



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

Combined Financial Statements

June 30, 2016 and 2015

(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, 2016 and 2015, 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, 2016 and 2015, 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 29, 2016

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

Combined Statements of Financial Position

June 30, 2016 and 2015

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 31,907,312	26,164,278
Accounts receivable, net (note 3)	10,378,939	9,819,014
Contributions receivable, net (note 4)	3,781,589	5,275,273
Prepaid expenses and other assets	2,948,438	2,185,308
Notes receivable, net (note 5)	968,294	841,624
Receivable due from affiliates (note 15)	426,460	392,614
Investments (note 2)	68,809,600	72,234,965
Property and equipment, net (note 6)	39,348,110	38,708,339
Deferred rent receivable (note 7)	16,750,913	15,185,140
Beneficial interest in assets held by others (note 8)	14,052,186	14,768,698
Total assets	\$ 189,371,841	185,575,253
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 10,385,471	10,650,968
Insurance claims and benefits payable (note 10)	9,811,585	9,245,044
Contributions payable (note 9)	4,742,284	5,929,312
Payable due to affiliates (note 15)	55,715	12,467
Funds held on behalf of others	13,051,675	10,457,880
Collections held for disbursement	2,384,308	2,572,942
Deferred revenue	261,058	412,248
Annuities payable	1,673,494	1,752,280
Accrued liability for priests' retirement plan (note 10 (c))	31,905,661	23,721,829
Total liabilities	74,271,251	64,754,970
Net assets:		
Unrestricted:		
Undesignated	(10,550,608)	(6,125,916)
Designated (note 11)	62,879,445	61,393,435
Invested in property and equipment (note 6)	39,348,110	38,708,339
Total unrestricted	91,676,947	93,975,858
Temporarily restricted (note 12)	10,959,108	14,643,694
Permanently restricted (note 12)	12,464,535	12,200,731
Total net assets	115,100,590	120,820,283
Total liabilities and net assets	\$ 189,371,841	185,575,253

See accompanying notes to combined financial statements.

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

Combined Statements of Activities  
Years ended June 30, 2016 and 2015

	2016			2015				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Changes in net assets:								
Revenue, gains, and other support:								
Assessments:								
Parish	\$ 10,595,709	—	—	10,595,709	10,149,061	—	—	10,149,061
Education	3,242,013	—	—	3,242,013	3,013,473	—	—	3,013,473
Other	557,621	—	—	557,621	548,400	—	—	548,400
Total assessments	14,395,343	—	—	14,395,343	13,710,934	—	—	13,710,934
Contributions, donations, gifts, and bequests:								
Archbishop's appeal	11,119,186	3,052,589	—	14,171,775	11,018,560	3,438,716	—	14,457,276
Gifts and bequests	5,391,692	4,997,036	—	10,388,728	1,611,036	7,984,452	—	9,595,488
Total contributions, donations, gifts, and bequests	16,510,878	8,049,625	—	24,560,503	12,629,596	11,423,168	—	24,052,764
Premiums and insurance billings	44,180,218	—	—	44,180,218	42,714,468	—	—	42,714,468
Interest and investment loss, net (note 2)	(1,997,737)	(37,888)	—	(2,035,625)	(1,567,621)	(9,321)	—	(1,576,942)
(Decrease) increase in beneficial interest in assets held by others	(4,480)	(438,019)	263,804	(178,695)	(2,581)	(226,729)	9,779	(219,531)
Management fees and computer services	987,293	—	—	987,293	1,552,254	—	—	1,552,254
Special program income	811,198	—	—	811,198	779,220	—	—	779,220
Advertising	553,480	—	—	553,480	540,280	—	—	540,280
Rental income	3,495,771	—	—	3,495,771	3,440,928	—	—	3,440,928
Other	250,996	—	—	250,996	85,067	—	—	85,067
Total revenue, gains, and other support	79,182,960	7,573,718	263,804	87,020,482	73,882,545	11,187,118	9,779	85,079,442
Net assets released from restrictions (note 13)	11,258,304	(11,258,304)	—	—	7,472,503	(7,472,503)	—	—
Total revenue, gains, and other support	90,441,264	(3,684,586)	263,804	87,020,482	81,355,048	3,714,615	9,779	85,079,442

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Combined Statements of Activities  
Years ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Expenses:								
Program services:								
Catholic education	\$ 5,567,318	—	—	5,567,318	5,556,181	—	—	5,556,181
Pastoral ministry and social concerns	8,343,632	—	—	8,343,632	8,950,527	—	—	8,950,527
Ministerial leadership	7,163,920	—	—	7,163,920	7,163,193	—	—	7,163,193
Communications	2,964,819	—	—	2,964,819	2,928,910	—	—	2,928,910
Parish services	1,680,252	—	—	1,680,252	1,801,228	—	—	1,801,228
Insurance and benefits	38,520,152	—	—	38,520,152	36,326,076	—	—	36,326,076
Priests' retirement benefits and medical care	566,085	—	—	566,085	(314,837)	—	—	(314,837)
Propagation of the faith	272,157	—	—	272,157	298,262	—	—	298,262
Christ Our Hope – Papal visit	3,155,033	—	—	3,155,033	408,692	—	—	408,692
Archdiocesan services	9,815,512	—	—	9,815,512	7,734,501	—	—	7,734,501
Total program services	<u>78,048,880</u>	<u>—</u>	<u>—</u>	<u>78,048,880</u>	<u>70,852,733</u>	<u>—</u>	<u>—</u>	<u>70,852,733</u>
Supporting services:								
General and administrative	3,897,500	—	—	3,897,500	5,077,902	—	—	5,077,902
Fund-raising	2,257,004	—	—	2,257,004	2,406,098	—	—	2,406,098
Total supporting services	<u>6,154,504</u>	<u>—</u>	<u>—</u>	<u>6,154,504</u>	<u>7,484,000</u>	<u>—</u>	<u>—</u>	<u>7,484,000</u>
Total expenses	<u>84,203,384</u>	<u>—</u>	<u>—</u>	<u>84,203,384</u>	<u>78,336,733</u>	<u>—</u>	<u>—</u>	<u>78,336,733</u>
Change in net assets before Priests' Retirement expense-related changes other than net periodic pension cost	<u>6,237,880</u>	<u>(3,684,586)</u>	<u>263,804</u>	<u>2,817,098</u>	<u>3,018,315</u>	<u>3,714,615</u>	<u>9,779</u>	<u>6,742,709</u>
Priests' Retirement expense-related changes other than net periodic benefit cost (note 10(c))	<u>(8,536,791)</u>	<u>—</u>	<u>—</u>	<u>(8,536,791)</u>	<u>(9,074,233)</u>	<u>—</u>	<u>—</u>	<u>(9,074,233)</u>
Change in net assets	<u>(2,298,911)</u>	<u>(3,684,586)</u>	<u>263,804</u>	<u>(5,719,693)</u>	<u>(6,055,918)</u>	<u>3,714,615</u>	<u>9,779</u>	<u>(2,331,524)</u>
Net assets at beginning of year	<u>93,975,858</u>	<u>14,643,694</u>	<u>12,200,731</u>	<u>120,820,283</u>	<u>100,031,776</u>	<u>10,929,079</u>	<u>12,190,952</u>	<u>123,151,807</u>
Net assets at end of year	<u>\$ 91,676,947</u>	<u>10,959,108</u>	<u>12,464,535</u>	<u>115,100,590</u>	<u>93,975,858</u>	<u>14,643,694</u>	<u>12,200,731</u>	<u>120,820,283</u>

