

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

Combined Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

## INDEPENDENT AUDITORS' REPORT

His Eminence Donald Cardinal Wuerl  
Archbishop of Washington  
The Central Pastoral Administration of the Archdiocese of Washington

We have audited the accompanying financial statements of the Central Pastoral Administration of the Archdiocese of Washington, which comprise the combined statement of financial position as of June 30, 2017, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

His Eminence Donald Cardinal Wuerl  
Archbishop of Washington  
The Central Pastoral Administration of the Archdiocese of Washington

## **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, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis-of-Matter Regarding Change in Accounting Principle***

As discussed in Note 1(q) to the financial statements the Archdiocese has adjusted its 2016 financial statements to retrospectively apply a change in accounting method for beneficial interest in assets held by others. Our opinion is not modified with respect to that matter.

## ***Other Matters***

### ***Prior Year Financial Statements***

The financial statements of the Central Pastoral Administration of the Archdiocese of Washington for the year ended June 30, 2016, were audited by other auditors whose report, dated November 29, 2016, expressed an unmodified opinion on those financial statements.

### ***Supplementary Information***

Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combined schedules of financial position, activities and functional expenses are presented for the purposes of additional analysis and are 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The 2016 combined schedules of financial position, activities and functional expenses was subjected to the auditing procedures applied in the 2016 audit of the basic combined financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2016 combined financial statements as a whole prior to the restatement in 2017.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
November 24, 2017

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

Combined Statements of Financial Position

June 30, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016 as restated</b>
Cash and cash equivalents	\$ 34,845,807	31,907,312
Accounts receivable, net (note 3)	6,203,968	10,378,939
Contributions receivable, net (note 4)	4,534,116	4,342,589
Prepaid expenses and other assets	2,069,358	2,948,438
Notes receivable, net (note 5)	703,225	968,294
Receivable due from affiliates	-	426,460
Investments (note 2)	82,789,106	68,809,600
Property and equipment, net (note 6)	41,823,306	39,348,110
Deferred rent receivable (note 7)	18,291,902	16,750,913
Total assets	\$ 191,260,788	175,880,655
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 11,141,875	10,385,471
Insurance claims and benefits payable (note 9)	10,248,576	9,811,585
Contributions payable (note 8)	3,514,262	4,742,284
Payable due to affiliates	650,593	55,715
Funds held on behalf of others	15,778,755	13,051,675
Collections held for disbursement	2,095,163	2,384,308
Deferred revenue	305,238	261,058
Annuities payable	1,559,623	1,673,494
Accrued liability for priests' retirement plan (note 9 (c))	29,784,714	31,905,661
Total liabilities	75,078,799	74,271,251
Net assets:		
Unrestricted:		
Undesignated	(5,785,996)	(10,543,547)
Designated (note 10)	70,033,324	62,879,445
Invested in property and equipment (note 6)	41,823,306	39,348,110
Total unrestricted	106,070,634	91,684,008
Temporarily restricted (note 11)	9,203,505	9,017,546
Permanently restricted (note 11)	907,850	907,850
Total net assets	116,181,989	101,609,404
Total liabilities and net assets	\$ 191,260,788	175,880,655

See accompanying notes to combined financial statements.

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

Combined Statements of Activities  
Years ended June 30, 2017 and 2016

	2017			2016 as restated				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Changes in net assets:								
Revenue, gains, and other support:								
Assessments:								
Parish	\$ 10,749,659	—	—	10,749,659	10,595,709	—	—	10,595,709
Education	3,389,150	—	—	3,389,150	3,242,013	—	—	3,242,013
Other	548,720	—	—	548,720	557,621	—	—	557,621
Total assessments	14,687,529	—	—	14,687,529	14,395,343	—	—	14,395,343
Contributions, donations, gifts, and bequests:								
Archbishop's appeal	10,911,453	3,159,780	—	14,071,233	11,119,186	3,052,589	—	14,171,775
Gifts and bequests	4,655,905	3,142,224	—	7,798,129	5,391,692	5,580,853	—	10,972,545
Total contributions, donations, gifts, and bequests	15,567,358	6,302,004	—	21,869,362	16,510,878	8,633,442	—	25,144,320
Premiums and insurance billings	45,360,158	—	—	45,360,158	44,180,218	—	—	44,180,218
Interest and investment loss, net (note 2)	7,665,993	199,424	—	7,865,417	(1,997,737)	(37,888)	—	(2,035,625)
Management fees and computer services	784,145	—	—	784,145	987,293	—	—	987,293
Special program income	834,119	—	—	834,119	811,198	—	—	811,198
Advertising	584,680	—	—	584,680	553,480	—	—	553,480
Rental income	3,464,494	—	—	3,464,494	3,495,771	—	—	3,495,771
Other	155,655	—	—	155,655	250,996	—	—	250,996
Total revenue, gains, and other support	89,104,131	6,501,428	—	95,605,559	79,187,440	8,595,554	—	87,782,994
Net assets released from restrictions (note 12)	6,315,469	(6,315,469)	—	—	11,258,304	(11,258,304)	—	—
Total revenue, gains, and other support	95,419,600	185,959	—	95,605,559	90,445,744	(2,662,750)	—	87,782,994

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Combined Statements of Activities  
Years ended June 30, 2017 and 2016

	2017			2016 as restated				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Expenses:								
Program services:								
Catholic education	5,751,128	—	—	5,751,128	5,567,318	—	—	5,567,318
Pastoral ministry and social concerns	8,406,404	—	—	8,406,404	8,343,632	—	—	8,343,632
Ministerial leadership	5,875,343	—	—	5,875,343	7,163,920	—	—	7,163,920
Communications	3,176,297	—	—	3,176,297	2,964,819	—	—	2,964,819
Parish services	774,359	—	—	774,359	1,680,252	—	—	1,680,252
Insurance and benefits	39,468,442	—	—	39,468,442	38,520,152	—	—	38,520,152
Priests' retirement benefits and medical care	1,591,650	—	—	1,591,650	566,085	—	—	566,085
Propagation of the faith	214,652	—	—	214,652	272,157	—	—	272,157
Christ Our Hope – Papal visit	—	—	—	—	3,155,033	—	—	3,155,033
Archdiocesan administration	9,278,623	—	—	9,278,623	9,815,512	—	—	9,815,512
Total program services	74,536,898	—	—	74,536,898	78,048,880	—	—	78,048,880
Supporting services:								
General and administrative	4,392,738	—	—	4,392,738	3,897,500	—	—	3,897,500
Fund-raising	2,603,838	—	—	2,603,838	2,257,004	—	—	2,257,004
Total supporting services	6,996,576	—	—	6,996,576	6,154,504	—	—	6,154,504
Total expenses	81,533,474	—	—	81,533,474	84,203,384	—	—	84,203,384
Change in net assets before Priests' Retirement expense-related changes other than net periodic pension cost	13,886,126	185,959	—	14,072,085	6,242,360	(2,662,750)	—	3,579,610
Priests' Retirement (expense-related) changes other than net periodic benefit cost (note 9(c))	500,500	—	—	500,500	(8,536,791)	—	—	(8,536,791)
Increase (decrease) in net assets	14,386,626	185,959	—	14,572,585	(2,294,431)	(2,662,750)	—	(4,957,181)
Net assets at beginning of year	91,684,008	9,017,546	907,850	101,609,404	93,978,439	11,680,296	907,850	106,566,585
Net assets at end of year	\$ 106,070,634	9,203,505	907,850	116,181,989	91,684,008	9,017,546	907,850	101,609,404

