable		188,941		233,135
Other current assets		6,866		6,866
Due from other funds and/or parent corporation		1,955 ⁽¹⁾		276 ⁽¹⁾
Prepaid expenses		292		292

Total Current Assets 204,453 246,968

Property, Plant, and Equipment - Net (28) 6,196

TOTAL ASSETS \$ 204,425 \$ 253,164

LIABILITIES AND NET ASSETS (DEFICIT)

Current Liabilities

Accounts payable	\$	7,732	\$	6,120
Due to other funds and/or parent corporation		1,871,649 ⁽¹⁾		1,937,701 ⁽¹⁾
Accrued salaries and fringe benefits		37,981		13,311

Total Current Liabilities 1,917,362 1,957,132

Net Assets (Deficit)

Without donor restrictions	(1,712,937)	(1,703,968)
With donor restrictions	-	-

Total Net Assets (Deficit) (1,712,937) (1,703,968)

TOTAL LIABILITIES AND NET ASSETS (DEFICIT) \$ 204,425 \$ 253,164

⁽¹⁾ Eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN OKLAHOMA, INC. - STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 1,136,018	-	-	\$ 1,136,018
Operating Expenses				
Program services	861,129	-	-	861,129 ⁽²⁾
Management and general	172,400	-	-	172,400
Operating service fee paid to parent	114,036	-	-	114,036 ⁽¹⁾
Total Operating Expenses	1,147,565	-	-	1,147,565
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(11,547)	-	-	(11,547)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	-	-	-
Other Income (Expense)				
Other income - net	-	-	-	-
Transfers and Contributions				
Transfer from other corporations	2,578	-	-	2,578 ⁽¹⁾
TOTAL NONOPERATING CHANGES - NET	2,578	-	-	2,578
Total Change in Net Assets	(8,969)	-	-	(8,969)
Net Assets (Deficit) - Beginning of Year	(1,703,968)	-	-	(1,703,968)
Net Assets (Deficit) - End of Year	\$ (1,712,937)	-	-	\$ (1,712,937)

(1) Eliminated upon consolidation.

(2) Inter-company program services expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN OKLAHOMA, INC. - STATEMENTS OF ACTIVITIES
(Continued)

Years Ended June 30, 2018	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 1,593,294	-	-	\$ 1,593,294
Operating Expenses				
Program services	1,451,734	-	-	1,451,734 ⁽²⁾
Management and general	199,724	-	-	199,724
Operating service fee paid to parent	141,435	-	-	141,435 ⁽¹⁾
Total Operating Expenses	1,792,893	-	-	1,792,893
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(199,599)	-	-	(199,599)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	-	-	-
Other Income (Expense)				
Other income - net	-	-	-	-
Transfers and Contributions				
Transfer from other corporations	4,312	-	-	4,312 ⁽¹⁾
TOTAL NONOPERATING CHANGES - NET	4,312	-	-	4,312
Total Change in Net Assets	(195,287)	-	-	(195,287)
Net Assets (Deficit) - Beginning of Year	(1,508,681)	-	-	(1,508,681)
Net Assets (Deficit) - End of Year	\$ (1,703,968)	-	-	\$ (1,703,968)

(1) Eliminated upon consolidation.

(2) Inter-company program services expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN NEBRASKA, INC. - STATEMENTS OF FINANCIAL P

June 30	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,000	\$ 7,142
Accounts and contracts receivable	241,497	174,313
Prepaid expenses	54	54
Due from other funds and/or parent corporation	10,061 ⁽¹⁾	5,025 ⁽¹⁾
Other current assets	1,381	1,200
Total Current Assets	259,993	187,734
Property, Plant, and Equipment - Net	11,121	4,422
TOTAL ASSETS	\$ 271,114	\$ 192,156
LIABILITIES AND NET ASSETS (DEFICIT)		
Current Liabilities		
Accounts payable	\$ 84,293	\$ 62,503
Due to other funds and/or parent corporation	558,523 ⁽¹⁾	516,260 ⁽¹⁾
Accrued salaries and fringe benefits	19,834	3,945
Total Current Liabilities	662,650	582,708
Net Assets (Deficit)		
Without donor restrictions	(391,536)	(390,552)
With donor restrictions	-	-
Total Net Assets (Deficit)	(391,536)	(390,552)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 271,114	\$ 192,156

⁽¹⁾ Eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN NEBRASKA, INC. - STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 1,885,473	-	-	\$ 1,885,473
Operating Expenses				
Program services	1,454,819	-	-	1,454,819 ⁽²⁾
Management and general	248,478	-	-	248,478
Operating service fee paid to parent	189,660	-	-	189,660 ⁽¹⁾
Total Operating Expenses	1,892,957	-	-	1,892,957
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(7,484)	-	-	(7,484)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	-	-	-
Other Income				
Other income - net	1,500	-	-	1,500
Transfers and Contributions				
Transfer from other corporations	5,000	-	-	5,000 ⁽¹⁾
TOTAL NONOPERATING CHANGES - NET	6,500	-	-	6,500
Total Change in Net Assets	(984)	-	-	(984)
Net Assets (Deficit) - Beginning of Year	(390,552)	-	-	(390,552)
Net Assets (Deficit) - End of Year	\$ (391,536)	-	-	\$ (391,536)

(1) Eliminated upon consolidation.

