

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

Combined Financial Statements

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)



CliftonLarsonAllen

CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT

His Eminence Donald Cardinal Wuerl  
Apostolic Administrator of the Archdiocese of Washington  
Central Pastoral Administration of the Archdiocese of Washington  
Hyattsville, Maryland

We have audited the accompanying combined financial statements of the Central Pastoral Administration of the Archdiocese of Washington, which comprise the combined statements of financial position as of June 30, 2018 and 2017, 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 Combined 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 combined 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 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 combined financial position of the Central Pastoral Administration of the Archdiocese of Washington as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

His Eminence Donald Cardinal Wuerl  
Apostolic Administrator of the Archdiocese of Washington  
Central Pastoral Administration of the Archdiocese of Washington

***Emphasis-of-Matter Regarding Change in Accounting Method***

As discussed in Note 1(q) to the combined financial statements, the Archdiocese has adjusted its 2017 financial statements to retrospectively apply a change in accounting method for the Cardinal Appeal and restricted contributions fulfilled within the same period. Our opinion is not modified with respect to these matters.

***Other Matters***

*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 combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
December 4, 2018

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

Combined Statements of Financial Position

June 30, 2018 and 2017

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	\$ 10,937,900	34,845,807
Accounts receivable, net (note 3)	4,042,854	6,203,968
Contributions receivable, net (note 4)	2,582,616	4,534,116
Prepaid expenses and other assets	1,815,402	2,069,358
Notes receivable, net (note 5)	609,721	703,225
Receivable due from affiliates	7,224	-
Investments (note 2)	107,282,491	82,789,106
Property and equipment, net (note 6)	44,190,204	41,823,306
Deferred rent receivable (note 7)	19,807,735	18,291,902
Total assets	\$ 191,276,147	191,260,788
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 11,204,807	11,141,875
Insurance claims and benefits payable (note 9)	13,992,921	10,248,576
Contributions payable (note 8)	2,483,571	3,514,262
Payable due to affiliates	266,876	650,593
Funds held on behalf of others	13,481,742	15,778,755
Collections held for disbursement	2,022,645	2,095,163
Deferred revenue	148,827	305,238
Annuities payable	1,386,441	1,559,623
Accrued liability for priests' retirement plan (note 9 (c))	23,750,575	29,784,714
Total liabilities	68,738,405	75,078,799
Net assets:		
Unrestricted:		
Undesignated	(10,993,126)	(2,626,216)
Designated (note 10)	83,978,622	70,033,324
Invested in property and equipment (note 6)	44,190,204	41,823,306
Total unrestricted	117,175,700	109,230,414
Temporarily restricted (note 11)	4,454,192	6,043,725
Permanently restricted (note 11)	907,850	907,850
Total net assets	122,537,742	116,181,989
Total liabilities and net assets	\$ 191,276,147	191,260,788

See accompanying notes to combined financial statements.

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

Combined Statements of Activities  
Years ended June 30, 2018 and 2017

	2018			2017				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Changes in net assets:								
Revenue, gains, and other support:								
Assessments:								
Parish	\$ 10,769,816	—	—	10,769,816	10,749,659	—	—	10,749,659
Education	3,433,229	—	—	3,433,229	3,389,150	—	—	3,389,150
Other	555,159	—	—	555,159	548,720	—	—	548,720
Total assessments	14,758,204	—	—	14,758,204	14,687,529	—	—	14,687,529
Contributions, donations, gifts, and bequests:								
Archbishop's appeal	13,612,618	—	—	13,612,618	14,071,233	—	—	14,071,233
Gifts and bequests	4,615,658	520,387	—	5,136,045	5,466,772	2,331,357	—	7,798,129
Total contributions, donations, gifts, and bequests	18,228,276	520,387	—	18,748,663	19,538,005	2,331,357	—	21,869,362
Premiums and insurance billings	45,393,399	—	—	45,393,399	45,360,158	—	—	45,360,158
Interest and investment income, net (note 2)	4,570,614	127,399	—	4,698,013	7,665,993	199,424	—	7,865,417
Management fees and computer services	799,996	—	—	799,996	784,145	—	—	784,145
Special program income	800,406	—	—	800,406	834,119	—	—	834,119
Advertising	471,535	—	—	471,535	584,680	—	—	584,680
Rental income	3,436,741	—	—	3,436,741	3,464,494	—	—	3,464,494
Other	564,177	—	—	564,177	155,655	—	—	155,655
Total revenue, gains, and other support	89,023,348	647,786	—	89,671,134	93,074,778	2,530,781	—	95,605,559
Net assets released from restrictions (note 12)	2,237,319	(2,237,319)	—	—	2,452,013	(2,452,013)	—	—
Total revenue, gains, and other support	91,260,667	(1,589,533)	—	89,671,134	95,526,791	78,768	—	95,605,559