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, 2017 and 2016

	<b>2017</b>	<b>2016 as restated</b>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 14,572,585	(4,957,181)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,595,378	1,582,743
Net loss (gain) on sale of property	—	(2,465)
Bad debt expense	(876,732)	(773,306)
Receipt of contributed property	—	(297,658)
Net unrealized and realized investment losses	(8,810,504)	2,052,038
Decrease (increase) in assets:		
Accounts receivable	5,232,835	(98,192)
Contributions receivable	(191,527)	1,447,684
Prepaid expenses and other assets	879,080	(763,130)
Deferred rent receivable	(1,540,989)	(1,565,773)
Receivable due from affiliate	248,320	(144,952)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	756,404	(265,497)
Insurance claims payable	436,991	566,541
Contributions payable	(1,228,022)	(1,187,028)
Payable due to affiliate	594,878	43,248
Funds held on behalf of others	2,727,080	2,593,795
Collections held for disbursement	(289,145)	(188,634)
Deferred revenue	44,180	(151,190)
Annuities payable	(113,871)	(78,786)
Accrued liability for priests' retirement plan	(2,120,947)	8,183,832
Net cash provided by operating activities	11,915,994	5,996,089
Cash flows from investing activities:		
Purchases of investments	(5,721,339)	(3,501,125)
Proceeds from sale of investments	552,337	4,874,452
Proceeds from sale of property	—	24,129
Purchase of property and equipment	(4,070,574)	(1,946,520)
Principal payments received on notes receivable	262,577	296,009
Amounts disbursed for notes receivable	(500)	—
Net cash provided by (used in) investing activities	(8,977,499)	(253,055)
Net increase in cash and cash equivalents	2,938,495	5,743,034
Cash and cash equivalents at beginning of year	31,907,312	26,164,278
Cash and cash equivalents at end of year	\$ 34,845,807	31,907,312

Supplemental disclosures of noncash transactions and other cash flow information:

See accompanying notes to combined financial statements.

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Notes to Combined Financial Statements

June 30, 2017 and 2016

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

**(a) Organization**

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

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

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

**(b) Basis of Presentation**

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

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

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

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

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

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

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



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Notes to Combined Financial Statements

June 30, 2017 and 2016

**(c) *Cash and Cash Equivalents***

The 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.

**(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.

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Notes to Combined Financial Statements

June 30, 2017 and 2016

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 5% 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. Fixed asset purchases greater than \$5,000 are capitalized.

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 proceeds received by the Central Pastoral Administration from the sale of parish property 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, 2017 and 2016 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 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, 2017 and 2016. 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.

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Notes to Combined Financial Statements

June 30, 2017 and 2016

**(j) *Functional Allocation of Expenses***

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

**(k) *Revenue Recognition***

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

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

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

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

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

**(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

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1.0% to 10.0% and the actuarial determined life expectancy of the donor. Liabilities under charitable gift annuities are recorded in annuities payable.

**(n) *Concentration of Credit Risk***

The Central Pastoral Administration invests in various investment securities. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the combined statements of financial position.

**(o) *Estimates***

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

**(p) *Reclassifications***

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

**(q) *Restatement from Change in Accounting Principle***

The Central Pastoral Administration previously included in its combined financial statements beneficial interest in assets held by others because the ultimate beneficiary of the assets or earnings on those assets was most likely to be projects supported by Central Pastoral Administration. The beneficial interests were in amounts owned by affiliated corporations, Forward in Faith and Catholic Education Foundation. Both of these entities also show the amounts on their separately audited financial statements. Management has determined that the preferable accounting treatment for these amounts would be to remove the beneficial interest and instead recognize awards from these entities when approved by their independent boards. Therefore the following restatements to the combined financial statements as of and for the year ended June 30, 2016 have been made:

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Notes to Combined Financial Statements

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	As previously <u>reported</u>	<u>As restated</u>
<b>Combined Statement of Financial Position</b>		
Contributions receivable, net	\$ 3,781,589	\$ 4,342,589
Beneficial interest in assets held by others	14,052,186	-
Unrestricted net assets	91,676,947	91,684,008
Temporarily restricted net assets	10,959,108	9,017,546
Permanently restricted net assets	12,464,535	907,850
 <b>Combined Statement of Activities</b>		
Gifts and bequests	10,338,728	10,972,545
Decrease in beneficial interest in assets held by others	(178,695)	-
Change in net assets	(5,719,693)	(4,957,181)
Beginning net assets	120,820,283	106,566,585
 <b>Combined Statement of Cash Flow</b>		
Change in net assets	(5,719,693)	(4,957,181)
Increase in contributions receivable	1,493,684	1,447,684
Increase in beneficial interest in assets held by others	716,512	-

**(2) Investments and Fair Value Measurements**

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

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

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

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

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

- Level 1     Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Central Pastoral Administration has the ability to access at the measurement date.
  
- Level 2     Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
  
- Level 3     Inputs that are unobservable.

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

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

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

The Central Pastoral Administration 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 \$65,829,765 and \$58,400,727 at June 30, 2017 and 2016, 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.

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, 2017 and 2016. These investments included domestic equity, which trade on a daily basis and are disclosed as Level 1. Domestic money market funds are included in Level 2 of the fair value hierarchy as the values are based on observable market information. Other investments included oil rights and certificates of deposit that do not trade on a daily basis. The oil rights are appraised by a certified appraiser on an annual basis based on

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observable market inputs and are disclosed as Level 2. The certificates of deposit mature in 24 months and 11 months, respectively, and are disclosed as Level 2.

