KPMG

THE CENTRAL PASTORAL ADMINISTRATION OF THE ARCHDIOCESE OF WASHINGTON

Combined Financial Statements

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

KPMG LLP
1676 International Drive
McLean, VA 22102

Independent Auditors' Report

His Eminence Donald Cardinal Wuerl
Archbishop of Washington
Archdiocese of Washington:

We have audited the accompanying combined financial statements of the Central Pastoral Administration of the Archdiocese of Washington (Central Pastoral Administration), which comprise the combined statements of financial position as of June 30, 2015 and 2014, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Central Pastoral Administration of the Archdiocese of Washington as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting its principles.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information included in Schedules 1–3 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

KPMG LLP

November 25, 2015

THE CENTRAL PASTORAL ADMINISTRATION OF
THE ARCHDIOCESE OF WASHINGTON

Combined Statements of Financial Position

June 30, 2015 and 2014

Assets		2015	2014
Cash and cash equivalents	$	26,164,278	15,901,923
Accounts receivable, net (note 3)		9,819,014	12,282,702
Contributions receivable, net (note 4)		5,275,273	3,941,309
Prepaid expenses and other assets		2,185,308	2,008,410
Notes receivable, net (note 5)		841,624	854,021
Receivable due from affiliates (note 15)		392,614	399,401
Investments (note 2)		72,234,965	78,480,933
Property and equipment, net (note 6)		38,708,339	40,163,231
Deferred rent receivable (note 7)		15,185,140	13,594,950
Beneficial interest in assets held by others (note 8)		14,768,698	15,530,137
Total assets	$	185,575,253	183,157,017
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	10,650,968	9,191,285
Insurance claims and benefits payable (note 10)		9,245,044	8,715,510
Contributions payable (note 9)		5,929,312	5,650,967
Payable due to affiliates (note 15)		12,467	345,254
Funds held on behalf of others		10,457,880	9,514,762
Collections held for disbursement		2,572,942	2,882,073
Deferred revenue		412,248	460,214
Annuities payable		1,752,280	1,450,143
Accrued liability for priests’ retirement plan (note 10 (c))		23,721,829	21,795,002
Total liabilities		64,754,970	60,005,210
Net assets:			
Unrestricted:			
Undesignated		(6,125,916)	1,793,414
Designated (note 11)		61,393,435	58,075,131
Invested in property and equipment (note 6)		38,708,339	40,163,231
Total unrestricted		93,975,858	100,031,776
Temporarily restricted (note 12)		14,643,694	10,929,079
Permanently restricted (note 12)		12,200,731	12,190,952
Total net assets		120,820,283	123,151,807
Total liabilities and net assets	$	185,575,253	183,157,017

See accompanying notes to combined financial statements.

THE CENTRAL PASTORAL ADMINISTRATION OF THE ARCHDIOCESE OF WASHINGTON

Combined Statements of Activities

Years ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Changes in net assets:								
Revenue, gains, and other support:								
Assessments:								
Parish	$ 10,149,061	—	—	10,149,061	10,060,663	—	—	10,060,663
Education	3,013,473	—	—	3,013,473	3,129,356	—	—	3,129,356
Other	548,400	—	—	548,400	561,260	—	—	561,260
Total assessments	13,710,934	—	—	13,710,934	13,751,279	—	—	13,751,279
Contributions, donations, gifts, and bequests:								
Archbishop’s appeal	11,018,560	3,438,716	—	14,457,276	11,625,775	3,421,308	—	15,047,083
Gifts and bequests	1,611,036	7,984,452	—	9,595,488	1,750,617	2,335,698	—	4,086,315
Total contributions, donations, gifts, and bequests	12,629,596	11,423,168	—	24,052,764	13,376,392	5,757,006	—	19,133,398
Premiums and insurance billings	42,714,468	—	—	42,714,468	42,433,923	—	—	42,433,923
Administrative fees	59,336	—	—	59,336	59,985	—	—	59,985
Interest and investment (loss) income, net (note 2)	(1,567,621)	(9,321)	—	(1,576,942)	10,009,780	324,321	—	10,334,101
(Decrease) increase in beneficial interest in assets held by others	(2,581)	(226,729)	9,779	(219,531)	—	1,756,874	18,613	1,775,487
Management fees and computer services	1,552,254	—	—	1,552,254	1,528,021	—	—	1,528,021
Tribunal and chancery fees	85,890	—	—	85,890	86,343	—	—	86,343
Special program income	779,220	—	—	779,220	902,053	—	—	902,053
Advertising	540,280	—	—	540,280	514,608	—	—	514,608
Subscriptions	99,230	—	—	99,230	111,797	—	—	111,797
Rental income	3,440,928	—	—	3,440,928	3,369,332	—	—	3,369,332
Net gains on property transactions	—	—	—	—	9,800	—	—	9,800
Other	(159,389)	—	—	(159,389)	1,519,803	—	—	1,519,803
Total revenue, gains, and other support	73,882,545	11,187,118	9,779	85,079,442	87,673,116	7,838,201	18,613	95,529,930
Net assets released from restrictions (note 13)	7,472,503	(7,472,503)	—	—	7,947,465	(7,947,465)	—	—
Total revenue, gains, and other support	81,355,048	3,714,615	9,779	85,079,442	95,620,581	(109,264)	18,613	95,529,930

THE CENTRAL PASTORAL ADMINISTRATION OF
THE ARCHDIOCESE OF WASHINGTON

Combined Statements of Activities

Years ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Expenses:								
Program services:								
Catholic education	$ 5,556,181	—	—	5,556,181	5,648,717	—	—	5,648,717
Pastoral ministry and social concerns	8,950,527	—	—	8,950,527	8,276,193	—	—	8,276,193
Ministerial leadership	7,163,193	—	—	7,163,193	6,045,124	—	—	6,045,124
Communications	2,928,910	—	—	2,928,910	2,853,205	—	—	2,853,205
Parish services	1,801,228	—	—	1,801,228	1,879,467	—	—	1,879,467
Insurance and benefits	36,326,076	—	—	36,326,076	36,782,502	—	—	36,782,502
Priests' retirement benefits and medical care	(314,837)	—	—	(314,837)	1,705,538	—	—	1,705,538
Propagation of the faith	298,262	—	—	298,262	304,205	—	—	304,205
Christ Our Hope – Papal visit	408,692	—	—	408,692	—	—	—	—
Archdiocesan administration	7,734,501	—	—	7,734,501	6,547,269	—	—	6,547,269
Total program services	70,852,733	—	—	70,852,733	70,042,220	—	—	70,042,220
Supporting services:								
General and administrative	5,077,902	—	—	5,077,902	3,852,266	—	—	3,852,266
Fund-raising	2,406,098	—	—	2,406,098	2,517,020	—	—	2,517,020
Total supporting services	7,484,000	—	—	7,484,000	6,369,286	—	—	6,369,286
Total expenses	78,336,733	—	—	78,336,733	76,411,506	—	—	76,411,506
Increase in net assets before pension-related changes other than net periodic pension cost	3,018,315	3,714,615	9,779	6,742,709	19,209,075	(109,264)	18,613	19,118,424
Charges other than net periodic benefit cost (note 10(c))	(9,074,233)	—	—	(9,074,233)	(2,406,254)	—	—	(2,406,254)
Increase (decrease) in net assets	(6,055,918)	3,714,615	9,779	(2,331,524)	16,802,821	(109,264)	18,613	16,712,170
Net assets at beginning of year	100,031,776	10,929,079	12,190,952	123,151,807	83,228,955	11,038,343	12,172,339	106,439,637
Net assets at end of year	$ 93,975,858	14,643,694	12,200,731	120,820,283	100,031,776	10,929,079	12,190,952	123,151,807

See accompanying notes to combined financial statements.

THE CENTRAL PASTORAL ADMINISTRATION OF THE ARCHDIOCESE OF WASHINGTON

Combined Statements of Cash Flows

Years ended June 30, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Increase (decrease) in net assets	$	(2,331,524)	16,712,170
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation and amortization		1,627,260	1,463,223
Net loss (gain) on sale of property		1,050	(9,800)
Loss on impairment of asset		1,040,185	—
Bad debt expense		(61,525)	509,021
Receipt of contributed property		—	(5,800)
Net unrealized and realized investment losses (gains)		1,914,434	(11,342,457)
Decrease (increase) in assets:			
Accounts receivable		2,396,170	(1,816,765)
Contributions receivable		(1,333,964)	(148,233)
Prepaid expenses and other assets		(176,898)	(1,459,728)
Deferred rent receivable		(1,590,190)	(1,614,246)
Receivable due from affiliate		(96,245)	949,102
Beneficial interest in assets held by others		761,439	(1,177,606)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses		1,459,683	(2,594,974)
Insurance claims payable		529,534	2,545,643
Contributions payable		278,345	433,009
Payable due to affiliate		(332,787)	345,254
Funds held on behalf of others		943,118	1,089,178
Collections held for disbursement		(309,131)	(406,551)
Deferred revenue		(47,966)	(110,242)
Annuities payable		302,137	179,914
Accrued liability for priests' retirement plan		1,926,827	695,174
Net cash provided by operating activities		6,899,952	4,235,286
Cash flows from investing activities:			
Purchases of investments		(10,952,633)	(1,298,640)
Proceeds from sale of investments		15,284,167	8,503
Proceeds from sale of property		—	9,800
Purchase of property and equipment		(1,213,603)	(3,324,352)
Principal payments received on notes receivable		315,357	166,218
Amounts disbursed for notes receivable		(70,885)	(54,679)
Net cash provided by (used in) investing activities		3,362,403	(4,493,150)
Cash flows from financing activity:			
Principal payments on notes payable		—	(2,288)
Net cash used in financing activity		—	(2,288)
Net increase (decrease) in cash and cash equivalents		10,262,355	(260,152)
Cash and cash equivalents at beginning of year		15,901,923	16,162,075
Cash and cash equivalents at end of year	$	26,164,278	15,901,923
Supplemental disclosures of noncash transactions and other cash flow information:			
Cash paid during the year for interest	$	—	56
Fully depreciated software write-off		770,165	—

See accompanying notes to combined financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

The accompanying combined financial statements include only the administrative offices of the Archdiocese of Washington (the Archdiocese) and four centrally administered corporations: Christ Our Hope Foundation, Inc., Propagation of the Faith, Carroll Publishing, and Redemptoris Mater Seminary. Collectively, these are referred to as the Central Pastoral Administration.