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Combined Statements of Activities  
Years ended June 30, 2018 and 2017

	2018			2017				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Expenses:								
Program services:								
Catholic education	6,365,296	—	—	6,365,296	5,751,128	—	—	5,751,128
Pastoral ministry and social concerns	9,161,673	—	—	9,161,673	8,406,404	—	—	8,406,404
Ministerial leadership	6,917,746	—	—	6,917,746	5,875,343	—	—	5,875,343
Communications	3,398,006	—	—	3,398,006	3,176,297	—	—	3,176,297
Parish services	742,038	—	—	742,038	774,359	—	—	774,359
Insurance and benefits	39,810,377	—	—	39,810,377	39,468,442	—	—	39,468,442
Priests' retirement benefits and medical care	4,611,215	—	—	4,611,215	3,620,810	—	—	3,620,810
Propagation of the faith	257,212	—	—	257,212	214,652	—	—	214,652
Christ Our Hope – Papal visit	—	—	—	—	—	—	—	—
Archdiocesan administration	8,716,663	—	—	8,716,663	9,278,623	—	—	9,278,623
Total program services	79,980,226	—	—	79,980,226	76,566,058	—	—	76,566,058
Supporting services:								
General and administrative	5,505,941	—	—	5,505,941	4,392,738	—	—	4,392,738
Fund-raising	2,346,227	—	—	2,346,227	2,603,838	—	—	2,603,838
Total supporting services	7,852,168	—	—	7,852,168	6,996,576	—	—	6,996,576
Total expenses	87,832,394	—	—	87,832,394	83,562,634	—	—	83,562,634
Change in net assets before Priests' Retirement expense-related changes other than net periodic pension cost	3,428,273	(1,589,533)	—	1,838,740	11,964,157	78,768	—	12,042,925
Priests' Retirement (expense-related) changes other than net periodic benefit cost (note 9(c))	4,517,013	—	—	4,517,013	2,529,660	—	—	2,529,660
Increase (decrease) in net assets	7,945,286	(1,589,533)	—	6,355,753	14,493,817	78,768	—	14,572,585
Net assets at beginning of year	109,230,414	6,043,725	907,850	116,181,989	94,736,597	5,964,957	907,850	101,609,404
Net assets at end of year	\$ 117,175,700	4,454,192	907,850	122,537,742	109,230,414	6,043,725	907,850	116,181,989

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, 2018 and 2017

	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Increase in net assets	\$ 6,355,753	14,572,585
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,625,638	1,595,378
Net loss on sale of property	39,887	—
Bad debt expense	(157,825)	(876,732)
Receipt of contributed property	(1,602,515)	—
Net unrealized and realized investment gains	(5,002,134)	(8,810,504)
Decrease (increase) in assets:		
Accounts receivable	2,293,038	5,232,835
Contributions receivable	1,951,500	(191,527)
Prepaid expenses and other assets	253,956	879,080
Deferred rent receivable	(1,515,833)	(1,540,989)
Receivable due from affiliate	(7,224)	248,320
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(534,068)	756,404
Insurance claims payable	3,744,345	436,991
Contributions payable	(1,030,691)	(1,228,022)
Payable due to affiliate	(383,717)	594,878
Funds held on behalf of others	(2,297,013)	2,727,080
Collections held for disbursement	(72,518)	(289,145)
Deferred revenue	(156,411)	44,180
Annuities payable	(173,182)	(113,871)
Accrued liability for priests' retirement plan	(6,034,139)	(2,120,947)
Net cash (used in) provided by operating activities	(2,703,153)	11,915,994
Cash flows from investing activities:		
Purchases of investments	(20,598,166)	(5,721,339)
Proceeds from sale of investments	2,709,430	552,337
Proceeds from sale of property	33,320	—
Purchase of property and equipment	(3,468,743)	(4,070,574)
Principal payments received on notes receivable	127,129	262,577
Amounts disbursed for notes receivable	(7,724)	(500)
Net cash used in investing activities	(21,204,754)	(8,977,499)
Net (decrease) increase in cash and cash equivalents	(23,907,907)	2,938,495
Cash and cash equivalents at beginning of year	34,845,807	31,907,312
Cash and cash equivalents at end of year	\$ 10,937,900	34,845,807
Supplemental disclosures of non-cash transactions:		
Property and equipment purchases in accounts payable	597,000	—