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

	<b>Total 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
Assets:					
Investment in CITW	\$ 65,829,765	—	—	—	65,829,765
Equity securities - domestic	7,493,572	7,493,572	—	—	—
Equity securities - international	286,242	286,242	—	—	—
Corporate bonds	4,128,496	1,688,751	2,439,745	—	—
US Treasuries	878,918	878,918	—	—	—
US Agencies	285,884	285,884	—	—	—
Money Market Funds - domestic	201,864	201,864	—	—	—
Municipal obligations	848,831	—	848,831	—	—
Private Debt	1,795,548	—	—	1,795,548	—
Certificate of deposit	1,024,766	1,024,766	—	—	—
Other investment - domestic	15,220	—	15,220	—	—
	<u>\$ 82,789,106</u>	<u>11,859,997</u>	<u>3,303,796</u>	<u>1,795,548</u>	<u>65,829,765</u>

	<b>Total 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
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>9,377,996</u>	<u>1,030,877</u>	<u>—</u>	<u>58,400,727</u>

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Investment income consists of the following for the years ended June 30, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Interest and dividends	\$ 278,045	139,986
Realized gains, net	868,310	363,485
Unrealized gains (losses), net	7,942,194	(2,415,523)
Less investment income allocated to funds held on behalf of others	(1,223,132)	(123,573)
Investment income (loss)	\$ 7,865,417	(2,035,625)

**(3) Accounts Receivable**

Accounts receivable are summarized as follows at June 30:

	<b>2017</b>		
	<b>Gross</b>	<b>Allowance for uncollectible accounts</b>	<b>Totals</b>
Accounts receivable:			
Assessments	\$ 888,595	-	888,595
Insurance	4,697,522	(402,901)	4,294,621
Trade	134,184	(11,379)	122,805
Other	1,240,376	(342,429)	897,947
	\$ 6,960,677	(756,709)	6,203,968

	<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

In fiscal year 2017, as part of the Year of Mercy, the Archdiocese approved forgiveness of certain parish debt amounting to over \$10.0 million. These accounts receivable balances were fully reserved for.

Of the gross accounts receivable, \$6,029,409 and \$16,247,632 as of June 30, 2017 and 2016, respectively, is due from related parties including parishes and Archdiocesan-related corporations and institutions (note 14).



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**(4) Contributions Receivable**

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

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 5,439,082	5,325,744
Less allowance for uncollectible contributions receivable	(904,966)	(983,155)
	<u>\$ 4,534,116</u>	<u>4,342,589</u>

**(5) Notes Receivable**

Notes receivable are summarized as follows at June 30:

	<u>2017</u>	<u>2016</u>
Parishes	\$ 17,624	1,929,881
Related corporations	779,249	312,711
	796,873	2,242,592
Less allowance for uncollectible notes receivable	(93,648)	(1,274,298)
	<u>\$ 703,225</u>	<u>968,294</u>

**(6) Property and Equipment**

Property and equipment are summarized as follows at June 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 9,875,272	9,875,272
Future parish sites	870,398	845,398
Buildings	42,367,513	42,230,592
Furniture and equipment	4,907,796	4,829,078
Automobiles	960,256	871,361
Software	1,530,137	1,320,801
Construction in progress	4,612,389	1,186,588
Property and equipment, gross	65,123,761	61,159,090
Less accumulated depreciation	(23,300,455)	(21,810,980)
Property and equipment, net	<u>\$ 41,823,306</u>	<u>39,348,110</u>

Depreciation and amortization expense was \$1,595,378 and \$1,582,743 for the years ended June 30, 2017 and 2016, 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 owned by St. Patrick's parish. Fifty percent of the annual lease income will be received by the Archdiocese and 50% of the annual lease income will be paid directly to St. Patrick's parish.

U.S. GAAP requires rental income, including all future contractually stipulated increases, to be recognized on a straight-line basis over the term of a lease. Therefore, the minimum 1.5% CPI increase has been projected from inception through the 99-year lease terms to determine the annual straight-line rental income amount. The differential between the straight-line amount and the actual amount received is recorded as a deferred rent receivable, and U.S. GAAP relating to lease accounting do not permit discounting of deferred rent receivables. The deferred rent receivable balance was \$18,291,902 and \$16,750,913 at June 30, 2017 and 2016, 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 \$6,863,078 and \$6,364,098 at June 30, 2017 and 2016, 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>
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
2022	1,702,000	(639,500)	1,062,500
Thereafter	<u>269,411,000</u>	<u>(93,880,500)</u>	<u>175,530,500</u>
	<u>\$ 277,656,000</u>	<u>(96,984,500)</u>	<u>180,671,500</u>

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**(8) 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>2017</b>	<b>2016</b>
Less than one year	\$ 3,181,910	4,409,932
One year to five years	332,352	312,000
Greater than five years	—	20,352
	<b>\$ 3,514,262</b>	<b>4,742,284</b>

**(9) 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, prior to its being frozen. Information as to vested and nonvested benefits, as well as plan assets and unfunded liabilities, related solely to Central Pastoral Administration is not readily determinable. In accordance with ASC Paragraph 715-30-55-63, Central Pastoral Administration accounts for its participation in the Retirement Plan as a multiemployer plan.

**(b) Defined-Contribution Plan**

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

The Central Pastoral Administration administers the Retirement Plan and the Plan (the Combined Plans) 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 Combined Plans for the years ended June 30, 2017 and 2016 was \$13,494,467 and \$12,051,284, respectively, of which approximately \$998,591 and \$851,360, 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. At June 30, 2017, the Central Pastoral Administration had unpaid contributions to the Combined Plans of \$5,436,217, which is included in insurance claims and benefits payable in the accompanying combined statements of financial position. At June 30,

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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.