See accompanying notes to combined financial statements.

**THE CENTRAL PASTORAL ADMINISTRATION OF  
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Combined Statements of Cash Flows

Years ended June 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
Cash flows from operating activities:		
Change in net assets	\$ (5,719,693)	(2,331,524)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,582,743	1,627,260
Net loss (gain) on sale of property	(2,465)	1,050
Loss on impairment of asset	—	1,040,185
Bad debt expense	(773,306)	(61,525)
Receipt of contribution of stock	(306,463)	—
Receipt of contributed property	(297,658)	—
Net unrealized and realized investment losses	2,052,038	1,914,434
Decrease (increase) in assets:		
Accounts receivable	(98,192)	2,396,170
Contributions receivable	1,493,684	(1,333,964)
Prepaid expenses and other assets	(763,130)	(176,898)
Deferred rent receivable	(1,565,773)	(1,590,190)
Receivable due from affiliate	(144,952)	(96,245)
Beneficial interest in assets held by others	716,512	761,439
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(265,497)	1,459,683
Insurance claims payable	566,541	529,534
Contributions payable	(1,187,028)	278,345
Payable due to affiliate	43,248	(332,787)
Funds held on behalf of others	2,593,795	943,118
Collections held for disbursement	(188,634)	(309,131)
Deferred revenue	(151,190)	(47,966)
Annuities payable	(78,786)	302,137
Accrued liability for priests' retirement plan	8,183,832	1,926,827
Net cash provided by operating activities	5,689,626	6,899,952
Cash flows from investing activities:		
Purchases of investments	(3,194,662)	(10,952,633)
Proceeds from sale of investments	4,874,452	15,284,167
Proceeds from sale of property	24,129	—
Purchase of property and equipment	(1,946,520)	(1,213,603)
Principal payments received on notes receivable	296,009	315,357
Amounts disbursed for notes receivable	—	(70,885)
Net cash provided by investing activities	53,408	3,362,403
Net increase in cash and cash equivalents	5,743,034	10,262,355
Cash and cash equivalents at beginning of year	26,164,278	15,901,923
Cash and cash equivalents at end of year	\$ 31,907,312	26,164,278
Supplemental disclosure of noncash transactions and other cash flow information:		
Fully depreciated software written-off	\$ —	770,165

See accompanying notes to combined financial statements.

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Notes to Combined Financial Statements

June 30, 2016 and 2015

**(1) Summary of Significant Accounting Policies**

**(a) Organization**

The accompanying combined financial statements include 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 revenue, 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.

Revenue is 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.



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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.

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 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.

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**(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 on the combined statements of financial position are stated at the amount management expects to collect. 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, 2016 and 2015 since the Archdiocese had no significant unrelated business income.

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

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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, 2016 and 2015. 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***

Revenue is 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*. Revenue for recoveries from tenants for other costs are recognized in the period in which the related expenses are incurred.

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**(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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**(p) Recent Accounting Pronouncements**

In May 2015, the 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

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evaluated the ASU and determined that the NAV per share or its equivalent is the practical expedient for the investment in CITW. Management therefore, adopted ASU 2015-07 in the year ended June 30, 2015, which 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 Measurement*, 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).

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.

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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 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 \$58,400,727 and \$57,543,073 at June 30, 2016 and 2015, respectively, is estimated using the NAV as a practical expedient. There are no unfunded commitments for this investment.

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.

The following table shows classification of investments by level of the fair value hierarchy in the CITW as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Level 1	46.6%	41.1%
Level 2	8.1	8.3
Level 3	—	—
NAV	45.3	50.6
	<u>100.0%</u>	<u>100.0%</u>

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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, 2016 and 2015. These investments included domestic equity, which trade on a daily basis and are disclosed as Level 1 investments. 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 investments. The certificates of deposit mature in 24 months and 11 months, respectively, and are disclosed as Level 2 investments.

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:

	<u><b>Total 2016</b></u>	<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>	<u><b>NAV</b></u>
Assets:					
Investment in CITW	\$ 58,400,727	—	—	—	58,400,727
Equity securities – domestic	8,710,695	8,710,695	—	—	—
Money market funds – domestic	667,301	—	667,301	—	—
Other investment – domestic	1,030,877	—	1,030,877	—	—
	<u>\$ 68,809,600</u>	<u>8,710,695</u>	<u>1,698,178</u>	<u>—</u>	<u>58,400,727</u>
	<u><b>Total 2015</b></u>	<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>	<u><b>NAV</b></u>
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	—	—
	<u>\$ 72,234,965</u>	<u>8,752,308</u>	<u>5,955,623</u>	<u>—</u>	<u>57,527,034</u>

In accordance with ASC 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, 2016 and 2015 because of the short maturity of these items.