The geographic territory encompassed by the Archdiocese comprises the District of Columbia and the Maryland counties of Montgomery, Prince George's, Charles, Calvert, and St. Mary's.

The accounts of certain other organizations within the Archdiocese such as parishes, parish schools, corporations, and church-related institutions (such as institutions owned and operated by religious orders of men and women) are not included in the accompanying combined financial statements. Archdiocesan church buildings, rectories, and the like are purchased with the consent of, and are titled and deeded to the Archbishop; however, the separate operating entities have vested interests in these properties, and consequently, the costs of these properties are not included in the accompanying combined financial statements. However, land held for future parish sites and certain other property maintained by the Central Pastoral Administration are included in the accompanying combined statements of financial position.

(b) Basis of Presentation

The accompanying combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) on the accrual basis of accounting.

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions; accordingly, the net assets of the Central Pastoral Administration and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may be met either by actions of the Central Pastoral Administration and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Central Pastoral Administration. Generally, the donors of these assets permit the Central Pastoral Administration to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(c) Cash and Cash Equivalents

Central Pastoral Administration maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Central Pastoral Administration has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

For financial statement purposes, the Central Pastoral Administration considers funds in money markets and overnight investments having an original maturity of three months or less to be cash equivalents, except for money market funds held by investment managers, which are classified as investments.

(d) Investments

Investments are recorded at fair value, which is determined using quoted market prices or, with respect to investments without quoted market prices, at estimated fair values provided by external investment managers. Management reviews and evaluates the fair values provided by the external investment managers and believes that the valuation methods and assumptions used in determining their estimated fair values are reasonable. Investments received as donations are initially recorded at fair value at the date of donation.

The Central Pastoral Administration entered into a Trust Agreement with the Catholic Investment Trust of Washington (CITW) on March 29, 2012. Pursuant to this agreement, the Central Pastoral Administration transferred its long-term investments to CITW effective April 2, 2012. For the year ended June 30, 2014, the investments in CITW were managed by independent investment managers, and the securities were held by bank custodians. CITW was invested in a diversified portfolio consisting of cash equivalents, domestic and foreign equity and fixed income securities, bonds, money market funds, private equity, balanced and closed-end mutual funds, hedge funds, and U.S. government and agency securities.

Effective July 1, 2014, CITW entered into a limited partnership agreement with Cambridge Associates Resources, LLC, as General Partner, creating CITW Fund LP. CITW Fund LP invests in publicly traded stocks, exchange-traded funds, mutual funds, bonds, derivative contracts, unaffiliated limited partnerships, limited liability companies, private equity, and/or venture capital funds. The CITW Fund LP generally seeks to achieve long-term equity-like returns through broadly diversifying by asset class, investment manager, geography, economic sector, and security.

The investment in CITW and CITW's investment in CITW Fund LP are reported at estimated fair values utilizing net asset value (NAV). The Central Pastoral Administration reviews and evaluates the NAVs provided by the General Partner and fund managers and believes that the valuation methods and assumptions used in determining the NAVs are reasonable investments are recorded at fair value, which is determined using quoted market prices or, with respect to investments without quoted market prices, at estimated fair values provided by external investments managers. Management reviews and

(Continued)

evaluates the fair values provided by the external investments managers and agrees with the valuation methods and assumptions used in determining their estimated fair value.

(e) Receivables and Allowances

Accounts receivable represent amounts due mainly from related entities for assessments, premiums, newspaper subscriptions, and other.

Contributions receivable represent unconditional promises to give and are expected to be received in less than one year.

Notes receivable mainly represent loans to parishes and related entities.

Receivables are stated at the amount management expects to collect on the combined statements of financial position. The Central Pastoral Administration follows a policy to calculate the probable uncollectible amount reserving anywhere from 50% to 100% based on the other parties' ability to pay. This allowance for uncollectible receivable is adjusted through a provision for bad debt expense.

(f) Property and Equipment

Fixed assets are recorded at cost. Gifts of property and equipment are recorded at fair market value on the date contributed.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are buildings, 40 years; software, 10 years; furniture and equipment, 5-10 years; and automobiles, 5 years.

(g) Funds Held on Behalf of Others

The Central Pastoral Administration records amounts due to other organizations as funds held on behalf of others when the monies are received. These amounts consist primarily of contributions received by the Central Pastoral Administration's fund-raising campaigns for other Archdiocesan entities and annuities administered by the Central Pastoral Administration for the benefit of other Archdiocesan entities.

(h) Contributed Services

A substantial number of unpaid volunteers have made significant contributions of time to various programs. The value of this contributed time is not reflected in these statements because the services did not require specialized skills or create or enhance nonfinancial assets.

(i) Income Taxes

The Archdiocese is exempt from federal income tax, except on unrelated activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code. No provision has been made for income taxes during the years ended June 30, 2015 and 2014 since the Archdiocese had no significant unrelated business income.

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Tax positions are recognized or derecognized based on a more-likely than-not threshold. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which change in judgment occurs. This applies to positions taken or expected to be taken in a tax return. The Central Pastoral Administration recognizes interest accrued related to unrecognized tax benefits and penalties related to unrecognized tax benefits in accounts payable and accrued liabilities, if assessed. No interest expense or penalties have been recognized as of and for the years ended June 30, 2015 and 2014. Management annually reviews its tax provision and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

(j) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities; accordingly, certain costs have been allocated among the programs and supporting services benefited based on the amount of space utilized by the staff of the programs and supporting services.

(k) Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Contributions, which include unconditional promises to give, are recognized as revenue in the period the promise is made by the donor. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional revenue and used in accordance with donor-imposed restrictions, if any, on the contributions.

Expirations of temporary restrictions on net assets (i.e., the donor’s stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Premiums and insurance billings are recognized as revenue during the period in which coverage is provided. Assessments are recognized as revenue in the period the assessment is made. Fees are recognized as revenue in the period the service is provided.

Rental revenue under tenant leases is recognized on a straight-line basis over the terms of the related leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 840, *Leases*. Revenues for recoveries from tenants for other costs are recognized in the period in which the related expenses are incurred.

(Continued)

(l) Insurance Claims and Benefits Payable

The Central Pastoral Administration sponsors property and casualty insurance, workers' compensation insurance, health and medical insurance, and pension benefit programs for organizations within the Archdiocese. Property and casualty, workers' compensation, and health and medical claims are accrued when reported. In addition, an estimate for medical claims incurred but not reported is accrued. Pension benefits payable consist of the unpaid required contributions to the multiemployer plan for laypersons.

(m) Annuities Payable

The Central Pastoral Administration has various charitable gift annuity agreements under which it receives contributed assets in exchange for a promise to pay the donor a fixed amount over a specified period of time, typically until the donor's death. An estimate of the related liability has been recorded based on the present value of future payments using approximate discount rates of 1.0% to 10.0% and the actuarial determined life expectancy of the donor. Liabilities under charitable gift annuities are recorded in annuities payable.

(n) Concentration of Credit Risk

The Central Pastoral Administration invests in various investment securities. Investments 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 and that such change could materially affect the amounts reported in the combined statements of financial position.

(o) Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires the Central Pastoral Administration to make certain estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(p) Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07 *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* (the ASU), which updates existing fair value guidance and amends ASC 820, *Fair Value Measurement*. The amendments in the ASU remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using NAV per share practical expedient. Prior to the issuance of the ASU, investments valued using the NAV per share practical expedient were categorized within the fair value hierarchy based upon Central Pastoral Administration's ability to redeem its investment on the measurement date. Reporting entities are required to adopt the ASU retrospectively. The effective date for adoption for public entities is fiscal years beginning after December 15, 2015 and for all other entities is fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. Early adoption is permitted for all entities. Management has evaluated the ASU and determined that the NAV per share or its equivalent is the practical expedient for the investment in CITW. Management has, therefore, determined that early adoption of ASU 2015-07 is appropriate. The early adoption of the ASU by Central Pastoral Administration changed certain disclosures in note 2, but did not have a material impact on its combined statements of financial position, activities, and cash flows.

(q) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

(2) Investments and Fair Value Measurements

Fair value refers to the price that would be received upon selling an asset or the price paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants at the reporting date.

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, as a practical expedient, an entity holding investments in certain entities that calculate NAV per share or its equivalent for which the fair value is not readily determinable, is permitted to measure the fair value of such investments on the basis of that NAV or its equivalent without adjustment.

Management uses its best judgment in estimating the fair value of Central Pastoral Administration's investments including its consideration on the use of NAV as a practical expedient. There are inherent limitations in any estimation technique. Because of the inherent uncertainty of valuation, this estimated fair value may differ significantly from the value that would have been used had a ready market for the investments existed, and the difference could be significant.

Fair Value Measurements, under FASB ASC Topic 820 (ASC 820), prioritizes within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). However, the determination of what constitutes "observable" requires significant judgment.

The Central Pastoral Administration's investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy and its applicability to the portfolio investments are described below:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Central Pastoral Administration has the ability to access at the measurement date.

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

Level 3 Inputs that are unobservable.

An individual investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management.

Observable data is that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of that investment and does not necessarily correspond to the perceived risk of that investment.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Assumptions used due to lack of observable inputs may significantly impact the resulting fair value and, therefore, the results of operations.