**(c) Priests' Retirement Plan**

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

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

				<b>Year ended June 30, 2017</b>		
				<b>Retirement benefit</b>	<b>Postretirement medical</b>	<b>Total</b>
Change in benefit obligation:						
Benefit obligation at beginning of year	\$	44,504,247	20,274,947	64,779,194		
Service cost		1,035,698	928,311	1,964,009		
Interest cost		1,481,974	708,903	2,190,877		
Amendment		-	7,104,608	7,104,608		
Actuarial loss		(4,286,375)	(1,805,410)	(6,091,785)		
Benefits paid		(1,570,590)	(980,559)	(2,551,149)		
Benefit obligation at end of year		41,164,954	26,230,800	67,395,754		
Change in plan assets:						
Fair value of plan assets at beginning of year		32,873,533	-	32,873,533		
Actual return on plan assets		4,237,506	-	4,237,506		
Employer contributions		2,070,591	980,559	3,051,150		
Benefits paid		(1,570,590)	(980,559)	(2,551,149)		
Fair value of plan assets at end of year		37,611,040	-	37,611,040		
Accrued benefit cost	\$	3,553,914	26,230,800	29,784,714		

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	<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	44,504,247	20,274,947	64,779,194
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	32,873,533	-	32,873,533
Accrued benefit cost	\$ 11,630,714	20,274,947	31,905,661

The Plan's investment in CITW at net asset value is \$37,611,040 and \$33,107,577, at June 30, 2017 and 2016, respectively.

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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, 2017:

	<b>Year ended June 30, 2017</b>		
	<b>Retirement benefit</b>	<b>Postretirement medical</b>	<b>Total</b>
Charges other than net periodic benefit cost:			
Net (gain) loss for period	\$ (6,387,101)	(1,805,410)	(8,192,511)
Prior service cost	-	7,104,608	7,104,608
Amortization of net loss	1,014,580	(307,205)	707,375
Amortization of prior service cost	(119,972)	-	(119,972)
Charges other than net periodic benefit cost	\$ (5,492,493)	4,991,993	(500,500)
Items not yet recognized as a component of net periodic pension/benefit cost:			
Net loss	\$ 13,596,545	4,900,811	18,497,356
Prior service cost	563,861	7,104,608	7,668,469
Items not yet recognized as a component of net periodic pension/benefit cost	\$ 14,160,406	12,005,419	26,165,825
Actuarial assumptions used:			
End of year benefit obligation	4.00%	4.00%	
Net periodic benefit cost	4.00%	4.00%	
Weighted average expected long-term rate of return	7.00%	—	

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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	\$ 6,448,404	2,088,387	8,536,791
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	\$ 21,682,059	7,013,427	28,695,486
Actuarial assumptions used:			
End of year benefit obligation	3.40%	3.56%	
Net periodic benefit cost	3.40%	4.35%	
Weighted average expected long-term rate of return	6.50%	—	

The amount expected to be amortized into net periodic benefit cost over the next fiscal year relating to net loss of the retirement benefit plan is \$573,506, and the amount expected to be amortized of the net loss for the postretirement plan is \$147,140. 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 and for the postretirement plan is \$388,655.

For measurement purposes, a 6.75% annual rate of increase in per capita cost of covered healthcare benefits was assumed for 2017. The rate is assumed to decrease to 5% for 2022 and remain at that level thereafter. Long-term care costs averaged \$21,675 per covered participant for 2017.

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Estimated future benefit payments as of June 30, 2017 are as follows:

	<u>Retirement benefit</u>	<u>Postretirement medical</u>
Year(s) ending June 30:		
2018	\$ 1,923,000	1,080,000
2019	2,017,000	1,112,000
2020	2,081,000	1,151,000
2021	2,131,000	1,156,000
2022	2,157,000	1,134,000
2023–2027	10,708,000	6,017,000

Through the year ended June 30, 2016, service costs for the O’Boyle Residence were not considered an ongoing obligation of the postretirement benefit plan; rather they were considered annual expenses as incurred. Service costs for the year ended June 30, 2016 included costs relating to the O’Boyle Residence of \$320,000. Effective June 30, 2017, a change in the plan was recognized to include the projected operating costs for the O’Boyle Residence in the actuarial valuation.

**(10) Designated Net Assets**

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

	<u>2017</u>	<u>2016</u>
Designated for:		
Operations	\$ 27,530,548	25,670,570
Deferred rent receivable, net (note 7)	11,428,824	10,386,815
Insurance reserves	31,073,952	26,822,060
	<u>\$ 70,033,324</u>	<u>62,879,445</u>

**(11) 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>2017</u>	<u>2016</u>
Future time periods’ general operations	\$ 3,159,780	3,052,589
Propagation of the Faith	888,477	915,059
Social concerns	3,424,406	2,424,434
Clergy education	1,187,767	2,125,321
Education	543,075	500,143
	<u>\$ 9,203,505</u>	<u>9,017,546</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>2017</b>	<b>2016</b>
Social concerns	\$ 907,850	907,850
	\$ 907,850	907,850

**(12) 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>2017</b>	<b>2016</b>
Program services	\$ 3,262,880	7,819,588
Passage of time:		
Archbishop's appeal	3,052,589	3,438,716
	\$ 6,315,469	11,258,304

**(13) 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 income and the appreciation of investments, (6) other resources

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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. 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:

	2017				Total
	Board- designated	Unrestricted	Temporarily restricted	Permanently restricted	
Donor-restricted endowment funds	\$ —	—	80,258	907,850	988,108
Designated endowment funds	11,990,769	—			11,990,769
Total funds	\$ 11,990,769	—	80,258	907,850	12,978,877

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		<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	\$	10,755,544	—	62,547	907,850	11,725,941

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

		<b>2017</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	\$	10,755,544	-	62,547	907,850	11,725,941
Total investment return – gains (losses)		1,208,206	-	112,526	-	1,320,732
Replenish net assets		41,661	-	(41,661)	-	-
Appropriation of endowment assets		(14,642)	-	(53,154)	-	(67,796)
Endowment net assets, end of year	\$	11,990,769	-	80,258	907,850	12,978,877

		<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

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 that are reported in unrestricted net assets was \$41,661 at June 30, 2016.