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Investment income consists of the following for the years ended June 30, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Interest and dividends	\$ 139,986	188,911
Realized gains, net	363,485	1,947,200
Unrealized losses, net	(2,415,523)	(3,861,634)
Less investment loss (income) allocated to funds held on behalf of others	(123,573)	148,581
Investment loss	\$ (2,035,625)	(1,576,942)

**(3) Accounts Receivable**

Accounts receivable are summarized as follows at June 30:

	<b>2016</b>		
	<b>Gross</b>	<b>Allowance for uncollectible accounts</b>	<b>Totals</b>
Accounts receivable:			
Assessments	\$ 983,000	—	983,000
Insurance	14,674,582	(6,312,653)	8,361,929
Trade	611,496	(85,822)	525,674
Other	1,342,958	(834,622)	508,336
	\$ 17,612,036	(7,233,097)	10,378,939
	\$ 17,612,036	(7,233,097)	10,378,939
	<b>2015</b>		
	<b>Gross</b>	<b>Allowance for uncollectible accounts</b>	<b>Totals</b>
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
	\$ 18,515,874	(8,696,860)	9,819,014

Of the gross accounts receivable, \$16,247,632 and \$14,833,365 as of June 30, 2016 and 2015, respectively, is due from related parties including parishes and Archdiocesan-related corporations and institutions (note 15).



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**(4) Contributions Receivable**

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

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 4,764,744	6,235,902
Less allowance for uncollectible contributions receivable	(983,155)	(960,629)
	<u>\$ 3,781,589</u>	<u>5,275,273</u>

**(5) Notes Receivable**

Notes receivable are summarized as follows at June 30:

	<u>2016</u>	<u>2015</u>
Parishes	\$ 1,929,881	2,173,474
Related corporations	312,711	365,127
	2,242,592	2,538,601
Less allowance for uncollectible notes receivable	(1,274,298)	(1,696,977)
	<u>\$ 968,294</u>	<u>841,624</u>

**(6) Property and Equipment**

Property and equipment are summarized as follows at June 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 9,875,272	9,409,273
Future parish sites	845,398	845,398
Buildings	42,230,592	41,504,497
Furniture and equipment	4,829,078	4,628,614
Automobiles	871,361	863,246
Software	1,320,801	1,310,801
Construction in progress	1,186,588	495,579
Property and equipment, gross	61,159,090	59,057,408
Less accumulated depreciation	(21,810,980)	(20,349,069)
Property and equipment, net	<u>\$ 39,348,110</u>	<u>38,708,339</u>

Depreciation expense was \$1,582,743 and \$1,627,260 for the years ended June 30, 2016 and 2015, respectively.

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**(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 occupied 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 \$16,750,913 and \$15,185,140 at June 30, 2016 and 2015, 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 \$6,364,098 and \$5,856,348 at June 30, 2016 and 2015, 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:

	<b>Future minimum rental to be received</b>	<b>Amounts to be paid to St. Matthew's</b>	<b>Net rental</b>
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
2021	1,675,000	(630,000)	1,045,000
Thereafter	271,112,000	(94,519,500)	176,592,500
	<u>\$ 279,227,000</u>	<u>(97,577,500)</u>	<u>181,649,500</u>

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**(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:

	<b>2016</b>	<b>2015</b>
Seminarian and clergy education	\$ 3,502,610	3,478,415
Ministry programs	10,549,576	11,290,283
	\$ 14,052,186	14,768,698

Approximately \$11.6 million and \$11.3 million represents permanently restricted net assets at June 30, 2016 and 2015, respectively. Approximately \$2.5 million and \$3.5 million represents temporarily restricted net assets at June 30, 2016 and 2015, 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:

	<b>2016</b>	<b>2015</b>
Less than one year	\$ 4,409,932	5,518,960
One year to five years	312,000	312,000
Greater than five years	20,352	98,352
	\$ 4,742,284	5,929,312

**(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. The multiemployer plan is approximately 70% funded, or yellow zone status, at June 30, 2016. In accordance with ASC Paragraph 715-30-55-63, Central Pastoral Administration accounts for its participation in the Retirement Plan as a multiemployer plan.

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**(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, 2016 and 2015 was \$12,051,284 and \$12,294,323, respectively, of which approximately \$851,360 and \$857,899, 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, 2016 and 2015 was \$4,693,604 and \$4,688,526, respectively, and is recorded in insurance claims and benefits payable in the accompanying combined statements of financial position. At June 30, 2015, the Central Pastoral Administration owed \$215,000 to the pension plan, which is included in the liability above. At June 30, 2016, the Central Pastoral Administration had prepaid to the pension trust \$1,005,000, which is included in prepaid and other assets on the statement of financial position.

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.

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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.

	<b>Year ended June 30, 2016</b>		
	<b>Retirement benefit</b>	<b>Postretirement medical</b>	<b>Total</b>
Change in benefit obligation:			
Benefit obligation at beginning of year	\$ 39,914,943	17,515,878	57,430,821
Service cost	823,059	752,043	1,575,102
Interest cost	1,659,281	745,984	2,405,265
Actuarial loss	3,612,398	2,276,054	5,888,452
Benefits paid	(1,505,434)	(1,015,012)	(2,520,446)
Benefit obligation at end of year	<u>44,504,247</u>	<u>20,274,947</u>	<u>64,779,194</u>
Change in plan assets:			
Fair value of plan assets at beginning of year	33,708,992	—	33,708,992
Actual return on plan assets	(1,335,459)	—	(1,335,459)
Employer contributions	2,005,434	1,015,012	3,020,446
Benefits paid	(1,505,434)	(1,015,012)	(2,520,446)
Fair value of plan assets at end of year	<u>32,873,533</u>	<u>—</u>	<u>32,873,533</u>
Accrued benefit cost	<u>\$ 11,630,714</u>	<u>20,274,947</u>	<u>31,905,661</u>