(2) Inter-company program services expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN NEBRASKA, INC. - STATEMENTS OF ACTIVITIES
(Continued)

Years Ended June 30, 2018	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 1,731,066	-	-	\$ 1,731,066
Operating Expenses				
Program services	1,351,888	-	-	1,351,888
Management and general	210,214	-	-	210,214
Operating service fee paid to parent	136,595	-	-	136,595
Total Operating Expenses	1,698,697	-	-	1,698,697
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	32,369	-	-	32,369
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	-	-	-
Other Income				
Other income - net	-	-	-	-
Transfers and Contributions				
Transfer from other corporations	22,972	-	-	22,972
TOTAL NONOPERATING CHANGES - NET	22,972	-	-	22,972
Total Change in Net Assets	55,341	-	-	55,341
Net Assets (Deficit) - Beginning of Year	(445,893)	-	-	(445,893)
Net Assets (Deficit) - End of Year	\$ (390,552)	-	-	\$ (390,552)

(1) Eliminated upon consolidation.

(2) Inter-company program services expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY OUTREACH SERVICES, INC. - STATEMENTS OF FINANCIAL POS

June 30	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,502	\$ 2,562
Accounts and contracts receivable	21,157	8,816
Prepaid expenses	1,436	1,436
Due from other funds and/or parent corporation	7,550 ⁽¹⁾	5,000 ⁽¹⁾
Other current assets	92,491	79,137
Total Current Assets	125,136	96,951
Property, Plant, and Equipment - Net	-	-
Notes Receivable - Net of Current Portion	63,544	-
TOTAL ASSETS	\$ 188,680	\$ 96,951
LIABILITIES AND NET ASSETS (DEFICIT)		
Current Liabilities		
Accounts payable	\$ 10,215	\$ 11,525
Due to other funds and/or parent corporation	1,182,924 ⁽¹⁾	592,749 ⁽¹⁾
Accrued salaries and fringe benefits	10,337	2,665
Total Current Liabilities	1,203,476	606,939
Net Assets (Deficit)		
Without donor restrictions	(1,014,796)	(509,988)
With donor restrictions	-	-
Total Net Assets (Deficit)	(1,014,796)	(509,988)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 188,680	\$ 96,951

⁽¹⁾ Eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY OUTREACH SERVICES, INC. - STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 282,949	-	-	\$ 282,949
Grant income	520,970	-	-	520,970
Total Operating Revenues	803,919	-	-	803,919
Operating Expenses				
Program services	890,478	-	-	890,478 ⁽²⁾
Management and general	303,793	-	-	303,793
Operating service fee paid to parent	131,239	-	-	131,239 ⁽¹⁾
Total Operating Expenses	1,325,510	-	-	1,325,510
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(521,591)	-	-	(521,591)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	-	-	-
Other Income				
Gain on sale of assets - net	-	-	-	-
Other income - net	-	-	-	-
Total Other Income	-	-	-	-
Transfers and Contributions				
Transfer from Foundation	16,783	-	-	16,783
TOTAL NONOPERATING CHANGES - NET	16,783	-	-	16,783 ⁽¹⁾
Total Change in Net Assets	(504,808)	-	-	(504,808)
Net Assets (Deficit) - Beginning of Year	(509,988)	-	-	(509,988)
Net Assets (Deficit) - End of Year	\$ (1,014,796)	-	-	\$ (1,014,796)

(1) Eliminated upon consolidation.

(2) Inter-company program services expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY OUTREACH SERVICES, INC. - STATEMENTS OF ACTIVITIES (Continued)

Years Ended June 30, 2018	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS			
Operating Revenues			
Net maintenance revenue	\$ 49,899	\$ -	\$ 49,899
Grant income	216,727	-	216,727
Total Operating Revenues	266,626	-	266,626
Operating Expenses			
Program services	392,185	-	392,185 ⁽²⁾
Management and general	288,637	-	288,637
Operating service fee paid to parent	60,233	-	60,233 ⁽¹⁾
Total Operating Expenses	741,055	-	741,055
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(474,429)	-	(474,429)
NONOPERATING CHANGES			
Gifts and Bequests			
Contributions	1,478	-	1,478
Net assets released from restrictions	-	-	-
Total Gifts and Bequests	1,478	-	1,478
Other Income			
Gain on sale of assets - net	-	-	-
Other income - net	-	-	-
Total Other Income	-	-	-
Transfers and Contributions			
Transfer from Foundation	6,119	-	6,119 ⁽¹⁾
TOTAL NONOPERATING CHANGES - NET	7,597	-	7,597
Total Change in Net Assets	(466,832)	-	(466,832)
Net Assets (Deficit) - Beginning of Year	(43,156)	-	(43,156)
Net Assets (Deficit) - End of Year	\$ (509,988)	\$ -	\$ (509,988)

(1) Eliminated upon consolidation.

(2) Inter-company program services expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS FOUNDATION, INC. - STATEMENTS OF FINANCIAL POSITION

June 30	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,902	\$ 125,516
Prepaid expenses	14,756	7,505
Due from other funds and/or parent corporation	1,057,066(1)	618,914(1)
Total Current Assets	1,073,724	751,935
Property, Plant, and Equipment - Net	37,593	29,794
Investments	11,852,455	9,682,782
TOTAL ASSETS	\$ 12,963,772	\$ 10,464,511
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 43,035	\$ 66,294
Accrued salaries and fringe benefits	49,391	33,562
Due to other funds and/or parent corporation	7,078,920(1)	3,741,976(1)
Total Current Liabilities	7,171,346	3,841,832
Net Assets		
Without donor restrictions	1,113,082	2,413,285
With donor restrictions	4,679,344	4,209,394
Total Net Assets	5,792,426	6,622,679
TOTAL LIABILITIES AND NET ASSETS	\$ 12,963,772	\$ 10,464,511