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

Notes to Combined Financial Statements

June 30, 2017 and 2016

**(14) 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>2017</u>	<u>2016</u>
Accounts receivable, gross	\$ 6,029,409	16,247,632
Investment in CITW	65,829,765	58,400,727
Notes receivable, gross	796,873	2,242,592
Receivable due from affiliate, gross	—	1,270,207
Contributions receivable, gross	1,302,000	1,290,000
Accounts payable and accrued expenses	7,436,638	6,902,635
Contributions payable	3,318,885	4,523,936
Funds held on behalf of others	14,766,451	12,090,650
Payable due to affiliate, gross	650,593	—
	<u>2017</u>	<u>2016</u>
Revenues:		
Parish assessments	\$ 10,749,659	10,595,709
Special school assessments	3,389,150	3,242,013
Other assessments	548,720	557,621
Special program income	264,110	295,459
Premiums and insurance billings	44,552,942	44,180,218
Gifts and bequests	1,913,967	2,011,084
Rental income	964,153	1,171,688
Interest income – notes receivable	14,070	15,760
Management fees and computer services	828,959	967,648
Expenses:		
Catholic education	\$ 2,077,618	1,944,670
Other program service subsidies	3,372,107	5,678,964
Insurance and benefits	1,017,010	604,971

**(15) Commitments and Contingencies**

**(a) Insurance Coverage**

The Archdiocese of Washington, and thus, the Central Pastoral Administration, participates in a property-casualty self-insurance plan (the Plan) whereby certain risks and liabilities are assumed by participating entities. The Plan covers property and liability insurance, worker's compensation, and automobile insurance. Claims are paid by the contracted insurance providers as they are incurred by the insured participants. Under the Plan, the first \$75,000 of each property, liability and auto loss is self-insured by the Archdiocese, up to an annual aggregate of total annual losses of \$1,250,000. Losses in excess of \$75,000 per occurrence are covered by an excess coverage insurance policy.

**THE CENTRAL PASTORAL ADMINISTRATION OF  
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Notes to Combined Financial Statements

June 30, 2017 and 2016

When the total amount of losses paid by the Archdiocese reaches \$1,250,000 per year, the excess insurance pays 100% of the claims.

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, liability and workers' compensation open claims. As of June 30, 2017 and 2016, the loss reserve for open claims was \$1,627,735 and \$1,464,034, respectively.

The Archdiocese of Washington, and thus, the Central Pastoral Administration, is a member of the Catholic Umbrella Pool (CUP), which is an excess liability program administered by the Catholic Mutual Group. Excess liability coverage is provided by the CUP. The Central Pastoral Administration's equity investment in the CUP of \$1,292,057 and \$1,250,644 is recorded in other assets in the combined statement of financial position at June 30, 2017 and 2016.

**(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 CUP 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, 2017 and 2016. 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 September 30, 2017. The second facility provides up to \$25 million for term loans and expires on September 30, 2017. At June 30, 2017 and 2016, the Roman Catholic Archbishop of Washington, a corporation sole, is contingently liable for loans outstanding totaling \$14,459,406 and \$16,678,006, respectively, for 20 and 26 loans for parishes and other organizations.

On September 29, 2017, an amendment to the original credit facility was executed. With the new amendment, the first facility provides up to \$15 million for working capital and standby letters of credit and expires on September 30, 2019. The second facility provides up to \$15 million for term loans and expires on September 30, 2019.

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

Notes to Combined Financial Statements

June 30, 2017 and 2016

**(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.

**(16) Subsequent Events**

In preparing these combined financial statements, the Central Pastoral Administration has evaluated events and transactions for potential recognitions or disclosure through November 24, 2017, 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.

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

Combined Schedule of Financial Position

June 30, 2017

<b>Assets</b>	<b>Operations</b>	<b>Insurance services</b>	<b>Redemptoris Mater Seminary</b>	<b>Priests' Pass Through &amp; Care Fund</b>	<b>Propagation of the Faith</b>	<b>Carroll Publishing Company</b>	<b>Combined totals</b>
Cash and cash equivalents	\$ 34,780,807	50,000	15,000	—	—	—	34,845,807
Accounts receivable, net	1,835,143	4,284,274	—	10,350	—	74,201	6,203,968
Contributions receivable, net	4,534,116	—	—	—	—	—	4,534,116
Prepaid expenses and other assets	533,805	1,487,857	—	13,500	342	33,854	2,069,358
Notes receivable, net	703,225	—	—	—	—	—	703,225
Investments	55,553,415	26,347,214	—	—	888,477	—	82,789,106
Due from (to) others	(17,216,194)	9,157,334	1,118	6,924,849	241,360	891,533	—
Property and equipment, net	41,761,488	—	34,136	—	—	27,682	41,823,306
Deferred rent receivable	18,291,902	—	—	—	—	—	18,291,902
Total assets	<u>\$ 140,777,707</u>	<u>41,326,679</u>	<u>50,254</u>	<u>6,948,699</u>	<u>1,130,179</u>	<u>1,027,270</u>	<u>191,260,788</u>
<b>Liabilities and Net Assets</b>							
Liabilities:							
Accounts payable and accrued expenses	\$ 11,068,823	—	—	28,594	1,228	43,230	11,141,875
Insurance claims payable	—	10,248,576	—	—	—	—	10,248,576
Contributions payable	3,472,885	—	—	—	41,377	—	3,514,262
Payable due to affiliates	650,593	—	—	—	—	—	650,593
Funds held on behalf of others	15,777,940	—	—	—	815	—	15,778,755
Collections held for disbursement	1,896,881	—	—	—	198,282	—	2,095,163
Deferred revenue	236,206	4,151	—	—	—	64,881	305,238
Annuities payable	1,559,623	—	—	—	—	—	1,559,623
Net accrued liability for priests' retirement plan	—	—	—	29,784,714	—	—	29,784,714
Total liabilities	<u>34,662,951</u>	<u>10,252,727</u>	<u>—</u>	<u>29,813,308</u>	<u>241,702</u>	<u>108,111</u>	<u>75,078,799</u>
Net assets:							
Unrestricted:							
Undesignated	16,221,272	—	(34,136)	(22,864,609)	—	891,477	(5,785,996)
Designated	38,959,372	31,073,952	—	—	—	—	70,033,324
Invested in property and equipment	41,761,488	—	34,136	—	—	27,682	41,823,306
Total unrestricted	96,942,132	31,073,952	—	(22,864,609)	—	919,159	106,070,634
Temporarily restricted	8,264,774	—	50,254	—	888,477	—	9,203,505
Permanently restricted	907,850	—	—	—	—	—	907,850
Total net assets	<u>106,114,756</u>	<u>31,073,952</u>	<u>50,254</u>	<u>(22,864,609)</u>	<u>888,477</u>	<u>919,159</u>	<u>116,181,989</u>
Total liabilities and net assets	<u>\$ 140,777,707</u>	<u>41,326,679</u>	<u>50,254</u>	<u>6,948,699</u>	<u>1,130,179</u>	<u>1,027,270</u>	<u>191,260,788</u>

See accompanying independent auditors' report.