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	<b>Year ended June 30, 2015</b>		
	<b>Retirement benefit</b>	<b>Postretirement medical</b>	<b>Total</b>
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

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

	<b>2016</b>	<b>2015</b>
Level 1	46.5%	41.1%
Level 2	8.3	8.3
Level 3	—	—
NAV	45.2	50.6

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:

	<b>2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>NAV</b>
Investment in CITW	\$ 33,107,577	—	—	33,107,577
	<b>2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>NAV</b>
Investment in CITW	\$ 32,443,036	—	—	32,443,036

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The following table sets forth the amounts recognized in the combined financial statements as of and for the year ended June 30, 2016:

	<b>Year ended June 30, 2016</b>		
	<b>Retirement benefit</b>	<b>Postretirement medical</b>	<b>Total</b>
Charges other than net periodic benefit cost:			
Net loss for period	\$ 7,203,941	2,276,054	9,479,995
Amortization of net loss	(635,565)	(187,667)	(823,232)
Amortization of prior service cost	(119,972)	—	(119,972)
Charges other than net periodic benefit cost	<u>\$ 6,448,404</u>	<u>2,088,387</u>	<u>8,536,791</u>
Items not yet recognized as a component of net periodic pension/benefit cost:			
Net loss	\$ 20,998,226	7,013,427	28,011,653
Prior service cost	683,833	—	683,833
Items not yet recognized as a component of net periodic pension/benefit cost	<u>\$ 21,682,059</u>	<u>7,013,427</u>	<u>28,695,486</u>
Actuarial assumptions used:			
End of year benefit obligation	3.40%	3.56%	
Net periodic benefit cost	4.25%	4.35%	
Weighted average expected long-term rate of return	6.50%	—%	

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

	<b>Year ended June 30, 2015</b>		
	<b>Retirement benefit</b>	<b>Postretirement medical</b>	<b>Total</b>
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%	—	

As of June 30, 2016 and 2015, the net periodic benefit cost relating to the post retirement medical plan was \$1,944,419 and \$1,685,694, respectively. As of June 30, 2016 and 2015, the net periodic benefit cost relating to the retirement plan was \$981,793 and \$530,977, respectively.

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 \$308,535, and the amount expected to be amortized of the net loss for the retirement benefit plan is \$1,014,580. 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% annual rate of increase in per capita cost of covered healthcare benefits was assumed for 2016. The rate is assumed to decrease to 5% for 2022 and remain at that level thereafter. Long-term care costs averaged \$24,132 per covered participant for 2016.



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Estimated future benefit payments as of June 30, 2016 are as follows:

	<u>Retirement benefit</u>	<u>Postretirement medical</u>
Year(s) ending June 30:		
2017	\$ 1,834,000	1,064,000
2018	1,955,000	1,118,000
2019	2,034,000	1,150,500
2020	2,095,000	1,192,000
2021	2,150,000	1,143,500
2022–2026	10,919,000	6,152,500

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, 2016 and 2015 include costs relating to the O’Boyle Residence of \$320,000 and \$327,121, respectively.

**(11) Designated Net Assets**

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

	<u>2016</u>	<u>2015</u>
Designated for:		
Operations	\$ 25,670,570	24,929,402
Deferred rent receivable, net (note 7)	10,386,815	9,328,792
Insurance reserves	26,822,060	27,135,241
	<u>\$ 62,879,445</u>	<u>61,393,435</u>

**(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:

	<u>2016</u>	<u>2015</u>
Future time periods’ general operations	\$ 3,052,589	6,045,273
Propagation of the Faith	915,059	959,153
Social concerns	4,095,901	4,211,896
Clergy education	2,395,416	3,361,263
Education	500,143	66,109
	<u>\$ 10,959,108</u>	<u>14,643,694</u>

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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:

	<b>2016</b>	<b>2015</b>
Social concerns	\$ 9,372,958	9,371,290
Clergy education	3,091,577	2,829,441
	\$ 12,464,535	12,200,731

**(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:

	<b>2016</b>	<b>2015</b>
Program services	\$ 7,819,588	4,051,195
Passage of time:		
Archbishop's appeal	3,438,716	3,421,308
	\$ 11,258,304	7,472,503

**(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

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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:

	<b>2016</b>				
	<b>Board- designated</b>	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ —	—	62,547	907,850	970,397
Designated endowment funds	10,755,544	—	—	—	10,755,544
Total funds	<u>\$ 10,755,544</u>	<u>—</u>	<u>62,547</u>	<u>907,850</u>	<u>11,725,941</u>

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		<b>2015</b>				
		<b>Board- designated</b>	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$	—	—	70,329	907,850	978,179
Designated endowment funds		11,589,873	—	—	—	11,589,873
Total funds	\$	11,589,873	—	70,329	907,850	12,568,052

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

		<b>2016</b>				
		<b>Board- designated</b>	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets, beginning of year	\$	11,586,873	—	70,329	907,850	12,565,052
Total investment return – gains (losses)		(350,432)	—	(7,782)	—	(358,214)
Appropriation of endowment assets		(480,897)	—	—	—	(480,897)
Endowment net assets, end of year	\$	10,755,544	—	62,547	907,850	11,725,941

		<b>2015</b>				
		<b>Board- designated</b>	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
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

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, 2016 or 2015.