The Central Pastoral Administration transferred a majority of its investments, effective April 2, 2012, to CITW. Pursuant to this agreement, legal title of the assets was transferred to CITW and the Central Pastoral Administration holds an interest in the NAVs of the investments in CITW. The Central Pastoral Administration owns only its interest in CITW and has no claim on the interest held by other participants in CITW and no other participants have a claim on the Central Pastoral Administration's interest in CITW. Effective July 1, 2014, CITW entered into a limited partnership agreement with Cambridge Associates Resources, LLC, as General Partner, creating CITW Fund LP. Central Pastoral Administration continues its ownership in CITW while CITW is the limited partner in CITW Fund LP.

The following table shows classification of investments by level of the fair value hierarchy in the CITW as of June 30, 2015 and 2014:

	2015	**2014**
Level 1	41.1%	69.0%
Level 2	8.3	15.0
Level 3	—	—
NAV	50.6	16.0
	100.0%	100.0%

The Central Pastoral Administration used the NAV or its equivalent as a practical expedient to determine the fair value of its underlying investments, which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The fair value of the investment in CITW of $57,543,073 and $63,346,673 at June 30, 2015 and 2014, respectively, is estimated using the NAV as a practical expedient. There are no unfunded commitments for this investment.

For the year ended June 30, 2014, the investments of CITW comprised three portfolios: Traditional, Semiliquid, and Illiquid. The investment objective of each portfolio, consistent with the Investment Policy Statement approved by CITW's board of trustees, was long-term total return that net of fees exceeds the aggregate Portfolio benchmark's total return with less risk. The Traditional portfolio was valued monthly and redemption by the grantors is permitted at the valuation date. The Semiliquid portfolio was valued at the beginning of each quarter and could be redeemed with 30 days' notice after quarter-end. The Illiquid portfolio was valued at the beginning of each quarter and did not have redemption frequency.

The Central Pastoral Administration invests in CITW. CITW invests in CITW Fund LP, which maintains two portfolios, Liquid and Illiquid. The investment objective of each portfolio, consistent with the Investment Policy Statement approved by CITW's board of trustees, is long-term total return that net of fees exceeds the aggregate Portfolio benchmark's total return with less risk.

Redemptions from CITW Fund LP are permitted upon written notice received by the General Partner at least 90 days prior to the end of any fiscal year and 60 days prior to the end of any fiscal quarter. The General Partner has discretion to suspend withdrawals if considered necessary to prevent an adverse impact on CITW Fund LP.

The Central Pastoral Administration also held investments outside of CITW as of June 30, 2015 and 2014. These investments included domestic equity, which trade on a daily basis and are disclosed as Level 1. Domestic money market funds are included in Level 2 of the fair value hierarchy as the values are based on observable market information. Other investments included oil rights and certificates of deposit that do not trade on a daily basis. The oil rights are appraised by a certified appraiser on an annual basis based on observable market inputs and are disclosed as Level 2. The certificates of deposit mature in 24 months and 11 months, respectively, and are disclosed as Level 2.

The following is a summary of the fair value measurements of Central Pastoral Administration's investments within the fair value hierarchy with a disclosure of the investments measured at NAV to allow reconciliation to the combined statement of financial position as of June 30:

	Total 2015	Level 1	Level 2	Level 3	NAV
Assets:					
Investment in CITW	$ 57,543,073	—	—	—	57,543,073
Equity securities – domestic	8,736,269	8,752,308	—	—	(16,039)
Money market funds – domestic	4,922,609	—	4,922,609	—	—
Other investment – domestic	1,033,014	—	1,033,014	—	—
	$ 72,234,965	8,752,308	5,955,623	—	57,527,034

	Total 2014	Level 1	Level 2	Level 3	NAV
Assets:					
Investment in CITW	$ 63,346,673	—	—	—	63,346,673
Equity securities – domestic	13,155,225	13,155,225	—	—	—
Money market funds – domestic	956,762	—	956,762	—	—
Other investment – domestic	1,022,273	—	1,022,273	—	—
	$ 78,480,933	13,155,225	1,979,035	—	63,346,673

In accordance with subtopic 820-10, certain investments are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the combined statements of financial position.

The fair value of other financial instruments, principally cash and cash equivalents, receivables, and payables approximates their carrying value at June 30, 2015 and 2014 because of the short maturity of these items.

Investment income consists of the following for the years ended June 30:

		2015	2014
Interest and dividends	$	188,911	88,197
Realized gains, net		1,947,200	317,244
Unrealized (losses) gains, net		(3,861,634)	11,025,213
Less investment loss (income) allocated to funds held on behalf of others		148,581	(1,096,553)
Investment (loss) income	$	(1,576,942)	10,334,101

(3) Accounts Receivable

Accounts receivable are summarized as follows at June 30:

		2015		
		Gross	Allowance for doubtful accounts	Totals
Accounts receivable:				
Assessments	$	1,054,966	(119,966)	935,000
Insurance		12,308,906	(6,880,091)	5,428,815
Trade		3,057,926	(85,492)	2,972,434
Other		2,094,076	(1,611,311)	482,765
	$	18,515,874	(8,696,860)	9,819,014

		2014		
		Gross	Allowance for doubtful accounts	Totals
Accounts receivable:				
Assessments	$	1,043,966	(119,966)	924,000
Insurance		17,953,147	(8,292,987)	9,660,160
Trade		1,112,059	(350,357)	761,702
Other		4,899,225	(3,962,385)	936,840
	$	25,008,397	(12,725,695)	12,282,702

Of the gross accounts receivable, $14,833,365 and $22,895,268 as of June 30, 2015 and 2014, respectively, is due from related parties including parishes and Archdiocesan-related corporations and institutions (note 15).

(4) Contributions Receivable

Contributions receivable are expected to be received at June 30 as follows:

		2015	2014
Less than one year	$	6,235,902	4,942,146
Less allowance for uncollectible contributions receivable		(960,629)	(1,000,837)
	$	5,275,273	3,941,309

(5) Notes Receivable

Notes receivable are summarized as follows at June 30:

		2015	2014
Parishes	$	2,173,474	2,377,464
Related corporations		365,127	466,506
Other		—	33,551
		2,538,601	2,877,521
Less allowance for uncollectible notes receivable		(1,696,977)	(2,023,500)
	$	841,624	854,021

(6) Property and Equipment

Property and equipment are summarized as follows at June 30:

	2015	2014
Land	$ 9,409,273	9,409,273
Future parish sites	845,398	845,398
Buildings	41,504,497	41,143,450
Furniture and equipment	4,628,614	4,426,458
Automobiles	863,246	794,554
Software	1,310,801	3,121,151
Construction in progress	495,579	104,080
Property and equipment, gross	59,057,408	59,844,364
Less accumulated depreciation	(20,349,069)	(19,681,133)
Property and equipment, net	$ 38,708,339	40,163,231

At June 30, 2015, gross software of $1,810,350 was determined to be impaired and was written off.

Depreciation expense was $1,627,260 and $1,463,223 for the years ended June 30, 2015 and 2014, respectively.

(7) Deferred Rent Receivable

The Archdiocese entered into a ground lease arrangement through 2099 using land adjacent to St. Matthew's Cathedral. The Archdiocese receives $1 million per year through 2099 (subject to consumer price index fluctuations with a floor increase of 1.5% and other factors), 50% of which will be shared with St. Matthew's Cathedral.

The Archdiocese also entered into a ground lease arrangement through 2102 using land owned by St. Patrick's parish. Fifty percent of the annual lease income will be received by the Archdiocese and 50% of the annual lease income will be paid directly to St. Patrick's parish.

U.S. GAAP requires rental income, including all future contractually stipulated increases, to be recognized on a straight-line basis over the term of a lease. Therefore, the minimum 1.5% CPI increase has been projected from inception through the 99-year lease terms to determine the annual straight-line rental income amount. The differential between the straight-line amount and the actual amount received is recorded as a deferred rent receivable, and U.S. GAAP relating to lease accounting do not permit discounting of deferred rent receivables. The deferred rent receivable balance was $15,185,140 and $13,594,950 at June 30, 2015 and 2014, respectively. This amount will continue to increase through 2057 and begin reversing in 2058 until the deferred rent receivable is reduced to zero at the end of the 99-year lease terms. The Central Pastoral Administration has also recorded a liability representing the 50% share of the receivable for St. Matthew's Cathedral totaling $5,856,348 and $5,339,959 at June 30, 2015 and 2014, respectively, and is included in accounts payable and accrued expenses in the accompanying combined statements of financial position.

Approximate future minimum rental payments to be received, net of amounts to be paid to St. Matthew's for years ending June 30 are as follows:

	Future minimum rental to be received	Amounts to be paid to St. Matthew's	Net rental
2016	$ 1,547,000	(584,500)	962,500
2017	1,572,000	(593,500)	978,500
2018	1,597,000	(602,500)	994,500
2019	1,623,000	(611,500)	1,011,500
2020	1,648,000	(620,500)	1,027,500
Thereafter	272,787,000	(95,149,500)	177,637,500
	$ 280,774,000	(98,162,000)	182,612,000

(8) Beneficial Interest in Assets Held by Others

The Central Pastoral Administration has a beneficial interest in certain net assets held by the Catholic Education Foundation and Forward in Faith, Inc. These net assets held by the Catholic Education Foundation and Forward in Faith are purpose restricted by donors for use only by Central Pastoral Administration programs. The Central Pastoral Administration was not granted variance power over the remaining net assets of the Catholic Education Foundation or Forward in Faith, Inc. The beneficial interest at June 30 is as follows:

	2015	2014
Seminarian and clergy education	$ 3,478,415	3,675,187
Ministry programs	11,290,283	11,854,950
	$ 14,768,698	15,530,137

Approximately \$11.3 million represents permanently restricted net assets at both June 30, 2015 and 2014. Approximately \$3.5 million and \$4.2 million represents temporarily restricted net assets at June 30, 2015 and 2014, respectively.