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

Combined Schedule of Financial Position

June 30, 2016 as restated

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	4,342,589	—	—	—	—	—	—	4,342,589
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
<b>Total assets</b>	<b>\$ 130,667,603</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>175,880,655</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	14,724,666	—	(54,180)	(25,952,694)	—	738,661	—	(10,543,547)
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>90,033,801</b>	<b>26,822,060</b>	<b>—</b>	<b>(25,952,694)</b>	<b>—</b>	<b>780,841</b>	<b>—</b>	<b>91,684,008</b>
Temporarily restricted	8,057,233	—	45,254	—	915,059	—	—	9,017,546
Permanently restricted	907,850	—	—	—	—	—	—	907,850
<b>Total net assets</b>	<b>98,998,884</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>101,609,404</b>
<b>Total liabilities and net assets</b>	<b>\$ 130,667,603</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>175,880,655</b>

See accompanying independent auditors' report.



THE CENTRAL PASTORAL ADMINISTRATION OF  
THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Activities

Year ended June 30, 2017

	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	\$ 9,480,193	—	—	—	—	1,269,466	—	—	10,749,659
Special school assessments	3,389,150	—	—	—	—	—	—	—	3,389,150
Other	548,720	—	—	—	—	—	—	—	548,720
Total assessments	13,418,063	—	—	—	—	1,269,466	—	—	14,687,529
Contributions, donations, gifts, and bequests:									
Archbishop's Appeal	10,911,453	—	—	—	—	—	—	—	10,911,453
Gifts and bequests	4,313,909	—	21,757	320,239	—	—	—	—	4,655,905
Total contributions, donations, gifts, and bequests	15,225,362	—	21,757	320,239	—	—	—	—	15,567,358
Premiums and insurance billings	—	45,841,808	—	4,164,626	—	—	—	(4,646,276)	45,360,158
Interest and investment income, net	5,058,023	2,607,970	—	—	—	—	—	—	7,665,993
Management fees and computer services	3,909,701	—	—	—	—	—	—	(3,125,556)	784,145
Special program income	814,651	—	—	—	—	19,468	—	—	834,119
Advertising	—	—	—	—	—	584,680	—	—	584,680
Rental income	3,557,139	—	—	—	—	—	—	(92,645)	3,464,494
Other	113,840	41,413	—	—	—	402	—	—	155,655
Total revenue, gains, and other support	42,096,779	48,491,191	21,757	4,484,865	—	1,874,016	—	(7,864,477)	89,104,131
Net assets released from restrictions	6,057,288	—	—	—	258,181	—	—	—	6,315,469
Total unrestricted revenue, gain, and other support	48,154,067	48,491,191	21,757	4,484,865	258,181	1,874,016	—	(7,864,477)	95,419,600
Expenses:									
Program services:									
Catholic education:									
Tuition assistance and school subsidies	2,077,618	—	—	—	—	—	—	—	2,077,618
Other programs and administration	3,702,996	201,712	—	801	—	—	—	(231,999)	3,673,510
Total Catholic education	5,780,614	201,712	—	801	—	—	—	(231,999)	5,751,128
Pastoral ministry and social concerns	8,572,323	447,111	—	32,047	—	—	—	(645,077)	8,406,404
Ministerial leadership	4,676,427	620,967	1,609,287	81,340	—	—	—	(1,112,678)	5,875,343
Communications	1,525,609	310,791	—	—	—	1,791,648	—	(451,751)	3,176,297
Parish services	785,909	85,552	—	—	—	—	—	(97,102)	774,359
Insurance and benefits	873,786	41,258,035	—	—	—	—	—	(2,663,379)	39,468,442
Priests' retirement benefits and medical care	—	252,224	—	2,267,033	—	—	—	(927,607)	1,591,650
Propagation of the Faith	—	29,480	—	3,164	258,181	—	—	(76,173)	214,652
Christ Our Hope - Papal visit	—	—	—	—	—	—	—	—	—
Archdiocesan administration	9,829,323	767,618	—	28,155	—	—	—	(1,346,473)	9,278,623
Total program services	32,043,991	43,973,490	1,609,287	2,412,540	258,181	1,791,648	—	(7,552,239)	74,536,898

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

Combined Schedule of Activities

Year ended June 30, 2017

	<u>Operations</u>	<u>Insurance services</u>	<u>Redemptoris Mater Seminary</u>	<u>Priests' Pass Through &amp; Care Fund</u>	<u>Propagation of the Faith</u>	<u>Carroll Publishing Company</u>	<u>Christ Our Hope - Papal Visit</u>	<u>Combined entries</u>	<u>Combined totals</u>
Supporting expenses:									
General and administrative	4,424,921	180,764	—	2,764	—	—	—	(215,711)	4,392,738
Fund-raising	2,615,320	85,045	—	—	—	—	—	(96,527)	2,603,838
Total supporting services	7,040,241	265,809	—	2,764	—	—	—	(312,238)	6,996,576
Total expenses	39,084,232	44,239,299	1,609,287	2,415,304	258,181	1,791,648	—	(7,864,477)	81,533,474
Transfers:									
Temporarily restricted net assets expended	(538,277)	—	—	518,024	—	20,253	—	—	—
Subsidize Carroll Publishing Company	(35,697)	—	—	—	—	35,697	—	—	—
Subsidize Redemptoris Mater Seminary	(1,587,530)	—	1,587,530	—	—	—	—	—	—
Total transfers	(2,161,504)	—	1,587,530	518,024	—	55,950	—	—	—
Increase in net assets before Priests' Retirement expense-related changes other than net periodic pension cost	6,908,331	4,251,892	—	2,587,585	—	138,318	—	—	13,886,126
Priests' Retirement expense-related changes other than net periodic benefit cost (note 10(c))	—	—	—	500,500	—	—	—	—	500,500
Increase (decrease) in unrestricted net assets	6,908,331	4,251,892	—	3,088,085	—	138,318	—	—	14,386,626
Changes in temporarily restricted net assets:									
Contributions, donations, gifts, and bequests:									
Archbishop's Appeal	3,159,780	—	—	—	—	—	—	—	3,159,780
Gifts and bequests	2,878,991	—	5,000	—	258,233	—	—	—	3,142,224
Total contributions, donations, gifts, and bequests	6,038,771	—	5,000	—	258,233	—	—	—	6,302,004
Investment income (loss), net	81,058	—	—	—	118,366	—	—	—	199,424
Transfer Propagation of the Faith net assets to operations	145,000	—	—	—	(145,000)	—	—	—	—
Net assets released from restrictions	(6,057,288)	—	—	—	(258,181)	—	—	—	(6,315,469)
Increase (decrease) in temporarily restricted net assets	207,541	—	5,000	—	(26,582)	—	—	—	185,959
Change in net assets	7,115,872	4,251,892	5,000	3,088,085	(26,582)	138,318	—	—	14,572,585
Net assets at beginning of year	98,998,884	26,822,060	45,254	(25,952,694)	915,059	780,841	—	—	101,609,404
Net assets at end of year	\$ 106,114,756	31,073,952	50,254	(22,864,609)	888,477	919,159	—	—	116,181,989

See accompanying independent auditors' report.