(1) Eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries
 SAINT FRANCIS FOUNDATION, INC. - STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 7,205	\$ -	\$ -	\$ 7,205
Operating Expenses				
Fundraising	1,045,679	-	-	1,045,679 ⁽²⁾
Management and general	721,225	-	-	721,225 ⁽³⁾
Operating service fee paid to parent	180,897	-	-	180,897 ⁽¹⁾
Total Operating Expenses	1,947,801	-	-	1,947,801
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(1,940,596)	-	-	(1,940,596)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	801,491	247,117	-	1,048,608
Net assets released from restrictions	119,128	(119,128)	-	-
Total Gifts and Bequests	920,619	127,989	-	1,048,608
Other Income				
Investment income	57,334	-	-	57,334
Gain on sale of assets - net	(70,622)	312,196	-	241,574
Change in value of securities	84,904	29,765	-	114,669
Other income - net	-	-	-	-
Total Other Income	71,616	341,961	-	413,577
TOTAL NONOPERATING CHANGES - NET	992,235	469,950	-	1,462,185
Transfers and Contributions				
Contributions to subsidiaries/parents	(351,842)	-	-	(351,842) ⁽¹⁾
Total Change in Net Assets	(1,300,203)	469,950	-	(830,253)
Net Assets - Beginning of Year	2,413,285	1,645,747	2,563,647	6,622,679
Net Assets - End of Year	\$ 1,113,082	\$ 2,115,697	\$ 2,563,647	\$ 5,792,426

(1) Eliminated upon consolidation.

(2) Inter-company fundraising expense is eliminated upon consolidation.

(3) Inter-company management and general expense is eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries
SAINT FRANCIS FOUNDATION, INC. - STATEMENTS OF ACTIVITIES
(Continued)

Years Ended June 30, 2018	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 86,510	\$ -	\$ -	\$ 86,510
Operating Expenses				
Fundraising	1,240,835	-	-	1,240,835
Management and general	895,293	-	-	895,293
Operating service fee paid to parent	167,307	-	-	167,307 ⁽¹⁾
Total Operating Expenses	2,303,435	-	-	2,303,435
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(2,216,925)	-	-	(2,216,925)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	625,505	398,969	-	1,024,474
Net assets released from restrictions	160,720	(160,720)	-	-
Total Gifts and Bequests	786,225	238,249	-	1,024,474
Other Income				
Investment income	(16,430)	-	-	(16,430)
Gain on sale of assets - net	288,090	-	-	288,090
Change in value of securities	23,436	150,331	-	173,767
Other income - net	(667)	-	-	(667)
Total Other Income	294,429	150,331	-	444,760
TOTAL NONOPERATING CHANGES - NET	1,080,654	388,580	-	1,469,234
Transfers and Contributions				
Contributions from subsidiaries/parents	1,233,855	-	-	1,233,855 ⁽¹⁾
Total Change in Net Assets	97,584	388,580	-	486,164
Net Assets - Beginning of Year	2,315,701	1,257,167	2,563,647	6,136,515
Net Assets - End of Year	\$ 2,413,285	\$ 1,645,747	\$ 2,563,647	\$ 6,622,679

(1) Eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN ARKANSAS, INC. - STATEMENTS OF FINANCIAL P

June 30	2019		2018	
ASSETS				
Current Assets				
Cash and cash equivalents	\$	1,000	\$	-
Accounts and contracts receivable		164,864		-
Due from other funds and/or parent corporation		(505)(1)		-
Other current assets		-		-
Total Current Assets		165,359		-
Property, Plant, and Equipment - Net		-		-
TOTAL ASSETS	\$	165,359	\$	-
LIABILITIES AND NET ASSETS (DEFICIT)				
Current Liabilities				
Accounts payable	\$	4,084	\$	-
Due to other funds and/or parent corporation		165,621(1)		-
Accrued salaries and fringe benefits		2,557		-
Total Current Liabilities		172,262		-
Net Assets (Deficit)				
Without donor restrictions		(6,903)		-
With donor restrictions		-		-
Total Net Assets (Deficit)		(6,903)		-
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$	165,359	\$	-

(1) Eliminated upon consolidation.

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN ARKANSAS, INC. - STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ 209,300	\$ -	\$ -	\$ 209,300
Operating Expenses				
Program services	138,534	-	-	138,534
Management and general	65,072	-	-	65,072
Operating service fee paid to parent	12,597	-	-	12,597
Total Operating Expenses	216,203	-	-	216,203
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(6,903)	-	-	(6,903)
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	-	-	-
Other Income				
Gain on sale of assets - net	-	-	-	-
Other income - net	-	-	-	-
Total Other Income	-	-	-	-
Transfers and Contributions				
Transfer from other corporations	-	-	-	-
TOTAL NONOPERATING CHANGES - NET	-	-	-	-
Total Change in Net Assets	(6,903)	-	-	(6,903)
Net Assets (Deficit) - Beginning of Year	-	-	-	-
Net Assets (Deficit) - End of Year	\$ (6,903)	\$ -	\$ -	\$ (6,903)

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN ARKANSAS, INC. - STATEMENTS OF ACTIVITIES
(Continued)

Years Ended June 30, 2018	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Specific Purpose	Perpetuity	Total
CHANGES IN NET ASSETS FROM OPERATIONS				
Operating Revenues				
Net maintenance revenue	\$ -	\$ -	\$ -	-
Operating Expenses				
Program services	-	-	-	-
Management and general	-	-	-	-
Operating service fee paid to parent	-	-	-	-
Total Operating Expenses	-	-	-	-
TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	-	-	-	-
NONOPERATING CHANGES				
Gifts and Bequests				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Total Gifts and Bequests	-	-	-	-
Other Income				
Gain on sale of assets - net	-	-	-	-
Other income - net	-	-	-	-
Total Other Income	-	-	-	-
Transfers and Contributions				
Transfer from other corporations	-	-	-	-
TOTAL NONOPERATING CHANGES - NET	-	-	-	-
Total Change in Net Assets	-	-	-	-
Net Assets - Beginning of Year	-	-	-	-
Net Assets - End of Year	\$ -	\$ -	\$ -	-