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**(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:

	<u>2016</u>	<u>2015</u>
Accounts receivable, gross	\$ 16,247,632	14,833,365
Investment in CITW	58,400,727	57,543,073
Notes receivable, gross	2,242,592	2,538,601
Receivable due from affiliate, gross	1,270,207	1,168,503
Beneficial interest in assets held by others	14,052,186	14,768,698
Contributions receivable, gross	729,000	723,922
Accounts payable and accrued expenses	6,902,635	6,412,451
Contributions payable	4,523,936	5,743,876
Funds held on behalf of others	12,090,650	9,443,126
	<u>2016</u>	<u>2015</u>
Revenue:		
Parish assessments	\$ 10,595,709	10,149,061
Special school assessments	3,242,013	3,013,473
Other assessments	557,621	548,400
Special program income	295,459	334,223
Premiums and insurance billings	44,180,218	42,714,468
Gifts and bequests	2,011,084	1,082,713
Rental income	1,171,688	1,187,390
Interest income – notes receivable	15,760	18,313
Management fees and computer services	967,648	1,530,927
Expenses:		
Catholic education	\$ 1,944,670	1,992,930
Other program service subsidies	5,678,964	3,731,141
Insurance and benefits	604,971	442,501

**(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.

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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 administrators, Catholic Mutual Group and Gallagher Bassett, the Central Pastoral Administration records a reserve for all property casualty, and workers' compensation open claims. As of June 30, 2016 and 2015, the loss reserve for open claims was \$1,464,034 and \$1,362,717, 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 \$1,250,644 and \$1,314,913 is recorded in other assets in the combined statement of financial position at June 30, 2016 and 2015.

**(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, 2016 and 2015. 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 two revolving credit facilities with one bank 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 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, 2016 and 2015, the Roman Catholic Archbishop of Washington, a corporation sole, is contingently liable for loans outstanding totaling \$16,678,006 and \$17,469,089, respectively, for 26 and 25 loans for parishes and other organizations.

**(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, 2017.

**(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 29, 2016, 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.

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June 30, 2016

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	\$ 31,842,312	50,000	15,000	—	—	—	—	31,907,312
Accounts receivable, net	1,922,986	7,764,604	1,099	598,169	—	92,081	—	10,378,939
Contributions receivable, net	3,781,589	—	—	—	—	—	—	3,781,589
Prepaid expenses and other assets	465,898	2,381,444	17,533	13,500	342	69,721	—	2,948,438
Notes receivable, net	968,294	—	—	—	—	—	—	968,294
Receivable due from affiliates	426,460	—	—	—	—	—	—	426,460
Investments	46,853,799	21,040,742	—	—	915,059	—	—	68,809,600
Due from (to) others	(12,157,398)	5,860,056	(42,558)	5,369,892	246,043	723,965	—	—
Property and equipment, net	39,251,750	—	54,180	—	—	42,180	—	39,348,110
Deferred rent receivable	16,750,913	—	—	—	—	—	—	16,750,913
Beneficial interest in assets held by others	14,052,186	—	—	—	—	—	—	14,052,186
<b>Total assets</b>	<b>\$ 144,158,789</b>	<b>37,096,846</b>	<b>45,254</b>	<b>5,981,561</b>	<b>1,161,444</b>	<b>927,947</b>	<b>—</b>	<b>189,371,841</b>
<b>Liabilities and Net Assets</b>								
Liabilities:								
Accounts payable and accrued expenses	\$ 9,826,146	440,831	—	28,594	3,266	86,634	—	10,385,471
Insurance claims payable	—	9,811,585	—	—	—	—	—	9,811,585
Contributions payable	4,677,936	—	—	—	64,348	—	—	4,742,284
Payable due to affiliates	55,715	—	—	—	—	—	—	55,715
Funds held on behalf of others	13,050,659	—	—	—	1,016	—	—	13,051,675
Collections held for disbursement	2,206,553	—	—	—	177,755	—	—	2,384,308
Deferred revenue	178,216	22,370	—	—	—	60,472	—	261,058
Annuities payable	1,673,494	—	—	—	—	—	—	1,673,494
Net accrued liability for priests' retirement plan	—	—	—	31,905,661	—	—	—	31,905,661
<b>Total liabilities</b>	<b>31,668,719</b>	<b>10,274,786</b>	<b>—</b>	<b>31,934,255</b>	<b>246,385</b>	<b>147,106</b>	<b>—</b>	<b>74,271,251</b>
Net assets:								
Unrestricted:								
Undesignated	14,717,605	—	(54,180)	(25,952,694)	—	738,661	—	(10,550,608)
Designated	36,057,385	26,822,060	—	—	—	—	—	62,879,445
Invested in property and equipment	39,251,750	—	54,180	—	—	42,180	—	39,348,110
<b>Total unrestricted</b>	<b>90,026,740</b>	<b>26,822,060</b>	<b>—</b>	<b>(25,952,694)</b>	<b>—</b>	<b>780,841</b>	<b>—</b>	<b>91,676,947</b>
Temporarily restricted	9,998,795	—	45,254	—	915,059	—	—	10,959,108
Permanently restricted	12,464,535	—	—	—	—	—	—	12,464,535
<b>Total net assets</b>	<b>112,490,070</b>	<b>26,822,060</b>	<b>45,254</b>	<b>(25,952,694)</b>	<b>915,059</b>	<b>780,841</b>	<b>—</b>	<b>115,100,590</b>
<b>Total liabilities and net assets</b>	<b>\$ 144,158,789</b>	<b>37,096,846</b>	<b>45,254</b>	<b>5,981,561</b>	<b>1,161,444</b>	<b>927,947</b>	<b>—</b>	<b>189,371,841</b>

See accompanying independent auditors' report.