(9) Contributions Payable

Contributions payable represent subsidies to be given to certain organizations located within the Archdiocese and are expected to be disbursed as follows at June 30:

	2015	2014
Less than one year	$ 5,518,960	5,162,615
One year to five years	312,000	312,000
Greater than five years	98,352	176,352
	$ 5,929,312	5,650,967

(10) Benefit Plans

(a) Multiemployer Plan for Lay Persons

The Central Pastoral Administration participates in the Retirement Plan (the Retirement Plan) of the Archdiocese of Washington, a multiemployer defined-benefit pension plan, which was frozen effective December 31, 2012. No further benefits will be accrued. The Plan covers substantially all full-time lay employees of the Archdiocese and other affiliated organizations. To be eligible for participation in the Retirement Plan, an employee must have completed one year of service, be 21 years of age, and regularly work 20 or more hours per week. Information as to vested and nonvested benefits, as well as plan assets and unfunded liabilities, related solely to Central Pastoral Administration is not readily determinable. In accordance with ASC Paragraph 715-30-55-63, Central Pastoral Administration accounts for its participation in the Retirement Plan as a multiemployer plan.

(b) Defined-Contribution Plan

Effective January 1, 2013, Central Pastoral Administration also participates in a 403(b) plan, the Archdiocese of Washington Retirement Savings Plan (the Plan). The Plan is a defined-contribution plan covering all employees immediately upon date of hire who regularly work 20 hours or more per week. Participants are eligible to make contributions as salary deductions from 1% to 100% of pay up to a maximum of $18,000 per year for employees less than 50 years of age and up to $24,000 for those 50 and older. For the first 4% of salary an employee contributes to the Plan, Central Pastoral Administration provides a 50% match. Central Pastoral Administration also provides an annual contribution between 1% and 4% based on years of service, regardless of employee participation in the Plan. Employer contributions vest at a rate of 20% per year for 5 years.

The Central Pastoral Administration administers the pension plan and the 403(b) plan and records as services revenue an amount equal to the retirement cost for laypersons in the parishes, schools, offices, and other affiliated organizations. The total expense for the Plans for the years ended June 30, 2015 and 2014 was $12,294,323 and $12,028,721, respectively, of which approximately $857,899 and $816,630, respectively, relates to laypersons working at the Central Pastoral Administration. The total expense is included in insurance and benefits expense in the combined statements of activities. The liability to the Plans represents unpaid contributions, which at June 30, 2015 and 2014 was $4,688,526

(Continued)

and $4,278,919, respectively, and is recorded in insurance claims and benefits payable in the accompanying combined statements of financial position. In fiscal year 2014, the amounts contributed for the pension plan exceeded the recommended contribution, which represented an asset to the Central Pastoral Administration, totaling $2,590,000 at June 30, 2014. At June 30, 2015, the Central Pastoral Administration owed $215,000 to the pension plan, which is included in the liability above.

Beginning January 1, 2013, the retirement cost and plan expenses for the 403(b) plan are fully funded and the remainder of collections from the various locations is used to fund the frozen defined-benefit plan deficiency.

(c) Priests' Retirement Plan

The Priests' Retirement Plan (Priest Retirement Plan) provides for monthly retirement benefits and postretirement medical, dental, and vision coverage to all Archdiocesan retired priests. There are no participant contributions.

The actuarial present value of accumulated plan benefits is determined by the Priest Retirement Plan's actuary using actuarial assumptions to reflect the time value of money, probability of payment, and cost-of-living adjustments. The assets are held in a separate Priests' Retirement Benefit Trust and are invested in CITW. The accrued benefit cost is recorded by the Central Pastoral Administration and is included in the combined statements of financial position as accrued liability for priests' retirement plan.

	Year ended June 30, 2015		
	Retirement benefit	**Postretirement medical**	**Total**
Change in benefit obligation:			
Benefit obligation at beginning of year	$ 33,939,813	15,525,548	49,465,361
Service cost	642,382	663,671	1,306,053
Interest cost	1,399,624	635,355	2,034,979
Actuarial loss	5,381,540	1,763,339	7,144,879
Benefits paid	(1,448,416)	(1,072,035)	(2,520,451)
Benefit obligation at end of year	39,914,943	17,515,878	57,430,821
Change in plan assets:			
Fair value of plan assets at beginning of year	27,670,359	—	27,670,359
Actual return on plan assets	(461,367)	—	(461,367)
Employer contributions	7,948,416	1,072,035	9,020,451
Benefits paid	(1,448,416)	(1,072,035)	(2,520,451)
Fair value of plan assets at end of year	33,708,992	—	33,708,992
Accrued benefit cost	$ 6,205,951	17,515,878	23,721,829

	Year ended June 30, 2014		
	Retirement benefit	**Postretirement medical**	**Total**
Change in benefit obligation:			
Benefit obligation at beginning of year	$ 30,705,591	12,781,982	43,487,573
Service cost	537,830	613,309	1,151,139
Interest cost	1,468,830	707,948	2,176,778
Actuarial loss	2,665,055	2,470,340	5,135,395
Benefits paid	(1,437,493)	(1,048,031)	(2,485,524)
Benefit obligation at end of year	33,939,813	15,525,548	49,465,361
Change in plan assets:			
Fair value of plan assets at beginning of year	22,387,745	—	22,387,745
Actual return on plan assets	3,782,614	—	3,782,614
Employer contributions	2,937,493	1,048,031	3,985,524
Benefits paid	(1,437,493)	(1,048,031)	(2,485,524)
Fair value of plan assets at end of year	27,670,359	—	27,670,359
Accrued benefit cost	$ 6,269,454	15,525,548	21,795,002

The following table shows the classification of investments by level of the fair value hierarchy of CITW as of June 30:

	2015	**2014**
Level 1	41.1%	69.0%
Level 2	8.3	15.0
Level 3	—	—
NAV	50.6	16.0

The following is a summary of the fair value measurement of the Priest Retirement Plan’s investments within the fair value hierarchy as of June 30:

	2015	**Level 1**	**Level 2**	**NAV**
Investment in CITW	$ 33,708,992	—	—	33,708,992

	2014	**Level 1**	**Level 2**	**NAV**
Investment in CITW	$ 27,670,359	—	—	27,670,359

(Continued)

The following table sets forth the amounts recognized in the combined financial statements as of and for the year ended June 30, 2015:

	Year ended June 30, 2015		
	Retirement benefit	**Postretirement medical**	**Total**
Charges other than net periodic benefit cost:			
Net loss for period	$ 7,689,463	1,763,339	9,452,802
Amortization of net loss	(215,555)	(43,042)	(258,597)
Amortization of prior service cost	(119,972)	—	(119,972)
Charges other than net periodic benefit cost	$ 7,353,936	1,720,297	9,074,233
Items not yet recognized as a component of net periodic pension/benefit cost:			
Net loss	$ 14,429,850	4,925,040	19,354,890
Prior service cost	803,805	—	803,805
Items not yet recognized as a component of net periodic pension/benefit cost	$ 15,233,655	4,925,040	20,158,695
Actuarial assumptions used:			
End of year benefit obligation	4.25%	4.35%	
Net periodic benefit cost	4.25%	4.50%	
Weighted average expected long-term rate of return	6.50%	—	

The following table sets forth the amounts recognized in the combined financial statements as of and for the year ended June 30, 2014:

		Year ended June 30, 2014		
		Retirement benefit	**Post retirement medical**	**Total**
Charges other than net periodic benefit cost:				
Net loss for period	$	284,883	2,470,340	2,755,223
Amortization of net loss		(204,937)	(24,060)	(228,997)
Amortization of prior service cost		(119,972)	—	(119,972)
Charges other than net periodic benefit cost	$	(40,026)	2,446,280	2,406,254
Items not yet recognized as a component of net periodic pension/benefit cost:				
Net loss	$	6,955,942	3,204,743	10,160,685
Prior service cost		923,777	—	923,777
Items not yet recognized as a component of net periodic pension/benefit cost	$	7,879,719	3,204,743	11,084,462
Actuarial assumptions used:				
End of year benefit obligation		4.25%	4.50%	
Net periodic benefit cost		5.00	5.25	
Weighted average expected long-term rate of return		6.50	—	

The amount expected to be amortized into net periodic benefit cost over the next fiscal year relating to net loss of the postretirement plan is $210,861, and the amount expected to be amortized of the net loss for the retirement benefit plan is $660,238. Amounts to be amortized into net periodic benefit cost over the next fiscal year relating to prior service cost of the retirement plan total $119,972.

For measurement purposes, a 7.25% annual rate of increase in per capita cost of covered healthcare benefits was assumed for 2015. The rate is assumed to decrease to 5% for 2022 and remain at that level thereafter. Long-term care costs averaged $22,545 per covered participant for 2015.

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Estimated future benefit payments as of June 30, 2015 are as follows:

		Retirement benefit	Postretirement medical
Year(s) ending June 30:			
2016	$	1,824,000	1,050,000
2017		1,898,000	1,050,000
2018		1,987,000	1,105,000
2019		2,041,000	1,142,500
2020		2,086,000	1,096,000
2021–2025		10,790,000	6,000,500

Costs relating to the O'Boyle Residence of approximately $340,000 are currently projected to be incurred annually. The residence expenses are not considered an ongoing obligation of the postretirement benefit plan; rather they are considered annual expenses as incurred. However, they have been included in the estimated future benefit costs disclosed above. Service cost for the years ended June 30, 2015 and 2014 include costs relating to the O'Boyle Residence of $327,121 and $328,293, respectively.