**SUPPLEMENTARY INFORMATION
FOR FEDERAL AND STATE AGENCIES**

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY AND FAMILY SERVICES, INC. - STATEMENT OF ACTIVITIES FAMILY PRESERVATION SERVICES, WEST REGION, CONTRACT 37681 ONLY

Year Ended June 30, 2019	Direct	Indirect	Total
CHANGES IN NET ASSETS FROM OPERATIONS			
Operating Revenues			
Contract payments	\$ 3,348,945	-	\$ 3,348,945
Contributions	7,238	-	7,238
Other billable services	53,762	-	53,762
Other miscellaneous	20,557	-	20,557
Net Maintenance Revenue	3,430,502	-	3,430,502
Operating Expenses			
Administrative salaries and benefits	265,120	148,669	413,789
Case management, direct services salaries, and benefits	2,572,659	-	2,572,659
Operating expenses including property, plant, and equipment	534,785	243,455	778,240
Other - flex funds	219,367	-	219,367
Other - respite care	70	-	70
Other - unallowable costs	18,492	11,590	30,082
Total Operating Expenses	3,610,493	403,714	4,014,207
Total Change in Net Assets	\$ (179,991)	\$ (403,714)	(583,705)

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY AND FAMILY SERVICES, INC. – STATEMENT OF ACTIVITIES
FAMILY PRESERVATION SERVICES, WICHITA REGION, CONTRACT 37683 ONLY

Year Ended June 30, 2019	Direct	Indirect	Total
CHANGES IN NET ASSETS FROM OPERATIONS			
Operating Revenues			
Family preservation fees	\$ 2,305,949	\$ -	\$ 2,305,949
Contributions	4,495	-	4,495
Other billable services	54,307	-	54,307
Other miscellaneous	134	-	134
Net Maintenance Revenue	2,364,885	-	2,364,885
Operating Expenses			
Administrative salaries and benefits	251,889	98,728	350,617
Case management, direct services salaries, and benefits	1,818,450	-	1,818,450
Operating expenses including property, plant, and equipment	296,305	170,777	467,082
Other - flex funds	113,217	-	113,217
Other - unallowable costs	7,041	8,083	15,124
Total Operating Expenses	2,486,902	277,588	2,764,490
Total Change in Net Assets	\$ (122,017)	\$ (277,588)	(399,605)

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY AND FAMILY SERVICES, INC. - STATEMENT OF ACTIVITIES
REINTEGRATION/FOSTER CARE/ADOPTION SERVICES, WEST REGION, CONTRACT 37677 O

Year Ended June 30, 2019	Direct	Indirect	Total
CHANGES IN NET ASSETS FROM OPERATIONS			
Revenues			
Reintegration/Foster Care/Adoption fees	\$ 60,870,098	-	\$ 60,870,098
Contributions	152,303	-	152,303
Other billable services	113,245	-	113,245
Grant and other revenue	117,370	-	117,370
Total Revenues	61,253,016	-	61,253,016
Operating Expenses			
Administrative salaries and benefits	2,822,035	2,335,804	5,157,839
Case management, direct services salaries, and benefits	14,550,756	-	14,550,756
Operating expenses including property, plant, and equipment	4,169,016	3,336,449	7,505,465
Residential placements	10,499,638	-	10,499,638
Related foster care homes placements	7,680,164	-	7,680,164
Nonrelated foster care homes placements	11,077,968	-	11,077,968
Relative/kinship placements	1,738,639	-	1,738,639
Medical expenses (not reimbursed)	73,479	-	73,479
Independent living	46,503	-	46,503
Child care	2,080,216	-	2,080,216
Clothing	43,689	-	43,689
Client transportation	2,598,890	-	2,598,890
Other - flex funds	878,252	-	878,252
Other - school and recreational	101,295	-	101,295
Other - unallowable costs	172,595	151,580	324,175
Total Operating Expenses	58,533,135	5,823,833	64,356,968
Total Change in Net Assets	\$ 2,719,881	\$ (5,823,833)	(3,103,952)

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY AND FAMILY SERVICES, INC. - STATEMENT OF ACTIVITIES
 REINTEGRATION/FOSTER CARE/ADOPTION SERVICES, WICHITA REGION, CONTRACT 37680

Year Ended June 30, 2019	Direct	Indirect	Total
CHANGES IN NET ASSETS FROM OPERATIONS			
Revenues			
Reintegration/Foster Care/Adoption fees	\$ 47,305,384	-	\$ 47,305,384
Contributions	34,567	-	34,567
Other billable services	190,706	-	190,706
Grant and other revenue	43,451	-	43,451
Total Revenues	47,574,108	-	47,574,108
Operating Expenses			
Administrative salaries and benefits	2,025,347	1,873,224	3,898,571
Case management, direct services salaries, and benefits	11,522,568	-	11,522,568
Operating expenses including property, plant, and equipment	2,691,029	2,766,751	5,457,780
Residential placements	8,704,076	-	8,704,076
Related foster care homes placements	5,187,093	-	5,187,093
Nonrelated foster care homes placements	9,997,774	-	9,997,774
Relative/kinship placements	1,233,952	-	1,233,952
Medical expenses (not reimbursed)	86,360	-	86,360
Independent living	53,793	-	53,793
Child care	2,220,736	-	2,220,736
Clothing	37,412	-	37,412
Client transportation	995,047	-	995,047
Other - flex funds	788,604	-	788,604
Other - school and recreational	39,291	-	39,291
Other - unallowable costs	(56,889)	122,348	65,459
Total Operating Expenses	45,526,193	4,762,323	50,288,516
Total Change in Net Assets	\$ 2,047,915	\$ (4,762,323)	\$ (2,714,408)

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY AND FAMILY SERVICES, INC. - STATEMENT OF ACTIVITIES FOSTER CARE HOMES