See accompanying notes to combined financial statements.

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Notes to Combined Financial Statements

June 30, 2018 and 2017

**(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. Donor restricted revenues are reported as increases in unrestricted net assets if the donor restriction expires in the same reporting period in which the revenues are recognized. 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**

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.

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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 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, 2018 and 2017 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, 2018 and 2017. 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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**(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 1.0% to 10.0% and

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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) *Change in Accounting Method***

The Central Pastoral Administration previously recorded uncollected pledges from the archbishop's appeal as temporarily restricted revenue. Management has determined that the preferable accounting treatment for these amounts would be to record them as unrestricted revenue since the purpose has always been unrestricted, and it appears the intention of the donor is to support activities of the current year.

The Central Pastoral Administration previously recorded donor restricted revenues as temporarily restricted, even if the restriction was met in the same period. Management has determined that the preferable accounting treatment would be to record all donor restricted revenues as unrestricted if the restriction was met in the same period.

**(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.

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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).

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 \$69,930,124 and \$65,829,765 at June 30, 2018 and 2017, 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

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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, 2018 and 2017. These investments included domestic equity, which trade on a daily basis and are disclosed as Level 1. Domestic money market funds are included in Level 2 of the fair value hierarchy as the values are based on observable market information. Other investments included oil rights and certificates of deposit that do not trade on a daily basis. The oil rights are appraised by a certified appraiser on an annual basis based on observable market inputs and are disclosed as Level 2. The certificate of deposit, disclosed as Level 2, matured prior to June 30, 2018.

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 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
Assets:					
Investment in CITW	\$ 69,930,124	—	—	—	69,930,124
Equity securities - domestic	11,734,065	11,734,065	—	—	—
Equity securities - international	324,035	324,035	—	—	—
Corporate bonds	14,574,017	2,150,113	12,423,904	—	—
US Treasuries	744,427	744,427	—	—	—
US Agencies	240,072	240,072	—	—	—
Money Market Funds - domestic	7,023,893	—	7,023,893	—	—
Municipal obligations	803,823	803,823	—	—	—
Private Debt	1,889,045	—	—	1,889,045	—
Certificate of deposit	—	—	—	—	—
Other investment - domestic	18,990	—	18,990	—	—
	<u>\$ 107,282,491</u>	<u>15,996,535</u>	<u>19,466,787</u>	<u>1,889,045</u>	<u>69,930,124</u>

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	<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>10,633,367</u>	<u>4,530,426</u>	<u>1,795,548</u>	<u>65,829,765</u>

Investment income consists of the following for the years ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Interest and dividends	\$ 570,589	278,045
Realized gains, net	742,837	868,310
Unrealized gains (losses), net	4,248,985	7,942,194
Less investment income allocated to funds held on behalf of others	(864,398)	(1,223,132)
Investment income (loss)	<u>\$ 4,698,013</u>	<u>7,865,417</u>

**(3) Accounts Receivable**

Accounts receivable are summarized as follows at June 30:

	<b>2018</b>	
	<b>Gross</b>	<b>Allowance for uncollectible accounts</b>
	<b>Totals</b>	
Accounts receivable:		
Assessments	\$ 773,689	-
Insurance	2,793,241	(206,239)
Trade	459,366	(12,856)
Other	342,942	(107,289)
	<u>\$ 4,369,238</u>	<u>(326,384)</u>
	<u>4,042,854</u>	

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	<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

Of the gross accounts receivable, \$3,517,750 and \$6,029,409 as of June 30, 2018 and 2017, respectively, is due from related parties including parishes and Archdiocesan-related corporations and institutions (note 14).