(11) Designated Net Assets

Unrestricted net assets have been designated by the Central Pastoral Administration at June 30 as follows:

		2015	2014
Designated for:			
Operations	$	24,929,402	26,316,346
Deferred rent receivable, net (note 7)		9,328,792	8,254,991
Insurance reserves		27,135,241	23,503,794
	$	61,393,435	58,075,131

(12) Temporarily and Permanently Restricted Net Assets

The following summarizes the nature of the temporarily restricted net assets and the purposes for which such net assets may be used at June 30:

		2015	2014
Future time periods' general operations	$	6,045,273	3,421,308
Propagation of the Faith		959,153	994,381
Social concerns		4,211,896	5,030,941
Clergy education		3,361,263	1,476,120
Education		66,109	6,329
	$	14,643,694	10,929,079

The following table summarizes the nature of the permanently restricted net assets and the purposes for which the income or a portion of income on such net assets may be used at June 30:

		2015	2014
Social concerns	$	9,371,290	9,363,768
Clergy education		2,829,441	2,827,184
	$	12,200,731	12,190,952

(13) Net Assets Released from Restrictions

Net assets were released from temporary restrictions by incurring expenses satisfying the restricted purposes or by the passage of time for the years ended June 30 as follows:

		2015	2014
Program services	$	4,051,195	4,999,389
Passage of time:			
Archbishop's appeal		3,421,308	2,948,076
	$	7,472,503	7,947,465

(14) Endowment Net Assets

Effective January 23, 2008, the District of Columbia enacted the Uniform Prudent Management of Institutional Funds Act (the Act), the provisions of which apply to funds existing on or established after that date. The State of Maryland enacted the Act effective April 14, 2009.

The Finance Council of Central Pastoral Administration has interpreted the Act as allowing the Central Pastoral to spend or accumulate the amount of an endowment fund that the Central Pastoral Administration determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. For accounting and reporting purposes, the Central Pastoral Administration 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the Act. If the disbursements under the spending rate policy exceed accumulated earnings, the deficiency is classified as an offset to unrestricted net assets until such time as it is recovered by future earnings. In accordance with the Act, the Central Pastoral Administration 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 the Central Pastoral Administration and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from

(Continued)

income and the appreciation of investments, (6) other resources of the Central Pastoral Administration, and (7) the investment policies of the Central Pastoral Administration.

The Central Pastoral Administration has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Central Pastoral Administration must hold in perpetuity or for a donor-specified period(s) as well as designated funds. Under this policy, as approved by the Finance Council, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Central Pastoral Administration expects its endowment funds, over time, to provide an average rate-of-return of that, net of fees, exceeds the aggregate benchmark's total return with less risk. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Central Pastoral Administration relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Central Pastoral Administration targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Central Pastoral Administration's policy includes the following: the classification of restricted gifts, the investment of restricted gifts, the definition of income earned, and the calculation of annual distributions. Gifts are pooled and invested to ensure assets increase over time thereby enhancing the funds' long-term health and fiscal viability. Income earned includes interest, dividends, and realized/unrealized gains and losses unless otherwise specified by the donor. Distributions can be made annually at a rate not to exceed 4% of the sum of the fair market value of the permanently restricted net assets and the income earned (which are classified as temporarily restricted net assets) using a three-year rolling average.

Endowment net assets composition by type of fund at June 30 was as follows:

		Board-designated	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	—	—	70,329	907,850	978,179
Designated endowment funds		11,586,873	—	—	—	11,586,873
Total funds	$	11,586,873	—	70,329	907,850	12,565,052

	2014 Board-designated	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	—	70,329	907,850	978,179
Designated endowment funds	13,215,616	—	—	—	13,215,616
Total funds	$ 13,215,616	—	70,329	907,850	14,193,795

Changes in endowment net assets for the fiscal years ended June 30 were as follows:

	2015 Board-designated	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 13,215,616	—	70,329	907,850	14,193,795
Total investment return – gains (losses)	(282,226)	—	—	—	(282,226)
Appropriation of endowment assets	(1,346,517)	—	—	—	(1,346,517)
Endowment net assets, end of year	$ 11,586,873	—	70,329	907,850	12,565,052

	2014 Board-designated	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 11,443,389	—	45,606	907,850	12,396,845
Total investment return – gains (losses)	1,785,535	—	157,073	—	1,942,608
Appropriation of endowment assets	(13,308)	—	(132,350)	—	(145,658)
Endowment net assets, end of year	$ 13,215,616	—	70,329	907,850	14,193,795

From time to time, the fair value of assets associated with individual donor-restricted or board-restricted endowment funds may fall below the level that the donor, the board, or the states' enacted legislation requires Central Pastoral Administration to retain as a fund for perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in board-designated unrestricted net assets. Based on positive investment returns, there are no deficiencies at June 30, 2015 or 2014.

(15) Related-Party Transactions

The Central Pastoral Administration has significant transactions with parishes and related corporations of the Archdiocese of Washington. Below is a summary of the impact of the transactions with these related parties on the combined statements of financial position and combined statements of activities:

		2015	2014
Accounts receivable, gross	$	14,833,365	22,895,268
Investment in CITW		57,543,073	63,346,673
Notes receivable, gross		2,538,601	2,843,970
Receivable due from affiliate, gross		1,168,503	739,471
Beneficial interest in assets held by others		14,768,698	15,530,137
Contributions receivable, gross		723,922	520,000
Accounts payable and accrued expenses		6,412,451	5,781,520
Contributions payable		5,883,376	5,531,576
Funds held on behalf of others		9,395,143	8,591,241
Annuities payable		935,631	930,091

		2015	2014
Revenues:			
Parish assessments	$	10,149,061	10,060,663
Special school assessments		3,013,473	3,129,356
Other assessments		548,400	561,260
Special program income		334,223	243,900
Premiums and insurance billings		42,714,468	42,433,923
Gifts and bequests		728,922	530,000
Rental income		1,187,390	1,184,158
Interest income – notes receivable		18,313	22,416
Management fees and computer services		1,530,927	1,450,521
Expenses:			
Catholic education	$	1,992,930	2,020,422
Other program service subsidies		3,788,141	3,248,525
Insurance and benefits		442,501	677,275

(16) Commitments and Contingencies

(a) Insurance Coverage

The Archdiocese of Washington, and thus, the Central Pastoral Administration, participates in a property, general liability, and workers' compensation self-insurance plan whereby certain risks and liabilities are assumed by participating entities. The Plan covers property and liability insurance, worker's compensation, and vehicle insurance. Claims are paid to the contracted insurance providers as they are incurred by the insured participants. Under the Plan, the first $50,000 of each loss and total annual losses up to $525,000 are self-insured. Losses in excess of $50,000 per occurrence and $525,000 per year are covered by an excess coverage insurance policy.

Each entity participating in the self-insurance plan is charged its share of the estimated losses, administrative costs, and excess coverage insurance policy premium.

Based on information provided by the plan administrator, Catholic Mutual Group, the Central Pastoral Administration records a reserve for all property and casualty open claims. As of June 30, 2015 and 2014, the loss reserve for open claims was $1,362,717 and $1,342,774, respectively.

Catholic Mutual Group has excess liability coverage through the Catholic Umbrella Pool (CUP), of which the Central Pastoral Administration is a member. The Central Pastoral Administration’s equity investment in CUP of $1,314,913 and $1,500,000 in recorded in other assets in the combined statement of financial position at June 30, 2015 and 2014.

(b) Legal Contingencies

The Central Pastoral Administration and Archdiocesan organizations have been named in various lawsuits relating to possible liability incidents. Certain lawsuits are covered, in full or in part, by the Catholic Umbrella Pool or external insurance coverage. Insurance claims payable have been established and accrued in the accompanying combined statements of financial position for those cases where the potential liability is reasonably estimable and probable.

The amount of loss from the remaining lawsuits and others cannot be estimated as of June 30, 2015 and 2014. The ultimate resolution of these matters and others could result in losses in excess of the insurance coverage and accrued insurance claims payable in the near term.

(c) Revolving Credit Facility

The Roman Catholic Archbishop of Washington, a corporation sole, maintains three revolving credit facilities with two banks to provide financing for parishes and related entities limited to $45 million in the aggregate. Lines of credit, letters of credit, and term loans are permitted.

The first and second revolving credit facility provides financing up to $45 million. The first facility provides up to $20 million for working capital and standby letters of credit and expires on March 31, 2017. The second facility provides up to $25 million for term loans and expires on March 31, 2017. At June 30, 2015 and 2014, the Roman Catholic Archbishop of Washington, a corporation sole, is contingently liable for loans outstanding totaling $17,469,089 and $18,409,846, respectively, for 25 loans for parishes and other organizations.

The third revolving credit facility provides financing up to $5 million. The expiration date for this facility is January 31, 2016. Draws on this line of credit at June 30, 2015 and 2014 totaled $962,623 and $1,192,623, respectively, for four loans for parishes.

(d) Corporation Guarantees

The Central Pastoral Administration has also given assurance that it will provide financial support, if necessary, to keep certain Archdiocesan-related corporations in operation through December 31, 2016.

(17) Subsequent Events

In preparing these combined financial statements, the Central Pastoral Administration has evaluated events and transactions for potential recognitions or disclosure through November 25, 2015, the date that the combined financial statements were available to be issued. There were no events or transactions that were discovered during the evaluation that required accrual or further disclosure.