Year Ended June 30, 2019	Direct	Indirect	Total
Public Support and Revenue			
Foster care fees - West region	\$ 7,680,904	-	\$ 7,680,904
Foster care fees - Wichita region	5,187,094	-	5,187,094
Foster care fees - other	462,902	-	462,902
Contributions	35,228	-	35,228
Other billable services	1,114	-	1,114
Other income and grants	142,751	-	142,751
Total Support and Revenue	13,509,993	-	13,509,993
Operating Expenses			
Direct administrative salaries and benefits	364,192	221,267	585,459
Case management, direct services salaries, and benefits	3,003,640	-	3,003,640
Operating expenses including property, plant, and equipment	689,723	245,012	934,735
Placement costs - West region	4,917,297	-	4,917,297
Placement costs - Wichita region	3,397,008	-	3,397,008
Placement costs - other	380,761	-	380,761
Other - flex funds	634	-	634
Other - school and recreational	31,573	-	31,573
Other - unallowable costs	54,446	12,535	66,981
Total Operating Expenses	12,839,274	478,814	13,318,088
Total Change in Net Assets	\$ 670,719	(478,814)	\$ 191,905

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN OKLAHOMA, INC. - STATEMENT OF ACTIVITIES
THERAPEUTIC FOSTER CARE SERVICES (Contract 538185)

Year Ended June 30, 2019

CHANGES IN NET ASSETS FROM OPERATIONS

Operating Revenues

Foster care fees	\$	-
Outpatient fees		(6,178)

Total Operating Revenues		(6,178)
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Operating Expenses

Program services		-
Management and general		(41)
Operating service fee paid to parent		-

Total Operating Expenses		(41)
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TOTAL CHANGES IN NET ASSETS FROM OPERATIONS		(6,137)
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NONOPERATING CHANGES

Gifts and Bequests

Contributions		-
Net assets released from restrictions		-

Total Gifts and Bequests		-
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Other Income

Other income - net		-
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TOTAL NONOPERATING CHANGES - NET		-
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Total Change in Net Assets	\$	(6,137)
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Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN OKLAHOMA, INC. -

STATEMENT OF FUNCTIONAL EXPENSES

THERAPEUTIC FOSTER CARE SERVICES (Contract 538185)

Year Ended June 30, 2019	Program Services	Fund-Management raising and General	Total
Salaries and wages	\$ -	\$ -	\$ -
Employee health and retirement benefits	-	-	-
Payroll taxes and unemployment compensation	-	-	-
Total Salaries and Related Expenses	-	-	-
Patient services	-	-	-
Program expenses	-	-	-
Office and communication	-	(41)	(41)
Advertising and direct mail	-	-	-
Transportation and vehicle	-	-	-
Staff development	-	-	-
Consultants	-	-	-
Contract services	-	-	-
Travel and public relations	-	-	-
Accreditation fees	-	-	-
Occupancy	-	-	-
Insurance	-	-	-
Depreciation	-	-	-
Miscellaneous	-	-	-
Total Direct Expenses	-	(41)	(41)
Operating service fee paid to parent	-	-	-
Total Expenses	\$ -	\$ (41)	\$ (41)

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN OKLAHOMA, INC. – STATEMENT OF ACTIVITIES
BRIDGE RESOURCE FAMILY SERVICES (Contract 16015154)

Year Ended June 30, 2019

CHANGES IN NET ASSETS FROM OPERATIONS

Total Operating Revenues	\$ 1,142,196
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Operating Expenses

Program services	861,129
------------------	---------

Management and general	172,441
------------------------	---------

Operating service fee paid to parent	114,036
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Total Operating Expenses	1,147,606
---------------------------------	------------------

TOTAL CHANGES IN NET ASSETS FROM OPERATIONS	(5,410)
--	----------------

NONOPERATING CHANGES

Gifts and Bequests

Contributions	-
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Net assets release from restrictions	1,588
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Total Gifts and Bequests	1,588
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Other Income

Contribution from parent	990
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TOTAL NONOPERATING CHANGES - NET	2,578
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Total Change in Net Assets	\$ (2,832)
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Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN OKLAHOMA, INC. -

STATEMENT OF FUNCTIONAL EXPENSES

BRIDGE RESOURCE FAMILY SERVICES (Contract 16015154)

Year Ended June 30, 2019	Program Services	Fund-Management raising and General	Total
Salaries and wages	\$ 594,334	- \$ 116,853	\$ 711,187
Employee health and retirement benefits	91,291	- 17,121	108,412
Payroll taxes and unemployment compensation	47,151	- 9,058	56,209
Total Salaries and Related Expenses	732,776	- 143,032	875,808
Patient services	2,206	- -	2,206
Program expenses	8,375	- -	8,375
Office and communication	34,059	- 4,580	38,639
Advertising and direct mail	18,944	- 1,206	20,150
Transportation and vehicle	9,447	- 2,009	11,456
Staff development	201	- 1,693	1,894
Consultants	848	- 12,108	12,956
Contract services	16,076	- 339	16,415
Travel and public relations	17,342	- 5,370	22,712
Occupancy	422	- 14	436
Insurance	14,106	- 2,019	16,125
Depreciation	6,196	- 28	6,224
Miscellaneous	131	- 43	174
Total Direct Expenses	861,129	- 172,441	1,033,570
Operating service fee paid to parent	94,105	- 19,931	114,036
Total Expenses	\$ 955,234	- \$ 192,372	\$ 1,147,606

Saint Francis Ministries, Inc., and Subsidiaries

SAINT FRANCIS COMMUNITY SERVICES IN NEBRASKA, INC. - STATEMENT OF ACTIVITIES NEBRASKA FOSTER CARE AND SUPPLEMENTAL SERVICES