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

Combined Schedule of Activities  
Year ended June 30, 2016 as restated

	<u>Operations</u>	<u>Insurance services</u>	<u>Redemptoris Mater Seminary</u>	<u>Priests' Pass Through &amp; Care Fund</u>	<u>Propagation of the Faith</u>	<u>Carroll Publishing Company</u>	<u>Christ Our Hope - Papal Visit</u>	<u>Combined entries</u>	<u>Combined totals</u>
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	<u>13,134,021</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,261,322</u>	<u>—</u>	<u>—</u>	<u>14,395,343</u>
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	<u>16,477,628</u>	<u>—</u>	<u>(7,235)</u>	<u>40,485</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,510,878</u>
Premiums and insurance billings	—	44,301,169	—	4,125,461	—	—	—	(4,246,412)	44,180,218
Interest and investment income, net	(1,225,256)	(772,481)	—	—	—	—	—	—	(1,997,737)
Management fees and computer services	4,042,690	—	—	—	—	—	—	(3,055,397)	987,293
Special program income	792,651	—	—	—	—	—	—	—	811,198
Advertising	—	—	—	—	—	18,547	—	—	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	<u>37,212,007</u>	<u>43,464,419</u>	<u>(7,235)</u>	<u>4,165,946</u>	<u>—</u>	<u>1,915,927</u>	<u>—</u>	<u>(7,563,624)</u>	<u>79,187,440</u>
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	<u>45,021,654</u>	<u>43,464,419</u>	<u>7,765</u>	<u>4,165,946</u>	<u>278,624</u>	<u>1,915,927</u>	<u>3,155,033</u>	<u>(7,563,624)</u>	<u>90,445,744</u>
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	<u>5,555,271</u>	<u>215,614</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(203,567)</u>	<u>5,567,318</u>
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 administration	10,187,526	469,041	—	428,062	—	—	—	(1,269,117)	9,815,512
Total program services	<u>32,797,229</u>	<u>42,607,222</u>	<u>1,741,652</u>	<u>3,091,456</u>	<u>278,624</u>	<u>1,618,631</u>	<u>3,155,033</u>	<u>(7,240,967)</u>	<u>78,048,880</u>

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

Combined Schedule of Activities

Year ended June 30, 2016 as restated

	<b>Operations</b>	<b>Insurance services</b>	<b>Redemptoris Mater Seminary</b>	<b>Priests' Pass Through &amp; Care Fund</b>	<b>Propagation of the Faith</b>	<b>Carroll Publishing Company</b>	<b>Christ Our Hope - Papal Visit</b>	<b>Combined entries</b>	<b>Combined totals</b>
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	—	—	—
Increase in net assets before Priests' Retirement expense-related changes other than net periodic pension cost	4,321,147	(313,181)	—	1,919,052	—	315,342	—	—	6,242,360
Priests' Retirement expense-related changes other than net periodic benefit cost (note 10(c))	—	—	—	(8,536,791)	—	—	—	—	(8,536,791)
Increase (decrease) in unrestricted net assets	4,321,147	(313,181)	—	(6,617,739)	—	315,342	—	—	(2,294,431)
Changes in temporarily restricted net assets:									
Contributions, donations, gifts, and bequests:									
Archbishop's Appeal	3,052,589	—	—	—	—	—	—	—	3,052,589
Gifts and bequests	4,705,326	—	55,254	—	266,798	—	553,475	—	5,580,853
Total contributions, donations, gifts, and bequests	7,757,915	—	55,254	—	266,798	—	553,475	—	8,633,442
Investment income (loss), net	(5,620)	—	—	—	(32,268)	—	—	—	(37,888)
Net assets released from restrictions	(7,809,647)	—	(15,000)	—	(278,624)	—	(3,155,033)	—	(11,258,304)
Increase (decrease) in temporarily restricted net assets	(57,352)	—	40,254	—	(44,094)	—	(2,601,558)	—	(2,662,750)
Change in net assets	4,263,795	(313,181)	40,254	(6,617,739)	(44,094)	315,342	(2,601,558)	—	(4,957,181)
Net assets at beginning of year	94,735,089	27,135,241	5,000	(19,334,955)	959,153	465,499	2,601,558	—	106,566,585
Net assets at end of year	\$ 98,998,884	26,822,060	45,254	(25,952,694)	915,059	780,841	—	—	101,609,404

See accompanying independent auditors' report.

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

Combined Schedule of Functional Expenses

Year ended June 30, 2017

	<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>
Salaries and benefits:								
Compensation of clergy and religious	\$ 16,606	654,725	331,936	87,097	—	—	—	—
Benefits – clergy	11,120	345,253	575,261	196,067	—	—	—	—
Salaries and wages – laypersons	1,705,778	1,720,954	435,580	26,371	823,746	912,778	348,770	538,268
Benefits – laypersons	311,198	350,391	75,969	5,989	186,625	249,815	52,997	110,076
Total salaries and benefits	2,044,702	3,071,323	1,418,746	315,524	1,010,371	1,162,593	401,767	648,344
Continuing education and retreats – clergy	—	1,600	1,436,838	472,909	—	—	—	—
Supplies	12,175	101,623	49,262	61,325	2,696	3,230	3,677	1,696
Telephone, postage, and printing	411,991	228,311	88,428	50,402	144,265	319,553	5,575	11,099
Conferences, meetings, and travel	91,182	446,931	229,251	109,617	11,986	31,132	—	8,409
Professional fees	487,013	271,446	116,485	18,308	250,626	32,183	126,987	2,384,201
Food and beverages	92,830	108,640	277,303	118,608	1,133	2,430	2,038	3,142
Contributions and grants in aid	2,143,766	181,035	206,883	15,770	—	—	1,000	—
Utilities and maintenance	—	157,167	257,619	234,399	529	—	—	—
Interest	—	—	—	—	—	—	—	—
Subsidies	95,000	2,677,158	—	—	—	—	—	—
Other	19,893	346,719	40,498	85,684	19,366	117,215	4,140	(1,346,037)
Insurance premiums	—	—	—	—	—	—	—	15,829,803
Claims and benefits	—	—	—	—	—	—	—	21,800,858
Total expenses before allocation	5,398,552	7,591,953	4,121,313	1,482,546	1,440,972	1,668,336	545,184	39,341,515
Allocation of property operations and financial, computer, and personnel	352,576	814,451	271,484	—	66,989	—	229,175	126,927
Total expenses after allocation	\$ 5,751,128	8,406,404	4,392,797	1,482,546	1,507,961	1,668,336	774,359	39,468,442