Schedule 1

THE CENTRAL PASTORAL ADMINISTRATION OF THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Financial Position

June 30, 2015

Assets		Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Publishing Company	Christ Our Hope – Papal Visit	Combined totals
Cash and cash equivalents	$	26,099,278	50,000	15,000	—	—	—	—	26,164,278
Accounts receivable, net		4,272,528	5,065,359	—	363,456	623	117,048	—	9,819,014
Contributions receivable, net		5,270,273	—	5,000	—	—	—	—	5,275,273
Prepaid expenses and other assets		266,112	1,513,049	20,017	—	342	53,669	332,119	2,185,308
Notes receivable, net		841,624	—	—	—	—	—	—	841,624
Receivable due from affiliates		392,614	—	—	—	—	—	—	392,614
Investments		44,921,921	22,372,164	—	3,981,870	959,010	—	—	72,234,965
Due from (to) others		(12,331,700)	7,936,999	(90,378)	1,574,892	221,396	407,355	2,281,436	—
Property and equipment, net		38,592,468	—	60,886	—	—	54,985	—	38,708,339
Deferred rent receivable		15,185,140	—	—	—	—	—	—	15,185,140
Beneficial interest in assets held by others		14,768,698	—	—	—	—	—	—	14,768,698
Total assets	$	138,278,956	36,937,571	10,525	5,920,218	1,181,371	633,057	2,613,555	185,575,253
Liabilities and Net Assets									
Liabilities:									
Accounts payable and accrued expenses	$	10,183,391	327,493	5,525	33,344	2,485	86,733	11,997	10,650,968
Insurance claims payable		—	9,245,044	—	—	—	—	—	9,245,044
Contributions payable		4,383,376	—	—	1,500,000	45,936	—	—	5,929,312
Payable due to affiliates		12,467	—	—	—	—	—	—	12,467
Funds held on behalf of others		10,457,065	—	—	—	815	—	—	10,457,880
Collections held for disbursement		2,399,960	—	—	—	172,982	—	—	2,572,942
Deferred revenue		101,630	229,793	—	—	—	80,825	—	412,248
Annuities payable		1,752,280	—	—	—	—	—	—	1,752,280
Net accrued liability for priests' retirement plan		—	—	—	23,721,829	—	—	—	23,721,829
Total liabilities		29,290,169	9,802,330	5,525	25,255,173	222,218	167,558	11,997	64,754,970
Net assets:									
Unrestricted:									
Undesignated		12,859,411	—	(60,886)	(19,334,955)	—	410,514	—	(6,125,916)
Designated		34,258,194	27,135,241	—	—	—	—	—	61,393,435
Invested in property and equipment		38,592,468	—	60,886	—	—	54,985	—	38,708,339
Total unrestricted		85,710,073	27,135,241	—	(19,334,955)	—	465,499	—	93,975,858
Temporarily restricted		11,077,983	—	5,000	—	959,153	—	2,601,558	14,643,694
Permanently restricted		12,200,731	—	—	—	—	—	—	12,200,731
Total net assets		108,988,787	27,135,241	5,000	(19,334,955)	959,153	465,499	2,601,558	120,820,283
Total liabilities and net assets	$	138,278,956	36,937,571	10,525	5,920,218	1,181,371	633,057	2,613,555	185,575,253

See accompanying independent auditors' report.

Schedule 1

THE CENTRAL PASTORAL ADMINISTRATION OF THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Financial Position

June 30, 2014

Assets	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Publishing Company	Combined totals
Cash and cash equivalents	$ 15,791,923	100,000	10,000	—	—	—	15,901,923
Accounts receivable, net	2,398,871	9,135,175	—	524,984	4,300	219,372	12,282,702
Contributions receivable, net	3,941,309	—	—	—	—	—	3,941,309
Prepaid expenses and other assets	204,740	1,696,366	24,168	—	13,806	69,330	2,008,410
Notes receivable, net	849,541	—	—	4,480	—	—	854,021
Receivable due from affiliates	369,741	29,660	—	—	—	—	399,401
Investments	44,421,961	22,258,369	—	10,797,656	1,002,947	—	78,480,933
Due from (to) others	(1,314,295)	1,026,940	(110,748)	—	252,133	145,970	—
Property and equipment, net	40,055,238	—	80,676	—	—	27,317	40,163,231
Deferred rent receivable	13,594,950	—	—	—	—	—	13,594,950
Beneficial interest in assets held by others	15,530,137	—	—	—	—	—	15,530,137
Total assets	$ 135,844,116	34,246,510	4,096	11,327,120	1,273,186	461,989	183,157,017
Liabilities and Net Assets							
Liabilities:							
Accounts payable and accrued expenses	$ 8,726,096	298,590	—	83,835	11,018	71,746	9,191,285
Insurance claims payable	—	8,715,510	—	—	—	—	8,715,510
Contributions payable	4,081,576	—	—	1,500,000	69,391	—	5,650,967
Payable due to affiliates	308,238	—	—	2,299	4,096	30,621	345,254
Funds held on behalf of others	9,513,947	—	—	—	815	—	9,514,762
Collections held for disbursement	2,698,655	—	—	—	183,418	—	2,882,073
Deferred revenue	138,934	228,616	—	—	11,864	80,800	460,214
Annuities payable	1,450,143	—	—	—	—	—	1,450,143
Net accrued liability for priests' retirement plan	—	—	—	21,795,002	—	—	21,795,002
Total liabilities	26,917,589	9,242,716	—	23,381,136	280,602	183,167	60,005,210
Net assets:							
Unrestricted:							
Undesignated	12,174,302	1,500,000	(80,676)	(12,051,717)	—	251,505	1,793,414
Designated	34,571,337	23,503,794	—	—	—	—	58,075,131
Invested in property and equipment	40,055,238	—	80,676	—	—	27,317	40,163,231
Total unrestricted	86,800,877	25,003,794	—	(12,051,717)	—	278,822	100,031,776
Temporarily restricted	9,934,698	—	—	—	994,381	—	10,929,079
Permanently restricted	12,190,952	—	—	—	—	—	12,190,952
Total net assets	108,926,527	25,003,794	—	(12,051,717)	994,381	278,822	123,151,807
Total liabilities and net assets	$ 135,844,116	34,246,510	—	11,329,419	1,274,983	461,989	183,157,017

See accompanying independent auditors' report.

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ARCHDIOCESE OF WASHINGTON**

Combined Schedule of Activities

Year ended June 30, 2015

	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Publishing Company	Christ Our Hope - Papal Visit	Combined entries	Combined totals
Changes in unrestricted net assets:									
Revenue, gains, and other support:									
Assessments:									
Parish	$ 8,915,182	—	—	—	—	1,233,879	—	—	10,149,061
Special school assessments	3,013,473	—	—	—	—	—	—	—	3,013,473
Other	548,400	—	—	—	—	—	—	—	548,400
Total assessments	12,477,055	—	—	—	—	1,233,879	—	—	13,710,934
Contributions, donations, gifts, and bequests:									
Archbishop's Appeal	11,018,560	—	—	—	—	—	—	—	11,018,560
Gifts and bequests	1,569,392	—	40,254	1,390	—	—	—	—	1,611,036
Total contributions, donations, gifts, and bequests	12,587,952	—	40,254	1,390	—	—	—	—	12,629,596
Premiums and insurance billings	—	43,752,529	—	3,463,947	—	—	—	(4,502,008)	42,714,468
Administrative fees	59,336	—	—	—	—	—	—	—	59,336
Interest and investment income, net	(819,158)	(508,578)	—	(239,885)	—	—	—	—	(1,567,621)
Increase in beneficial interest in assets held by others	(2,581)	—	—	—	—	—	—	—	(2,581)
Management fees and computer services	4,490,442	—	—	—	—	—	—	(2,938,188)	1,552,254
Tribunal and chancery fees	85,890	—	—	—	—	—	—	—	85,890
Special program income	753,451	—	—	—	—	25,769	—	—	779,220
Advertising	—	—	—	—	—	540,280	—	—	540,280
Subscriptions	—	—	—	—	—	99,230	—	—	99,230
Rental income	3,698,728	—	—	—	—	—	—	(257,800)	3,440,928
Net gains on property transactions	—	—	—	—	—	—	—	—	—
Other	16,914	(181,242)	—	373	—	4,566	—	—	(159,389)
Total revenue, gains, and other support	33,348,029	43,062,709	40,254	3,225,825	—	1,903,724	—	(7,697,996)	73,882,545
Net assets released from restrictions	6,756,444	—	—	—	307,367	—	408,692	—	7,472,503
Total unrestricted revenue, gain, and other support	40,104,473	43,062,709	40,254	3,225,825	307,367	1,903,724	408,692	(7,697,996)	81,355,048
Expenses:									
Program services:									
Catholic education:									
Tuition assistance and school subsidies	1,810,355	—	—	—	—	—	—	—	1,810,355
Other programs and administration	3,758,216	200,621	—	—	—	—	—	(213,011)	3,745,826
Total Catholic education	5,568,571	200,621	—	—	—	—	—	(213,011)	5,556,181
Pastoral ministry and social concerns	8,261,841	862,027	—	493,884	—	—	—	(667,225)	8,950,527
Ministerial leadership	5,387,853	183,807	1,661,544	1,199,179	—	—	—	(1,269,190)	7,163,193
Communications	1,309,075	284,146	—	—	—	1,736,383	—	(400,694)	2,928,910
Parish services	1,854,661	115,024	—	—	—	—	—	(168,457)	1,801,228
Insurance and benefits	770,274	38,086,606	—	—	—	—	—	(2,530,804)	36,326,076
Priests' retirement benefits and medical care	5,609	193,037	—	286,253	—	—	—	(799,736)	(314,837)
Propagation of the Faith	3,272	26,108	—	40,280	307,367	—	—	(78,765)	298,262
Christ Our Hope – Papal visit	—	—	—	—	—	—	408,692	—	408,692
Archdiocesan administration	8,143,076	444,061	—	371,486	—	—	—	(1,224,122)	7,734,501
Total program services	31,304,232	40,395,437	1,661,544	2,391,082	307,367	1,736,383	408,692	(7,352,004)	70,852,733

(Continued)

THE CENTRAL PASTORAL ADMINISTRATION OF
THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Activities