Year Ended June 30, 2019

CHANGES IN NET ASSETS FROM OPERATIONS

Operating Revenues

Foster care fees	\$	1,579,674
Outpatient fees		43,979
Supplemental fees		261,760
Other income		1,500

Total Operating Revenues		1,886,913
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Operating Expenses

Program services		1,375,135
Management and general		327,767
Operating service fee paid to parent		189,643

Total Operating Expenses		1,892,545
---------------------------------	--	------------------

TOTAL CHANGES IN NET ASSETS FROM OPERATIONS		(5,632)
--	--	----------------

NONOPERATING CHANGES

Gifts and Bequests

Contributions from parent		-
Net assets released from restrictions		5,000

Total Gifts and Bequests		5,000
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Other Income

Contributions from parent		-
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TOTAL NONOPERATING CHANGES - NET		5,000
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Total Change in Net Assets	\$	(632)
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Saint Francis Ministries, Inc., and Subsidiaries

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number/Contract Ex
U.S. Department of Health and Human Services		
TANF Cluster		
Passed Through Kansas Department for Children and Families		
Temporary Assistance for Needy Families	93.558	Reintegration FY19-West & Wichita
Temporary Assistance for Needy Families	93.558	Family Preservation FY19-West & Wichita
Temporary Assistance for Needy Families	93.558	Fatherhood Initiative CSS-2017-FI-05-G
Total CFDA #93.558 - TANF Cluster - Passed Through Kansas Department for Children and Families		
Passed Through Kansas Department for Children and Families		
Social Services Block Grant	93.667	Reintegration FY19-West & Wichita
Social Services Block Grant	93.667	Family Preservation FY19-West & Wichita
Total CFDA #93.667 - Passed Through Kansas Department for Children and Families		
Passed Through Kansas Department for Children and Families		
Foster Care Title IV-E	93.658	Reintegration FY19-West & Wichita
Foster Care Title IV-E	93.658	Family Preservation FY19-West & Wichita
Total CFDA #93.658 - Passed Through Kansas Department for Children and Families		
Passed Through Kansas Department for Children and Families / Children's Alliance of Kansas		
Foster Care Title IV-E	93.658	MAPP Training Contract 41420
Total CFDA #93.658 - Passed Through Kansas Department for Children and Families / Children's Alliance		
Passed Through Nebraska Department of Health and Human Services		
Foster Care Title IV-E	93.658	OG-1701NEFOST/1501NE1401/1501NEFOST
Total CFDA #93.658 - Passed Through Nebraska Department of Health and Human Services		
Passed Through Texas Department of Human Services		
Foster Care Title IV-E	93.658	75-1545-0-1-609
Total CFDA #93.658 - Passed Through Texas Department of Health and Human Services		
Passed Through Oklahoma Department of Human Services		
Foster Care Title IV-E	93.658	PA 16015154/32x-2130-03082 (640)
Total CFDA #93.658 - Passed Through Oklahoma Department of Human Services		
Total CFDA #93.658		
		\$ 1

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

Saint Francis Ministries, Inc., and Subsidiaries

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number/Contract Ex
Passed Through Kansas Office for Refugees Resettlement		
Refugee and Entrant Assistance Discretionary Grants	93.576	90RP0115
Refugee and Entrant Assistance Discretionary Grants	93.576	90RV0065-03-00
Refugee and Entrant Assistance Discretionary Grants	93.576	90RX0291-01-00
Total CFDA #93.576 - Passed Through Kansas Office for Refugees Resettlement		
Passed Through University of Kansas Center for Research, Inc.		
Adoption Opportunities	93.652	Subcontract No. FY2014-032-M7, M8, M9
Kansas Strong for Children and Families	93.652	90CO1139
Total CFDA #93.652 - Passed Through University of Kansas Center for Research, Inc.		
Passed Through University of Kansas Center for Research, Inc.		
Enhance Safety of Children Affected by Substance Abuse	93.087	90CU0077-01-00
Total CFDA #93.087 - Passed Through University of Kansas Center for Research, Inc.		
Passed Through Kansas Department of Health and Environment / Children's Alliance of Kansas		
Title V State Sexual Risk Avoidance Education Program	93.235	1001KSAEGP
Total CFDA #93.235 - Passed Through Kansas Department of Health and Environment / Children's Alliance of Kansas		
Passed Through Kansas Office for Refugees Resettlement		
Refugee and Entrant Assistance State		
Refugee and Entrant Assistance State	93.566	1702KRSOC
Refugee and Entrant Assistance State	93.566	1805KRSOC
Refugee and Entrant Assistance State	93.566	1803KSRMA
Total CFDA #93.566 - Passed Through Kansas Office for Refugees Resettlement		
Total U.S. Department of Health and Human Services		\$ 3

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

Saint Francis Ministries, Inc., and Subsidiaries

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number/Contract Ex
U.S. Department of Agriculture		
Child Nutrition Cluster		
Passed Through Kansas State Board of Education National School Lunch Program	10.555	X0921\$
Total CFDA #10.555 - Passed Through Kansas State Board of Education		
Passed Through Kansas State Board of Education School Breakfast Program	10.553	X0921
Total CFDA #10.553 - Passed Through Kansas State Board of Education		
Total Child Nutrition Cluster		
U.S. Department of Justice		
Passed through the State of Kansas/Kansas Governor's Grant Program		
Crime Victim Assistance	16.575	18-VOCA-39
Crime Victim Assistance	16.575	19-VOCA-39
Total CFDA #16.575 - Passed Through the State of Kansas / Kansas Governor's Grant Program		
U.S. Department of State		
Passed Through Episcopal Migration Ministries		
U.S. Refugee Admissions Program	19.510	SPRMCO18CA0008
U.S. Refugee Admissions Program	19.510	UTO/EMM-002
Total CFDA #19.510 - Passed Through Episcopal Migration Ministries		
TOTAL FEDERAL AWARDS		\$ 3

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

Saint Francis Ministries, Inc., and Subsidiaries

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes award activity of Saint Francis Ministries, Inc. (formerly known as Saint Francis Community Services, Inc.), and its wholly-owned subsidiaries as described in note 1 (collectively, Saint Francis Ministries, Inc.). Information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code, Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and the Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Certain types of expenditures are not allowable or are limited as to reimbursements. Saint Francis Ministries, Inc. has not elected to use the 10-percent de minimis indirect cost rate allowable under the Uniform Guidance.