**THE CENTRAL PASTORAL ADMINISTRATION OF  
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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
<b>Total assets</b>	<b>\$ 138,278,956</b>	<b>36,937,571</b>	<b>10,525</b>	<b>5,920,218</b>	<b>1,181,371</b>	<b>633,057</b>	<b>2,613,555</b>	<b>185,575,253</b>
<b>Liabilities and Net Assets</b>								
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
<b>Total liabilities</b>	<b>29,290,169</b>	<b>9,802,330</b>	<b>5,525</b>	<b>25,255,173</b>	<b>222,218</b>	<b>167,558</b>	<b>11,997</b>	<b>64,754,970</b>
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
<b>Total unrestricted</b>	<b>85,710,073</b>	<b>27,135,241</b>	<b>—</b>	<b>(19,334,955)</b>	<b>—</b>	<b>465,499</b>	<b>—</b>	<b>93,975,858</b>
Temporarily restricted	11,077,983	—	5,000	—	959,153	—	2,601,558	14,643,694
Permanently restricted	12,200,731	—	—	—	—	—	—	12,200,731
<b>Total net assets</b>	<b>108,988,787</b>	<b>27,135,241</b>	<b>5,000</b>	<b>(19,334,955)</b>	<b>959,153</b>	<b>465,499</b>	<b>2,601,558</b>	<b>120,820,283</b>
<b>Total liabilities and net assets</b>	<b>\$ 138,278,956</b>	<b>36,937,571</b>	<b>10,525</b>	<b>5,920,218</b>	<b>1,181,371</b>	<b>633,057</b>	<b>2,613,555</b>	<b>185,575,253</b>

See accompanying independent auditors' report.



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

Combined Schedule of Activities

Year ended June 30, 2016

	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	\$ 9,334,387	—	—	—	—	1,261,322	—	—	10,595,709
Special school assessments	3,242,013	—	—	—	—	—	—	—	3,242,013
Other	557,621	—	—	—	—	—	—	—	557,621
Total assessments	13,134,021	—	—	—	—	1,261,322	—	—	14,395,343
Contributions, donations, gifts, and bequests:									
Archbishop's Appeal	11,119,186	—	—	—	—	—	—	—	11,119,186
Gifts and bequests	5,358,442	—	(7,235)	40,485	—	—	—	—	5,391,692
Total contributions, donations, gifts, and bequests	16,477,628	—	(7,235)	40,485	—	—	—	—	16,510,878
Premiums and insurance billings	—	44,301,169	—	4,125,461	—	—	—	(4,246,412)	44,180,218
Interest and investment loss, net	(1,225,256)	(772,481)	—	—	—	—	—	—	(1,997,737)
Decrease in beneficial interest in assets held by others	(4,480)	—	—	—	—	—	—	—	(4,480)
Management fees and computer services	4,042,690	—	—	—	—	—	—	(3,055,397)	987,293
Special program income	792,651	—	—	—	—	18,547	—	—	811,198
Advertising	—	—	—	—	—	553,480	—	—	553,480
Rental income	3,757,586	—	—	—	—	—	—	(261,815)	3,495,771
Other	232,687	(64,269)	—	—	—	82,578	—	—	250,996
Total revenue, gains, and other support	37,207,527	43,464,419	(7,235)	4,165,946	—	1,915,927	—	(7,563,624)	79,182,960
Net assets released from restrictions	7,809,647	—	15,000	—	278,624	—	3,155,033	—	11,258,304
Total unrestricted revenue, gain, and other support	45,017,174	43,464,419	7,765	4,165,946	278,624	1,915,927	3,155,033	(7,563,624)	90,441,264
Expenses:									
Program services:									
Catholic education:									
Tuition assistance and school subsidies	2,169,670	—	—	—	—	—	—	—	2,169,670
Other programs and administration	3,385,601	215,614	—	—	—	—	—	(203,567)	3,397,648
Total Catholic education	5,555,271	215,614	—	—	—	—	—	(203,567)	5,567,318
Pastoral ministry and social concerns	7,726,258	782,580	—	380,088	—	—	—	(545,294)	8,343,632
Ministerial leadership	5,334,576	220,119	1,741,652	1,013,711	—	—	—	(1,146,138)	7,163,920
Communications	1,428,173	304,530	—	—	—	1,618,631	—	(386,515)	2,964,819
Parish services	1,715,133	102,356	—	—	—	—	—	(137,237)	1,680,252
Insurance and benefits	845,956	40,259,049	—	—	—	—	—	(2,584,853)	38,520,152
Priests' retirement benefits and medical care	542	224,882	—	1,230,341	—	—	—	(889,680)	566,085
Propagation of the Faith	3,794	29,051	—	39,254	278,624	—	—	(78,566)	272,157
Christ Our Hope – Papal visit	—	—	—	—	—	—	3,155,033	—	3,155,033
Archdiocesan services	10,187,526	469,041	—	428,062	—	—	—	(1,269,117)	9,815,512
Total program services	32,797,229	42,607,222	1,741,652	3,091,456	278,624	1,618,631	3,155,033	(7,240,967)	78,048,880