**(4) Contributions Receivable**

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

	<b>2018</b>	<b>2017</b>
Less than one year	\$ 3,994,553	5,439,082
Less allowance for uncollectible contributions receivable	(1,411,937)	(904,966)
	\$ 2,582,616	4,534,116

**(5) Notes Receivable**

Notes receivable are summarized as follows at June 30:

	<b>2018</b>	<b>2017</b>
Parishes and schools	\$ 472,762	537,114
Related corporations	204,705	259,759
	677,467	796,873
Less allowance for uncollectible notes receivable	(67,746)	(93,648)
	\$ 609,721	703,225



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**(6) Property and Equipment**

Property and equipment are summarized as follows at June 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 9,875,272	9,875,272
Future parish sites	845,398	870,398
Buildings	47,764,211	42,367,513
Furniture and equipment	4,864,773	4,907,796
Automobiles	951,219	960,256
Software	1,532,256	1,530,137
Construction in progress	<u>2,470,394</u>	<u>4,612,389</u>
Property and equipment, gross	68,303,523	65,123,761
Less accumulated depreciation	<u>(24,113,319)</u>	<u>(23,300,455)</u>
Property and equipment, net	<u>\$ 44,190,204</u>	<u>41,823,306</u>

Depreciation and amortization expense was \$1,625,638 and \$1,595,378 for the years ended June 30, 2018 and 2017, respectively.

**(7) Deferred Rent Receivable**

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

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

U.S. GAAP requires rental income, including all future contractually stipulated increases, to be recognized on a straight-line basis over the term of a lease. Therefore, the minimum 1.5% CPI increase has been projected from inception through the 99-year lease terms to determine the annual straight-line rental income amount. The differential between the straight-line amount and the actual amount received is recorded as a deferred rent receivable, and U.S. GAAP relating to lease accounting do not permit discounting of deferred rent receivables. The deferred rent receivable balance was \$19,807,735 and \$18,291,902 at June 30, 2018 and 2017, 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 \$7,353,157 and \$6,863,078 at June 30, 2018 and 2017, respectively, and is included in accounts payable and accrued expenses in the accompanying combined statements of financial position.

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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>
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
2023	1,729,000	(649,000)	1,080,000
Thereafter	267,682,000	(93,231,500)	174,450,500
	<u>\$ 276,059,000</u>	<u>(96,382,000)</u>	<u>179,677,000</u>

**(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>2018</b>	<b>2017</b>
Less than one year	\$ 2,229,219	3,181,910
One year to five years	254,352	332,352
	<u>\$ 2,483,571</u>	<u>3,514,262</u>

**(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

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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, 2018 and 2017 was \$12,411,065 and \$13,494,467, respectively, of which approximately \$958,603 and \$998,591, 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, 2018 and 2017, the Central Pastoral Administration had unpaid contributions to the Combined Plans of \$6,846,154 and \$5,436,217, respectively, which is included in insurance claims and benefits payable in the accompanying combined statements 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

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included in the combined statements of financial position as accrued liability for priests' retirement plan.

	<b>Year ended June 30, 2018</b>		
	<b>Retirement benefit</b>	<b>Postretirement medical</b>	<b>Total</b>
Change in benefit obligation:			
Benefit obligation at beginning of year	\$ 41,164,954	26,230,800	67,395,754
Service cost	910,123	691,583	1,601,706
Interest cost	1,487,521	989,104	2,476,625
Actuarial gain	(3,182,740)	(243,211)	(3,425,951)
Benefits paid	(1,601,173)	(994,387)	(2,595,560)
Benefit obligation at end of year	38,778,685	26,673,889	65,452,574
Change in plan assets:			
Fair value of plan assets at beginning of year	37,611,039	-	37,611,039
Actual return on plan assets	2,270,771	-	2,270,771
Employer contributions	3,421,362	994,387	4,415,749
Benefits paid	(1,601,173)	(994,387)	(2,595,560)
Fair value of plan assets at end of year	41,701,999	-	41,701,999
Accrued liability (asset)	\$ (2,923,314)	26,673,889	23,750,575

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	<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 gain	(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 liability	\$ 3,553,914	26,230,800	29,784,714

The Plan's investment in CITW at net asset value is \$41,701,999 and \$37,611,040, at June 30, 2018 and 2017, respectively.