Year ended June 30, 2015

	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Publishing Company	Christ Our Hope - Papal Visit	Combined entries	Combined totals
Supporting expenses:									
General and administrative	$ 4,854,604	432,410	—	27,079	—	—	—	(236,191)	5,077,902
Fund-raising	2,412,484	103,415	—	—	—	—	—	(109,801)	2,406,098
Total supporting services	7,267,088	535,825	—	27,079	—	—	—	(345,992)	7,484,000
Total expenses	38,571,320	40,931,262	1,661,544	2,418,161	307,367	1,736,383	408,692	(7,697,996)	78,336,733
Transfers:									
Transfer operations net assets to Priests' Pass Through & Care Fund	(500,000)	—	—	500,000	—	—	—	—	—
Temporarily restricted net assets expended	(502,667)	—	—	483,331	—	19,336	—	—	—
Subsidize Redemptoris Mater Seminary	(1,621,290)	—	1,621,290		—	—	—	—	—
Total transfers	(2,623,957)	—	1,621,290	983,331	—	19,336	—	—	—
Pension-related changes other than net period pension cost	—	—	—	(9,074,233)	—	—	—	—	(9,074,233)
Increase (decrease) in unrestricted net assets	(1,090,804)	2,131,447	—	(7,283,238)	—	186,677	—	—	(6,055,918)
Changes in temporarily restricted net assets:									
Contributions, donations, gifts, and bequests:									
Archbishop's Appeal	3,438,716	—	—	—	—	—	—	—	3,438,716
Gifts and bequests	4,689,582	—	5,000	—	279,620	—	3,010,250	—	7,984,452
Total contributions, donations, gifts, and bequests	8,128,298	—	5,000	—	279,620	—	3,010,250	—	11,423,168
Investment income (loss), net	(1,840)	—	—	—	(7,481)	—	—	—	(9,321)
Increase (decrease) in beneficial interest in assets held by others	(226,729)	—	—	—	—	—	—	—	(226,729)
Net assets released from restrictions	(6,756,444)	—	—	—	(307,367)	—	(408,692)	—	(7,472,503)
Increase (decrease) in temporarily restricted net assets	1,143,285	—	5,000	—	(35,228)	—	2,601,558	—	3,714,615
Changes in permanently restricted net assets:									
Increase in beneficial interest in assets held by others	9,779	—	—	—	—	—	—	—	9,779
Increase in permanently restricted net assets	9,779	—	—	—	—	—	—	—	9,779
Change in net assets	62,260	2,131,447	5,000	(7,283,238)	(35,228)	186,677	2,601,558	—	(2,331,524)
Net assets at beginning of year	108,926,527	25,003,794	—	(12,051,717)	994,381	278,822	—	—	123,151,807
Net assets at end of year	$ 108,988,787	27,135,241	5,000	(19,334,955)	959,153	465,499	2,601,558	—	120,820,283

See accompanying independent auditors' report.

Schedule 2

THE CENTRAL PASTORAL ADMINISTRATION OF
THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Activities

Year ended June 30, 2014

	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Publishing Company	Combined entries	Combined totals
Changes in unrestricted net assets:								
Revenue, gains, and other support:								
Assessments:								
Parish	$ 8,822,762	—	—	—	—	1,237,901	—	10,060,663
Special school assessments	3,129,356	—	—	—	—	—	—	3,129,356
Other	561,260	—	—	—	—	—	—	561,260
Total assessments	12,513,378	—	—	—	—	1,237,901	—	13,751,279
Contributions, donations, gifts, and bequests:								
Archbishop's Appeal	11,625,775	—	—	—	—	—	—	11,625,775
Gifts and bequests	1,703,889	—	21,083	25,645	—	—	—	1,750,617
Total contributions, donations, gifts, and bequests	13,329,664	—	21,083	25,645	—	—	—	13,376,392
Premiums and insurance billings	—	42,835,373	—	3,976,339	—	—	(4,377,789)	42,433,923
Administrative fees	59,985	—	—	—	—	—	—	59,985
Interest and investment income, net	5,644,986	3,011,788	—	1,353,006	—	—	—	10,009,780
Increase in beneficial interest in assets held by others	—	—	—	—	—	—	—	—
Management fees and computer services	4,514,646	—	—	—	—	—	(2,986,625)	1,528,021
Tribunal and chancery fees	86,343	—	—	—	—	—	—	86,343
Special program income	880,896	—	—	—	—	21,157	—	902,053
Advertising	—	—	—	—	—	514,608	—	514,608
Subscriptions	—	—	—	—	—	111,797	—	111,797
Rental income	3,617,032	—	—	—	—	—	(247,700)	3,369,332
Net gains on property transactions	6,800	—	3,000	—	—	—	—	9,800
Other	14,288	1,500,197	—	120	—	5,198	—	1,519,803
Total revenue, gains, and other support	40,668,018	47,347,358	24,083	5,355,110	—	1,890,661	(7,612,114)	87,673,116
Net assets released from restrictions	7,610,385	—	—	—	337,080	—	—	7,947,465
Total unrestricted revenue, gain, and other support	48,278,403	47,347,358	24,083	5,355,110	337,080	1,890,661	(7,612,114)	95,620,581
Expenses:								
Program services:								
Catholic education:								
Tuition assistance and school subsidies	2,104,788	—	—	—	—	—	—	2,104,788
Other programs and administration	3,557,445	226,024	—	—	—	—	(239,540)	3,543,929
Total Catholic education	5,662,233	226,024	—	—	—	—	(239,540)	5,648,717
Pastoral ministry and social concerns	7,947,167	861,157	—	171,873	—	—	(704,004)	8,276,193
Ministerial leadership	5,129,605	193,670	1,530,080	355,954	—	—	(1,164,185)	6,045,124
Communications	1,226,045	247,174	—	—	—	1,740,941	(360,955)	2,853,205
Parish services	1,930,044	118,759	—	—	—	—	(169,336)	1,879,467
Insurance and benefits	894,472	38,436,055	—	—	—	—	(2,548,025)	36,782,502
Priests' retirement benefits and medical care	5,126	202,755	—	2,351,057	—	—	(853,400)	1,705,538
Propagation of the Faith	2,990	33,871	—	18,081	340,527	—	(91,264)	304,205
Archdiocesan administration	7,203,441	361,700	—	115,077	—	—	(1,132,949)	6,547,269
Total program services	30,001,123	40,681,165	1,530,080	3,012,042	340,527	1,740,941	(7,263,658)	70,042,220

(Continued)

Schedule 2

THE CENTRAL PASTORAL ADMINISTRATION OF THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Activities

Year ended June 30, 2014

	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Publishing Company	Combined entries	Combined totals
Supporting expenses:								
General and administrative	$ 3,637,792	436,495	—	8,438	—	—	(230,459)	3,852,266
Fund-raising	2,523,678	111,339	—	—	—	—	(117,997)	2,517,020
Total supporting services	6,161,470	547,834	—	8,438	—	—	(348,456)	6,369,286
Total expenses	36,162,593	41,228,999	1,530,080	3,020,480	340,527	1,740,941	(7,612,114)	76,411,506
Transfers:								
Transfer operations net assets to Priests' Pass Through & Care Fund	(500,000)	—	—	500,000	—	—	—	—
Temporarily restricted net assets expended	(510,786)	—	—	489,480	3,447	17,859	—	—
Subsidize Redemptoris Mater Seminary	(1,505,997)	—	1,505,997	—	—	—	—	—
Total transfers	(2,516,783)	—	1,505,997	989,480	3,447	17,859	—	—
Pension-related changes other than net period pension cost	—	—	—	(2,406,254)	—	—	—	(2,406,254)
Increase (decrease) in unrestricted net assets	9,599,027	6,118,359	—	917,856	—	167,579	—	16,802,821
Changes in temporarily restricted net assets:								
Contributions, donations, gifts, and bequests:								
Archbishop's Appeal	3,421,308	—	—	—	—	—	—	3,421,308
Gifts and bequests	2,094,483	—	—	—	241,215	—	—	2,335,698
Total contributions, donations, gifts, and bequests	5,515,791	—	—	—	241,215	—	—	5,757,006
Investment income, net	167,103	—	—	—	157,218	—	—	324,321
Increase in beneficial interest in assets held by others	1,756,874	—	—	—	—	—	—	1,756,874
Net assets released from restrictions	(7,610,385)	—	—	—	(337,080)	—	—	(7,947,465)
Increase (decrease) in temporarily restricted net assets	(170,617)	—	—	—	61,353	—	—	(109,264)
Changes in permanently restricted net assets:								
Increase in beneficial interest in assets held by others	18,613	—	—	—	—	—	—	18,613
Increase in permanently restricted net assets	18,613	—	—	—	—	—	—	18,613
Change in net assets	9,447,023	6,118,359	—	917,856	61,353	167,579	—	16,712,170
Net assets at beginning of year	99,479,504	18,885,435	—	(12,969,573)	933,028	111,243	—	106,439,637
Net assets at end of year	$ 108,926,527	25,003,794	—	(12,051,717)	994,381	278,822	—	123,151,807

See accompanying independent auditors' report.