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

Combined Schedule of Functional Expenses

Year ended June 30, 2017

	Program services				Supporting services				Total 2017	
	Priests' retirement benefits & medical care	Propagation of the Faith	Christ Our Hope - Papal Visit	Archdiocesan administration	Subtotal program services	General and administrative	Property operations	Fund-raising		Subtotal supporting services
Salaries and benefits:										
Compensation of clergy and religious	\$ 1,317,202	82,295	—	378,070	2,867,931	25,916	—	—	25,916	2,893,847
Benefits – clergy	428,287	31,568	—	289,263	1,876,819	27,943	—	—	27,943	1,904,762
Salaries and wages – laypersons	—	18,914	—	1,989,417	8,520,576	1,172,311	1,639,863	877,940	3,690,114	12,210,690
Benefits – laypersons	—	8,610	—	554,854	1,906,524	242,256	374,003	131,117	747,376	2,653,900
Total salaries and benefits	1,745,489	141,387	—	3,211,604	15,171,850	1,468,426	2,013,866	1,009,057	4,491,349	19,663,199
Continuing education and retreats – clergy	57,479	—	—	400	1,969,226	—	—	—	—	1,969,226
Supplies	784	1,559	—	63,214	301,241	7,971	63,925	12,372	84,268	385,509
Telephone, postage, and printing	1,808	998	—	141,887	1,404,317	64,936	389,568	521,466	975,970	2,380,287
Conferences, meetings, and travel	—	8,744	—	285,283	1,222,535	12,885	68,482	17,362	98,729	1,321,264
Professional fees	233,389	—	—	1,258,157	5,178,795	227,941	442,214	531,115	1,201,270	6,380,065
Food and beverages	275	20	—	167,719	774,138	15,058	13,612	35,624	64,294	838,432
Contributions and grants in aid	500,000	41,377	—	2,565,807	5,655,638	3,650	—	550	4,200	5,659,838
Utilities and maintenance	—	—	—	175,763	825,477	354,528	602,198	—	956,726	1,782,203
Interest	—	—	—	65,197	65,197	—	—	—	—	65,197
Subsidies	—	—	—	158,039	2,930,197	—	—	—	—	2,930,197
Other	382,722	20,567	—	254,751	(54,482)	54,867	1,656,024	201,283	1,912,174	1,857,692
Insurance premiums	—	—	—	—	15,829,803	—	—	—	—	15,829,803
Claims and benefits	(1,330,296)	—	—	—	20,470,562	—	—	—	—	20,470,562
Total expenses before allocation	1,591,650	214,652	—	8,347,821	71,744,494	2,210,262	5,249,889	2,328,829	9,788,980	81,533,474
Allocation of property operations and financial, computer, and personnel	—	—	—	930,802	2,792,404	2,182,476	(5,249,889)	275,009	(2,792,404)	—
Total expenses after allocation	\$ 1,591,650	214,652	—	9,278,623	74,536,898	4,392,738	—	2,603,838	6,996,576	81,533,474

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>
Salaries and benefits:								
Compensation of clergy and religious	\$ —	636,346	333,397	87,165	—	—	—	—
Benefits – clergy	—	670,229	1,158,007	508,716	—	—	—	—
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
Total salaries and benefits	2,054,138	3,121,169	1,991,314	624,638	932,315	1,106,976	939,094	618,035
Continuing education and retreats – clergy	—	1,900	1,522,271	575,621	—	—	—	—
Supplies	16,802	44,100	61,227	48,313	4,830	5,776	28,875	1,590
Telephone, postage, and printing	238,977	112,724	99,175	50,417	138,996	299,349	13,607	7,896
Conferences, meetings, and travel	59,579	316,011	282,780	102,009	7,773	25,126	55,071	5,510
Professional fees	394,325	127,474	83,445	6,970	267,647	36,012	165,197	2,106,865
Food and beverages	89,185	69,147	316,913	118,557	1,215	6,705	2,265	3,002
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)
Insurance premiums	—	—	—	—	—	—	—	14,420,893
Claims and benefits	—	—	—	—	—	—	—	21,311,339
Total expenses before allocation	5,195,179	7,483,990	5,001,309	1,876,064	1,365,281	1,528,832	1,438,361	38,386,182
Allocation of property operations and financial, computer, and personnel	372,139	859,642	286,547	—	70,706	—	241,891	133,970
Total expenses after allocation	\$ 5,567,318	8,343,632	5,287,856	1,876,064	1,435,987	1,528,832	1,680,252	38,520,152

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

Combined Schedule of Functional Expenses

Year ended June 30, 2016

	Program services					Supporting services				Total 2016
	Priests' retirement benefits & medical care	Propagation of the Faith	Christ Our Hope - Papal Visit	Archdiocesan administration	Subtotal program services	General and administrative	Property operations	Fund-raising	Subtotal supporting services	
Salaries and benefits:										
Compensation of clergy and religious	\$ 1,207,634	77,237	—	440,815	2,782,594	31,925	—	—	31,925	2,814,519
Benefits – clergy	751,928	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	1,959,562	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	49,322	11,190	—	400	2,160,704	—	—	—	—	2,160,704
Supplies	42	228	724,954	73,421	1,010,158	11,571	43,258	11,384	66,213	1,076,371
Telephone, postage, and printing	1,482	838	220,109	144,166	1,327,736	37,658	583,255	463,693	1,084,606	2,412,342
Conferences, meetings, and travel	542	5,340	68,614	310,702	1,239,057	41,512	10,509	12,473	64,494	1,303,551
Professional fees	255,183	—	694,697	1,059,056	5,196,871	324,016	377,727	344,643	1,046,386	6,243,257
Food and beverages	3,910	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	(53,446)	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	(1,650,512)	—	—	—	19,660,827	—	—	—	—	19,660,827
Total expenses before allocation	566,085	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	\$ 566,085	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.