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	<b>Year ended June 30, 2018</b>		
	<b>Retirement benefit</b>	<b>Postretirement medical</b>	<b>Total</b>
Charges other than net periodic benefit cost:			
Net (gain) loss for period	\$ (3,008,793)	(243,211)	(3,252,004)
Amortization of net loss	(573,506)	(182,876)	(756,382)
Amortization of prior service cost	(119,972)	(388,655)	(508,627)
Charges other than net periodic benefit cost	<u>\$ (3,702,271)</u>	<u>(814,742)</u>	<u>(4,517,013)</u>
Items not yet recognized as a component of net periodic pension/benefit cost:			
Net loss	\$ 10,014,246	4,474,725	14,488,971
Prior service cost	443,889	6,715,953	7,159,842
Items not yet recognized as a component of net periodic pension/benefit cost	<u>\$ 10,458,135</u>	<u>11,190,678</u>	<u>21,648,813</u>
Actuarial assumptions used:			
End of year benefit obligation	4.05%	4.11%	
Net periodic benefit cost	4.05%	4.11%	
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, 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)	(1,321,785)
Amortization of prior service cost	(119,972)	-	(119,972)
Charges other than net periodic benefit cost	\$ (7,521,653)	4,991,993	(2,529,660)
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	3.70%	3.85%	
Net periodic benefit cost	3.70%	3.85%	
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 \$345,802, and the amount expected to be amortized of the net loss for the postretirement plan is \$177,288. 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 7.50% annual rate of increase in per capita cost of covered healthcare benefits was assumed for 2018. The rate is assumed to decrease to 5% for 2026 and remain at that level thereafter. Long-term care costs averaged \$28,320 per covered participant for 2018.

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Estimated future benefit payments as of June 30, 2018 are as follows:

	<u>Retirement benefit</u>	<u>Postretirement medical</u>
Year(s) ending June 30:		
2019	1,900,000	1,059,000
2020	1,990,000	1,110,000
2021	2,057,000	1,156,000
2022	2,096,000	1,181,000
2023	2,125,000	1,190,000
2024–2028	10,430,000	6,375,000

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>2018</u>	<u>2017</u>
Designated for:		
Operations	\$ 65,869,308	27,530,548
Deferred rent receivable, net (note 7)	12,454,578	11,428,824
Insurance reserves	5,654,736	31,073,952
	<u>\$ 83,978,622</u>	<u>70,033,324</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>2018</u>	<u>2017</u>
Propagation of the Faith	\$ 944,900	888,477
Social concerns	2,243,875	3,424,409
Clergy education	720,462	1,187,764
Education	544,955	543,075
	<u>\$ 4,454,192</u>	<u>6,043,725</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>2018</b>	<b>2017</b>
Social concerns	\$ 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>2018</b>	<b>2017</b>
Program services	\$ 2,237,319	2,452,013

**(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 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

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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:

<b>2018</b>					
	<b>Board- designated</b>	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ —	—	89,675	907,850	997,525
Designated endowment funds	11,389,726	—	—	—	11,389,726
Total funds	\$ 11,389,726	—	89,675	907,850	12,387,251

  

<b>2017</b>					
	<b>Board- designated</b>	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
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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Changes in endowment net assets for the fiscal years ended June 30 were as follows:

	<b>2018</b>				<b>Total</b>
	<b>Board- designated</b>	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	
Endowment net assets, beginning of year	\$ 11,990,769	-	80,258	907,850	12,978,877
Total investment return – gains (losses)	762,184	-	59,830	-	822,014
Appropriation of endowment assets	<u>(1,363,227)</u>	<u>-</u>	<u>(50,413)</u>	<u>-</u>	<u>(1,413,640)</u>
Endowment net assets, end of year	<u>\$ 11,389,726</u>	<u>-</u>	<u>89,675</u>	<u>907,850</u>	<u>12,387,251</u>

	<b>2017</b>				<b>Total</b>
	<b>Board- designated</b>	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</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	<u>(14,642)</u>	<u>-</u>	<u>(53,154)</u>	<u>-</u>	<u>(67,796)</u>
Endowment net assets, end of year	<u>\$ 11,990,769</u>	<u>-</u>	<u>80,258</u>	<u>907,850</u>	<u>12,978,877</u>

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 were \$0 at June 30, 2018 and 2017, respectively.