Schedule 3

THE CENTRAL PASTORAL ADMINISTRATION OF THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Functional Expenses

Year ended June 30, 2015

	Program services							
	Catholic education	Pastoral ministry & social concerns	Ministerial leadership	Redemptoris Mater Seminary	Communi-cations	Carroll Publishing Company	Parish services	Insurance and benefits
Salaries and benefits:								
Compensation of clergy and religious	$ —	620,290	405,189	84,878	—	—	—	—
Benefits – clergy	—	807,362	1,423,798	455,895	—	—	—	—
Salaries and wages – laypersons	1,759,237	1,339,215	411,706	24,126	780,764	942,772	855,399	479,197
Benefits – laypersons	330,128	312,605	81,531	3,651	180,587	226,496	175,770	103,368
Total salaries and benefits	2,089,365	3,079,472	2,322,224	568,550	961,351	1,169,268	1,031,169	582,565
Continuing education and retreats – clergy	—	1,734	1,579,404	528,333	—	—	—	—
Supplies	14,476	46,745	57,877	47,652	3,626	4,711	17,691	4,120
Telephone, postage, and printing	278,083	182,016	95,988	46,558	80,083	328,536	19,497	10,478
Conferences, meetings, and travel	55,553	293,755	168,513	111,936	7,548	26,376	59,732	7,012
Professional fees	345,800	142,145	94,768	11,897	150,342	38,519	114,587	1,871,172
Food and beverages	100,069	76,634	248,161	117,378	1,225	2,970	2,547	5,505
Contributions and grants in aid	1,892,631	147,820	250,621	18,492	—	—	—	65
Utilities and maintenance	—	5,198	257,347	224,607	33	154	306,867	—
Interest	—	—	—	—	—	—	—	—
Subsidies	300,000	3,810,209	432	—	—	—	—	—
Other	99,515	285,407	30,297	89,027	24,518	57,319	1,690	(154,396)
Insurance premiums	—	—	—	—	—	—	—	15,043,717
Claims and benefits	—	—	—	—	—	—	—	18,818,790
Total expenses before allocation	5,175,492	8,071,135	5,105,632	1,764,430	1,228,726	1,627,853	1,553,780	36,189,028
Allocation of property operations and financial, computer, and personnel	380,689	879,392	293,131	—	72,331	—	247,448	137,048
Total expenses after allocation	$ 5,556,181	8,950,527	5,398,763	1,764,430	1,301,057	1,627,853	1,801,228	36,326,076

(Continued)

Schedule 3

THE CENTRAL PASTORAL ADMINISTRATION OF THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Functional Expenses

Year ended June 30, 2015

	Supporting services					Supporting services				
	Priests' retirement benefits & medical care	**Propagation of the Faith**	**Archdiocesan administration**	**Christ Our Hope - Papal Visit**	**Subtotal program services**	**General and administrative**	**Property operations**	**Fund-raising**	**Subtotal supporting services**	**Total 2015**
Salaries and benefits:										
Compensation of clergy and religious	$ 1,128,355	77,170	413,072	—	2,728,954	39,935	—	—	39,935	2,768,889
Benefits – clergy	847,628	65,291	611,933	—	4,211,907	48,050	—	—	48,050	4,259,957
Salaries and wages – laypersons	—	17,094	1,896,202	—	8,505,712	1,456,950	1,343,669	819,554	3,620,173	12,125,885
Benefits – laypersons	—	8,803	432,131	—	1,855,070	293,580	328,626	149,523	771,729	2,626,799
Total salaries and benefits	1,975,983	168,358	3,353,338	—	17,301,643	1,838,515	1,672,295	969,077	4,479,887	21,781,530
Continuing education and retreats – clergy	44,731	14,539	1,360	—	2,170,101	240	—	—	240	2,170,341
Supplies	312	2,164	30,249	287	229,910	11,691	53,814	22,829	88,334	318,244
Telephone, postage, and printing	—	1,041	154,397	475	1,197,152	38,759	551,922	416,621	1,007,302	2,204,454
Conferences, meetings, and travel	5,609	28,994	220,145	1,433	986,606	16,829	11,240	13,592	41,661	1,028,267
Professional fees	235,814	—	916,811	84,921	4,006,776	227,565	422,638	406,983	1,057,186	5,063,962
Food and beverages	—	78	148,871	5,549	708,987	9,968	7,626	31,065	48,659	757,646
Contributions and grants in aid	—	58,436	1,186,920	316,027	3,871,012	7,142	—	2,206	9,348	3,880,360
Utilities and maintenance	15,132	—	215,227	—	1,024,565	18	1,005,867	—	1,005,885	2,030,450
Interest	—	—	310,517	—	310,517	—	—	—	—	310,517
Subsidies	—	—	29,090	—	4,139,731	—	—	—	—	4,139,731
Other	(6,842)	24,652	162,558	—	613,745	14,466	2,499,301	246,788	2,760,555	3,374,300
Insurance premiums	—	—	—	—	15,043,717	—	—	—	—	15,043,717
Claims and benefits	(2,585,576)	—	—	—	16,233,214	—	—	—	—	16,233,214
Total expenses before allocation	(314,837)	298,262	6,729,483	408,692	67,837,676	2,165,193	6,224,703	2,109,161	10,499,057	78,336,733
Allocation of property operations and financial, computer, and personnel	—	—	1,005,018	—	3,015,057	2,912,709	(6,224,703)	296,937	(3,015,057)	—
Total expenses after allocation	$ (314,837)	298,262	7,734,501	408,692	70,852,733	5,077,902	—	2,406,098	7,484,000	78,336,733

See accompanying independent auditors' report.

Schedule 3

THE CENTRAL PASTORAL ADMINISTRATION OF THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Functional Expenses

Year ended June 30, 2014

	Program services							
	Catholic education	**Pastoral ministry & social concerns**	**Ministerial leadership**	**Redemptoris Mater Seminary**	**Communi-cations**	**Carroll Publishing Company**	**Parish services**	**Insurance and benefits**
Salaries and benefits:								
Compensation of clergy and religious	$ —	630,525	408,112	82,470	—	—	—	—
Benefits – clergy	—	520,607	719,896	259,466	—	—	—	—
Salaries and wages – laypersons	1,836,249	1,401,567	416,050	24,553	654,527	917,640	816,760	517,633
Benefits – laypersons	372,903	336,517	87,067	1,843	140,650	228,253	191,415	116,581
Total salaries and benefits	2,209,152	2,889,216	1,631,125	368,332	795,177	1,145,893	1,008,175	634,214
Continuing education and retreats – clergy	—	6,580	1,325,515	435,325	—	—	—	—
Supplies	16,902	46,940	58,822	43,800	3,932	4,115	28,729	5,308
Telephone, postage, and printing	288,214	81,238	89,022	51,024	93,810	240,467	31,190	10,225
Conferences, meetings, and travel	66,734	318,662	313,497	82,100	7,353	22,796	54,859	10,904
Professional fees	314,414	127,876	101,077	11,359	231,952	74,331	143,828	1,718,219
Food and beverages	78,465	65,736	188,684	111,666	579	4,844	161	5,413
Contributions and grants-in-aid	2,010,409	117,610	276,515	17,105	—	—	—	—
Utilities and maintenance	—	905	298,290	223,100	369	—	337,012	—
Interest	—	—	—	56	—	—	—	—
Subsidies	165,269	3,265,238	—	—	—	—	—	—
Other	94,989	422,563	15,631	91,869	10,214	140,581	12,803	780,117
Insurance premiums	—	—	—	—	—	—	—	14,667,261
Claims and benefits	—	—	—	—	—	—	—	18,805,340
Total expenses before allocation	5,244,548	7,342,564	4,298,178	1,435,736	1,143,386	1,633,027	1,616,757	36,637,001
Allocation of property operations and financial, computer, and personnel	404,169	933,629	311,210	—	76,792	—	262,710	145,501
Total expenses after allocation	$ 5,648,717	8,276,193	4,609,388	1,435,736	1,220,178	1,633,027	1,879,467	36,782,502

Schedule 3

THE CENTRAL PASTORAL ADMINISTRATION OF
THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Functional Expenses

Year ended June 30, 2014

	Supporting services				Supporting services				
	Priests' retire-ment benefits & medical care	**Propagation of the Faith**	**Archdiocesan administration**	**Subtotal program services**	**General and administrative**	**Property operations**	**Fund-raising**	**Subtotal supporting services**	**Total 2014**
Salaries and benefits:									
Compensation of clergy and religious	$ 1,115,127	78,857	420,482	2,735,573	24,874	—	—	24,874	2,760,447
Benefits – clergy	562,126	53,474	345,931	2,461,500	25,645	—	—	25,645	2,487,145
Salaries and wages – laypersons	—	20,431	1,550,247	8,155,657	1,601,548	1,441,660	823,280	3,866,488	12,022,145
Benefits – laypersons	—	8,914	337,749	1,821,892	330,573	344,146	164,275	838,994	2,660,886
Total salaries and benefits	1,677,253	161,676	2,654,409	15,174,622	1,982,640	1,785,806	987,555	4,756,001	19,930,623
Continuing education and retreats – clergy	29,062	20,376	3,880	1,820,738	320	—	—	320	1,821,058
Supplies	—	1,122	85,619	295,289	15,966	59,251	22,057	97,274	392,563
Telephone, postage, and printing	—	962	170,674	1,056,826	39,285	675,627	390,441	1,105,353	2,162,179
Conferences, meetings, and travel	5,126	5,066	243,009	1,130,106	19,899	18,594	16,408	54,901	1,185,007
Professional fees	199,775	322	864,114	3,787,267	213,811	454,943	546,283	1,215,037	5,002,304
Food and beverages	—	137	115,935	571,620	11,077	9,650	20,175	40,902	612,522
Contributions and grants-in-aid	1,500,000	86,391	993,821	5,001,851	3,881	—	40	3,921	5,005,772
Utilities and maintenance	—	—	323,982	1,183,658	33	966,215	—	966,248	2,149,906
Interest	—	—	91,213	91,269	—	—	—	—	91,269
Subsidies	—	—	34,877	3,465,384	—	—	—	—	3,465,384
Other	177,110	28,153	(101,269)	1,672,761	15,784	1,095,752	218,809	1,330,345	3,003,106
Insurance premiums	—	—	—	14,667,261	—	—	—	—	14,667,261
Claims and benefits	(1,882,788)	—	—	16,922,552	—	—	—	—	16,922,552
Total expenses before allocation	1,705,538	304,205	5,480,264	66,841,204	2,302,696	5,065,838	2,201,768	9,570,302	76,411,506
Allocation of property operations and financial, computer, and personnel	—	—	1,067,005	3,201,016	1,549,570	(5,065,838)	315,252	(3,201,016)	—
Total expenses after allocation	$ 1,705,538	304,205	6,547,269	70,042,220	3,852,266	—	2,517,020	6,369,286	76,411,506

See accompanying independent auditors' report.