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

Combined Schedule of Activities

Year ended June 30, 2016

	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	\$ 3,616,077	475,930	—	38,979	—	—	—	(233,486)	3,897,500
Fund-raising	2,251,727	94,448	—	—	—	—	—	(89,171)	2,257,004
Total supporting services	5,867,804	570,378	—	38,979	—	—	—	(322,657)	6,154,504
Total expenses	38,665,033	43,177,600	1,741,652	3,130,435	278,624	1,618,631	3,155,033	(7,563,624)	84,203,384
Transfers:									
Transfer insurance services net assets to operations	600,000	(600,000)	—	—	—	—	—	—	—
Temporarily restricted net assets expended	(901,587)	—	—	883,541	—	18,046	—	—	—
Subsidize Redemptoris Mater Seminary	(1,733,887)	—	1,733,887	—	—	—	—	—	—
Total transfers	(2,035,474)	(600,000)	1,733,887	883,541	—	18,046	—	—	—
Change in net assets before Priests' Retirement expense-related changes other than net periodic pension cost	4,316,667	(313,181)	—	1,919,052	—	315,342	—	—	6,237,880
Priests' Retirement expense-related changes other than net periodic benefit cost (note 10(c))	—	—	—	(8,536,791)	—	—	—	—	(8,536,791)
Change in unrestricted net assets	4,316,667	(313,181)	—	(6,617,739)	—	315,342	—	—	(2,298,911)
Changes in temporarily restricted net assets:									
Contributions, donations, gifts, and bequests:									
Archbishop's Appeal	3,052,589	—	—	—	—	—	—	—	3,052,589
Gifts and bequests	4,121,509	—	55,254	—	266,798	—	553,475	—	4,997,036
Total contributions, donations, gifts, and bequests	7,174,098	—	55,254	—	266,798	—	553,475	—	8,049,625
Investment income (loss), net	(5,620)	—	—	—	(32,268)	—	—	—	(37,888)
Increase (decrease) in beneficial interest in assets held by others	(438,019)	—	—	—	—	—	—	—	(438,019)
Net assets released from restrictions	(7,809,647)	—	(15,000)	—	(278,624)	—	(3,155,033)	—	(11,258,304)
Change in temporarily restricted net assets	(1,079,188)	—	40,254	—	(44,094)	—	(2,601,558)	—	(3,684,586)
Changes in permanently restricted net assets:									
Increase in beneficial interest in assets held by others	263,804	—	—	—	—	—	—	—	263,804
Change in permanently restricted net assets	263,804	—	—	—	—	—	—	—	263,804
Change in net assets	3,501,283	(313,181)	40,254	(6,617,739)	(44,094)	315,342	(2,601,558)	—	(5,719,693)
Net assets at beginning of year	108,988,787	27,135,241	5,000	(19,334,955)	959,153	465,499	2,601,558	—	120,820,283
Net assets at end of year	\$ 112,490,070	26,822,060	45,254	(25,952,694)	915,059	780,841	—	—	115,100,590

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
Interest and investment income, net	(819,158)	(508,578)	—	(239,885)	—	—	—	—	(1,567,621)
Decrease 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
Special program income	753,451	—	—	—	—	25,769	—	—	779,220
Advertising	—	—	—	—	—	540,280	—	—	540,280
Rental income	3,698,728	—	—	—	—	—	—	(257,800)	3,440,928
Other	162,140	(181,242)	—	373	—	103,796	—	—	85,067
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 services	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

**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	—	—	—
Change in net assets before Priests' Retirement expense-related changes other than net periodic pension cost	(1,090,804)	2,131,447	—	1,790,995	—	186,677	—	—	3,018,315
Priests' Retirement expense-related changes other than net periodic benefit cost (note 10(c))	—	—	—	(9,074,233)	—	—	—	—	(9,074,233)
Change 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 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)
Change 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
Change 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.

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

Combined Schedule of Functional Expenses

Year ended June 30, 2016

	<b>Program services</b>								
	<b>Catholic education</b>	<b>Pastoral ministry &amp; social concerns</b>	<b>Ministerial leadership</b>	<b>Redemptoris Mater Seminary</b>	<b>Communi- cations</b>	<b>Carroll Publishing Company</b>	<b>Parish services</b>	<b>Insurance and benefits</b>	<b>Priests' retirement benefits &amp; medical care</b>
Salaries and benefits:									
Compensation of clergy and religious	\$ —	636,346	333,397	87,165	—	—	—	—	1,207,634
Benefits – clergy	—	670,229	1,158,007	508,716	—	—	—	—	751,928
Salaries and wages – laypersons	1,713,124	1,493,833	412,618	25,661	738,712	874,779	781,257	507,121	—
Benefits – laypersons	341,014	320,761	87,292	3,096	193,603	232,197	157,837	110,914	—
<b>Total salaries and benefits</b>	<b>2,054,138</b>	<b>3,121,169</b>	<b>1,991,314</b>	<b>624,638</b>	<b>932,315</b>	<b>1,106,976</b>	<b>939,094</b>	<b>618,035</b>	<b>1,959,562</b>
Continuing education and retreats – clergy	—	1,900	1,522,271	575,621	—	—	—	—	49,322
Supplies	16,802	44,100	61,227	48,313	4,830	5,776	28,875	1,590	42
Telephone, postage, and printing	238,977	112,724	99,175	50,417	138,996	299,349	13,607	7,896	1,482
Conferences, meetings, and travel	59,579	316,011	282,780	102,009	7,773	25,126	55,071	5,510	542
Professional fees	394,325	127,474	83,445	6,970	267,647	36,012	165,197	2,106,865	255,183
Food and beverages	89,185	69,147	316,913	118,557	1,215	6,705	2,265	3,002	3,910
Contributions and grants in aid	2,016,721	184,205	295,586	19,279	—	—	—	175	—
Utilities and maintenance	—	5,194	314,387	247,958	—	—	233,795	—	—
Interest	—	—	—	—	—	—	—	—	—
Subsidies	225,000	3,283,026	—	—	—	—	—	—	—
Other	100,452	219,040	34,211	82,302	12,505	48,888	457	(89,123)	(53,446)
Insurance premiums	—	—	—	—	—	—	—	14,420,893	—
Claims and benefits	—	—	—	—	—	—	—	21,311,339	(1,650,512)
<b>Total expenses before allocation</b>	<b>5,195,179</b>	<b>7,483,990</b>	<b>5,001,309</b>	<b>1,876,064</b>	<b>1,365,281</b>	<b>1,528,832</b>	<b>1,438,361</b>	<b>38,386,182</b>	<b>566,085</b>
Allocation of property operations and financial, computer, and personnel	372,139	859,642	286,547	—	70,706	—	241,891	133,970	—
<b>Total expenses after allocation</b>	<b>\$ 5,567,318</b>	<b>8,343,632</b>	<b>5,287,856</b>	<b>1,876,064</b>	<b>1,435,987</b>	<b>1,528,832</b>	<b>1,680,252</b>	<b>38,520,152</b>	<b>566,085</b>