3. ABBREVIATIONS

For purposes of the Schedule, the following abbreviation was used:

CFDA - Catalog of Federal Domestic Assistance

4. MULTIPLE ENTITIES

The Schedule includes the federal disbursements and expenses of the following entities:

Saint Francis Community and Family Services, Inc.
Saint Francis Community and Residential Services, Inc.
Saint Francis Ministries, Inc. (formerly known as Saint Francis Community Services, Inc.)
Saint Francis Community Services in Oklahoma, Inc.
Saint Francis Community Services in Nebraska, Inc.
Saint Francis Community Services in Texas, Inc. (Included in Saint Francis Community Outreach Services, Inc.)

The *Government Auditing Standards* and Uniform Guidance requirements for Bridgeway Apartments, Inc., were included in the report audited by other auditors, Maddox & Associates, APC, for the period ended June 30, 2019.

OTHER REPORTS SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Saint Francis Ministries, Inc., and its Subsidiaries
Salina, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Saint Francis Ministries, Inc., a Kansas not-for-profit organization, and its wholly-owned subsidiaries (collectively, Saint Francis), which comprise the consolidated statements of financial position as of June 30, 2019; the related consolidated statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the consolidated financial statements, and have issued our report thereon dated January 25, 2021. Our report includes a reference to other auditors who audited the financial statements of Bridgewater Apartments, Inc., as described in our report on Saint Francis' consolidated financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Saint Francis' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Saint Francis' internal control. Accordingly, we do not express an opinion on the effectiveness of Saint Francis' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might constitute material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control over financial reporting that we consider to be a material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Saint Francis' consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2019-01, 2019-02, and 2019-03 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Saint Francis' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Saint Francis' Response to Findings

Saint Francis' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Saint Francis' response was not subjected to auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Saint Francis' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Saint Francis' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KCae Team, LLP

January 25, 2021
Salina, Kansas

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Saint Francis Ministries, Inc., and its Subsidiaries
Salina, Kansas

Report on Compliance for Each Major Federal Program

We have audited Saint Francis Ministries, Inc., a Kansas not-for-profit organization, and its wholly owned subsidiaries (collectively, Saint Francis) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Saint Francis' major federal programs for the year ended June 30, 2019. Saint Francis' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Saint Francis' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the provisions of the Kansas Department for Children and Families *Direct Audit/Monitoring Policy and Requirements* approved March 29, 2017. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Saint Francis' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Saint Francis' compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Opinion on Each Major Federal Program

In our opinion, Saint Francis complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Saint Francis is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Saint Francis' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Saint Francis' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance that, described in the accompanying schedule of findings and questioned costs as items 2019-01, 2019-02, and 2019-03, that we consider to be a material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Saint Francis's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs and corrective action plan. Saint Francis's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly we express no opinion on that response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KCoe Jam, LLP

January 25, 2021
Salina, Kansas

FINDINGS AND QUESTIONED COSTS SECTION

Saint Francis Ministries, Inc., and Subsidiaries

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

SECTION I

SUMMARY OF AUDITORS' RESULTS

1. The opinion expressed in the independent auditors' report was:

Unmodified Qualified Adverse Disclaimed

2. Internal control over financial reporting:

Are any material weakness(es) identified?

Yes No

Are any significant deficiency(ies) identified?

Yes No

3. Is any noncompliance material to the consolidated financial statements noted?

Yes No

4. Internal control over major federal awards programs:

Are any material weakness(es) identified?

Yes No

Are any significant deficiency(ies) identified?

Yes No

5. The opinion expressed in the independent auditors' report on compliance with requirements to major federal awards was:

Unmodified Qualified Adverse Disclaimed

6. Are any audit findings disclosed required to be reported in accordance with 2 CFR Section 200.518(b)(1), is \$1,003,301.

Yes No

7. Identification of major federal programs:

U.S. Department of Health and Human Services

Temporary Assistance for Needy Families CFDA #93.558

Social Services Block Grant CFDA #93.667

Foster Care - Title IV-E CFDA #93.658

8. The dollar threshold used to distinguish between Type A and Type B programs as described in Section 200.518(b)(1), is \$1,003,301.

9. Saint Francis Ministries, Inc., and its wholly-owned subsidiaries qualify as low-risk auditees under Section 200.520.

Saint Francis Ministries, Inc., and Subsidiaries

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

(Continued)

SECTION II FINDINGS

FINANCIAL STATEMENT FINDINGS

Finding 2019-01

Material Weakness

Criteria General Information Technology (IT) controls include an objective that an entity maintain reliable systems that include appropriate data backup and recovery processes.

Condition Saint Francis incurred significant lost data in October 2019. The data that was lost portion of May 2019 through October 2019 transactions that significantly affected the consolidated financial statements. Saint Francis has restored all of the data for the year ended June 30, 2019, individually re-entering all of the lost data.

Cause The backup system and recovery procedures failed.

Potential Effect and Context Inadequate design and implementation of IT general and application controls prevented the information system from providing complete and accurate information on a timely basis consistent with financial reporting objectives and current needs.

Recommendations We recommend that Saint Francis review their backup policy to minimize the risk of lost or corrupted data. In addition, we recommend that application data and file server recovery procedures are tested at least annually to ensure data integrity and recovery.

View of Responsible Officials Saint Francis has been re-entering all of the lost data and re-opening accounts. In addition, Saint Francis has placed some of the applications in the Cloud and are currently evaluating to evaluate the back-up policy to reduce the risk of loss of data from happening in the future.

Finding 2019-02

Material Weakness

Criteria Internal control procedures affect an organization's ability to process financial transactions that are authorized and accurate. Saint Francis must establish and maintain effective internal controls over financial reporting to provide reasonable assurance that financial reports are accurate and supported. Effective internal control includes limiting individuals', including managements', ability to create and review the same financial transactions.

Condition Although a hierarchy of required approvals is maintained within the organization, there are no current procedures to substantiate and endorse the approval of the highest level; therefore, the approval of the highest ranking member of the organization was not subject to a high level of review. Expenditures (including travel, meals, lodging, entertainment, and other types of transactions) made by top management were approved by the same individual that incurred the expenses or someone underneath that individual. In addition, accounting staff requested documentation, and many transactions did not receive any documents supporting the credit card charges and were asked to pay the credit card charges without supporting receipts.

Saint Francis Ministries, Inc., and Subsidiaries

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

(Continued)

Cause There was management override of controls.

Potential Effect and Context Expenses were not objectively reviewed for unusual amounts. Subsequently, Saint Francis incurred and paid expenses which were not consistent with Saint Francis's financial objectives.

Recommendations We recommend that Saint Francis implement a policy that all expenditures over \$1,000 be reviewed and approved by top management, including their monthly credit card charges, are reviewed and approved by the Finance Committee, treasurer, or chairman of the board before the expenditures are paid. In addition, a policy should be developed to provide accounting staff with the process to follow when documentation for the expenses is not provided. Saint Francis should consider having an appropriate person perform the following procedures:

- Compare expense reports to budgeted amounts or historical records and investigate paid amounts.
- Compare expense reports to expectations of expenses utilizing employee calendars, logs, and other records to confirm the incurred expenses.
- Examine supporting documentation for unusual items and unusual amounts.

We recommend that a policy be developed for obtaining the Board of Directors' or the Finance Committee's approval before certain types of travel and entertainment type expenses are incurred. Such approval should be noted in the Board of Directors or the Finance Committee meeting minutes and communicated to the appropriate accounting staff.

These steps will enable Saint Francis to maintain better control over expenses and records, and to identify the misuse of funds.

View of Responsible Officials The Saint Francis management team is reviewing the current procedures in regards to the types of expenses noted above. There will be additional controls added to the current policy. In addition, a policy requiring all credit card charges incurred by the CEO will be approved by the board chair, the Finance Committee, or the treasurer before they are paid.

Finding 2019-03

Material Weakness

Criteria Those charged with governance of an organization should demonstrate independence from management and exercise oversight of the development and performance of internal control.

Condition The Board of Directors and the Finance Committee were not aware of certain financial results, the reason for such results, or the deterioration of adequate cash flow.

Cause Management did not provide the information noted in the condition to the Board of Directors or the Finance Committee in enough detail to stress the severity of the issue.

Saint Francis Ministries, Inc., and Subsidiaries

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

(Continued)

Potential Effect and Context Board of Directors, nor Finance Committee members are not with adequate and timely information so that they can make informed, considered decisions on programs and activities of Saint Francis.

Recommendations We recommend that Saint Francis provide board and finance members with supporting financial information that accurately reflects the financial position of the organization in advance of each meeting so that the board and committee have enough time to review the data. In addition, the Board of Directors and the Finance Committee should have financial knowledge and skills sufficient to approve budgets; review financial statements and operations reports; and understand contractual, banking, and financial commitments. The Board of Directors and Finance Committee members should have the skills in all the legal, accounting, finance, and personnel areas for which a board is responsible, even though any one member may not be skilled in every area. Additionally, Saint Francis should implement additional procedures to allow the financial committee to periodically review and approve expenses approved by the highest level of the hierarchy.

View of Responsible Officials The Saint Francis board is working with top management to obtain the information that is required for them to fulfill their board oversight duties. The Finance Committee should be meeting monthly. Board education will be provided to the Board of Directors and Finance Committee members. The corporate structure will be revised including a risk management/compliance/internal audit review officer which will allow more interaction directly with the board, if necessary. This position should be a direct point for whistleblower type incidents and will be responsible for performing corporate governance management.

SECTION III FINDINGS

FINANCIAL AWARDS FINDINGS

INTERNAL CONTROL OVER COMPLIANCE

See Findings 2019-01, 2019-02, and 2019-03 identified in: Section II Findings - Financial Statements

Saint Francis Ministries, Inc., and Subsidiaries

CORRECTIVE ACTION PLAN

Year Ended June 30, 2019

Finding 2019-01:

Saint Francis has been re-entering all of the lost data and reconciling the accounts. In addition, Saint Francis has placed some of the applications in the Cloud and are continuing to evaluate the backup policy to reduce the risk of loss of data from happening in the future.

Finding 2019-02:

The Saint Francis management team is reviewing the current policies and procedures in regard to the types of expenses noted above. There will be additional controls added to the current policy. In addition, a policy requiring all credit card charges incurred by the CEO will be approved by the board chair, the finance committee, or the treasurer before they are paid.

Finding 2019-03:

The Saint Francis board is working with top management to identify the information that is required for them to fulfill their board oversight duties. The finance committee will be meeting more frequently and education will be provided to board and finance members. The corporate structure will be revised, including a risk management/compliance/internal review officer which will allow more communication directly with the board, if necessary. This position will be a direct point for whistleblower type issues and will be responsible for performing corporate risk management.