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

Combined Schedule of Functional Expenses

Year ended June 30, 2016

	Program services			Subtotal program services	Supporting services			Subtotal supporting services	Total 2016
	Propagation of the Faith	Christ Our Hope - Papal Visit	Archdiocesan administration		General and administrative	Property operations	Fund-raising		
Salaries and benefits:									
Compensation of clergy and religious	\$ 77,237	—	440,815	2,782,594	31,925	—	—	31,925	2,814,519
Benefits – clergy	66,165	—	731,118	3,886,163	67,745	—	—	67,745	3,953,908
Salaries and wages – laypersons	18,544	—	1,760,063	8,325,712	1,303,699	1,343,715	723,969	3,371,383	11,697,095
Benefits – laypersons	9,638	—	412,508	1,868,860	275,011	353,350	137,104	765,465	2,634,325
Total salaries and benefits	171,584	—	3,344,504	16,863,329	1,678,380	1,697,065	861,073	4,236,518	21,099,847
Continuing education and retreats – clergy	11,190	—	400	2,160,704	—	—	—	—	2,160,704
Supplies	228	724,954	73,421	1,010,158	11,571	43,258	11,384	66,213	1,076,371
Telephone, postage, and printing	838	220,109	144,166	1,327,736	37,658	583,255	463,693	1,084,606	2,412,342
Conferences, meetings, and travel	5,340	68,614	310,702	1,239,057	41,512	10,509	12,473	64,494	1,303,551
Professional fees	—	694,697	1,059,056	5,196,871	324,016	377,727	344,643	1,046,386	6,243,257
Food and beverages	69	28,982	148,874	788,824	10,006	9,227	19,768	39,001	827,825
Contributions and grants in aid	64,348	370,195	3,854,548	6,805,057	6,823	—	1,650	8,473	6,813,530
Utilities and maintenance	—	—	247,813	1,049,147	—	856,738	—	856,738	1,905,885
Interest	—	—	69,596	69,596	—	—	—	—	69,596
Subsidies	—	1,047,482	29,090	4,584,598	—	—	—	—	4,584,598
Other	18,560	—	(449,107)	(75,261)	18,543	1,428,825	252,051	1,699,419	1,624,158
Insurance premiums	—	—	—	14,420,893	—	—	—	—	14,420,893
Claims and benefits	—	—	—	19,660,827	—	—	—	—	19,660,827
Total expenses before allocation	272,157	3,155,033	8,833,063	75,101,536	2,128,509	5,006,604	1,966,735	9,101,848	84,203,384
Allocation of property operations and financial, computer, and personnel	—	—	982,449	2,947,344	1,768,991	(5,006,604)	290,269	(2,947,344)	—
Total expenses after allocation	\$ 272,157	3,155,033	9,815,512	78,048,880	3,897,500	—	2,257,004	6,154,504	84,203,384

See accompanying independent auditors' report.

**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	Priests' retirement benefits & medical care
Salaries and benefits:									
Compensation of clergy and religious	\$ —	620,290	405,189	84,878	—	—	—	—	1,128,355
Benefits – clergy	—	807,362	1,423,798	455,895	—	—	—	—	847,628
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	<u>2,089,365</u>	<u>3,079,472</u>	<u>2,322,224</u>	<u>568,550</u>	<u>961,351</u>	<u>1,169,268</u>	<u>1,031,169</u>	<u>582,565</u>	<u>1,975,983</u>
Continuing education and retreats – clergy	—	1,734	1,579,404	528,333	—	—	—	—	44,731
Supplies	14,476	46,745	57,877	47,652	3,626	4,711	17,691	4,120	312
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	5,609
Professional fees	345,800	142,145	94,768	11,897	150,342	38,519	114,587	1,871,172	235,814
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	—	15,132
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)	(6,842)
Insurance premiums	—	—	—	—	—	—	—	15,043,717	—
Claims and benefits	—	—	—	—	—	—	—	18,818,790	(2,585,576)
Total expenses before allocation	<u>5,175,492</u>	<u>8,071,135</u>	<u>5,105,632</u>	<u>1,764,430</u>	<u>1,228,726</u>	<u>1,627,853</u>	<u>1,553,780</u>	<u>36,189,028</u>	<u>(314,837)</u>
Allocation of property operations and financial, computer, and personnel	<u>380,689</u>	<u>879,392</u>	<u>293,131</u>	<u>—</u>	<u>72,331</u>	<u>—</u>	<u>247,448</u>	<u>137,048</u>	<u>—</u>
Total expenses after allocation	<u>\$ 5,556,181</u>	<u>8,950,527</u>	<u>5,398,763</u>	<u>1,764,430</u>	<u>1,301,057</u>	<u>1,627,853</u>	<u>1,801,228</u>	<u>36,326,076</u>	<u>(314,837)</u>

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

Combined Schedule of Functional Expenses

Year ended June 30, 2015

	Program services			Subtotal program services	Supporting services			Subtotal supporting services	Total 2015
	Propagation of the Faith	Christ Our Hope - Papal Visit	Archdiocesan administration		General and administrative	Property operations	Fund-raising		
Salaries and benefits:									
Compensation of clergy and religious	\$ 77,170	—	413,072	2,728,954	39,935	—	—	39,935	2,768,889
Benefits – clergy	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	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	14,539	—	1,360	2,170,101	240	—	—	240	2,170,341
Supplies	2,164	287	30,249	229,910	11,691	53,814	22,829	88,334	318,244
Telephone, postage, and printing	1,041	475	154,397	1,197,152	38,759	551,922	416,621	1,007,302	2,204,454
Conferences, meetings, and travel	28,994	1,433	220,145	986,606	16,829	11,240	13,592	41,661	1,028,267
Professional fees	—	84,921	916,811	4,006,776	227,565	422,638	406,983	1,057,186	5,063,962
Food and beverages	78	5,549	148,871	708,987	9,968	7,626	31,065	48,659	757,646
Contributions and grants in aid	58,436	316,027	1,186,920	3,871,012	7,142	—	2,206	9,348	3,880,360
Utilities and maintenance	—	—	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	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	—	—	—	16,233,214	—	—	—	—	16,233,214
Total expenses before allocation	298,262	408,692	6,729,483	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	\$ 298,262	408,692	7,734,501	70,852,733	5,077,902	—	2,406,098	7,484,000	78,336,733

See accompanying independent auditors' report.