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

Notes to Combined Financial Statements

June 30, 2018 and 2017

**(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>2018</u>	<u>2017</u>
Accounts receivable, gross	\$ 3,517,750	6,029,409
Investment in CITW	69,930,124	65,829,765
Notes receivable, gross	677,468	796,873
Receivable due from affiliate, gross	7,224	—
Contributions receivable, gross	—	1,302,000
Accounts payable and accrued expenses	7,576,429	7,441,717
Insurance claims and benefits payable	9,831,955	5,461,467
Contributions payable	2,258,036	3,318,885
Funds held on behalf of others	12,616,465	14,767,122
Payable due to affiliate, gross	266,876	650,593
	<u>2018</u>	<u>2017</u>
Revenues:		
Parish assessments	\$ 9,535,667	10,749,659
Special school assessments	3,433,229	3,389,150
Other assessments	555,159	548,720
Special program income	240,262	264,110
Premiums and insurance billings	45,393,399	44,552,942
Gifts and bequests	632,864	1,913,967
Rental income	952,716	964,153
Interest income – notes receivable	13,048	14,070
Management fees and computer services	813,992	828,959
Expenses:		
Catholic education	\$ 2,131,570	2,077,618
Other program service subsidies	3,541,986	3,372,107
Insurance and benefits	16,714,251	1,017,010

**(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. When the

**THE CENTRAL PASTORAL ADMINISTRATION OF  
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June 30, 2018 and 2017

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, 2018 and 2017, the loss reserve for open claims was \$1,618,671 and \$1,627,735, 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 \$1,248,530 and \$1,292,057 is recorded in other assets in the combined statement of financial position at June 30, 2018 and 2017.

**(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, 2018 and 2017. 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 \$30 million in the aggregate. Lines of credit, letters of credit, and term loans are permitted.

The first facility provides up to \$15 million for working capital and standby letters of credit and expires on September 30, 2017. The second facility provides up to \$15 million for term loans and expires on September 30, 2019. At June 30, 2018 and 2017, the Roman Catholic Archbishop of Washington, a corporation sole, is contingently liable for loans outstanding totaling \$9,704,947 and \$14,459,406, respectively, for 14 and 20 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, 2018.

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

Notes to Combined Financial Statements

June 30, 2018 and 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 December 4, 2018, 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, 2018

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	\$ 10,922,900	—	15,000	—	—	—	—	10,937,900
Accounts receivable, net	1,385,604	2,572,798	—	14,200	—	70,252	—	4,042,854
Contributions receivable, net	2,582,616	—	—	—	—	—	—	2,582,616
Prepaid expenses and other assets	265,150	1,519,330	—	—	342	30,580	—	1,815,402
Notes receivable, net	609,721	—	—	—	—	—	—	609,721
Receivable due from affiliates	7,224	—	—	—	—	—	—	7,224
Investments	106,332,695	—	—	—	949,796	—	—	107,282,491
Due from (to) others	(16,849,068)	12,620,228	14,456	2,963,351	258,512	992,521	—	—
Property and equipment, net	44,113,570	—	20,798	—	—	55,836	—	44,190,204
Deferred rent receivable	19,807,735	—	—	—	—	—	—	19,807,735
<b>Total assets</b>	<b>\$ 169,178,147</b>	<b>16,712,356</b>	<b>50,254</b>	<b>2,977,551</b>	<b>1,208,650</b>	<b>1,149,189</b>	<b>—</b>	<b>191,276,147</b>
<b>Liabilities and Net Assets</b>								
Liabilities:								
Accounts payable and accrued expenses	\$ 11,113,504	25,250	—	17,000	1,192	47,861	—	11,204,807
Insurance claims and benefits payable	—	11,032,370	—	2,960,551	—	—	—	13,992,921
Contributions payable	2,412,036	—	—	—	71,535	—	—	2,483,571
Payable due to affiliates	266,876	—	—	—	—	—	—	266,876
Funds held on behalf of others	13,480,927	—	—	—	815	—	—	13,481,742
Collections held for disbursement	1,832,437	—	—	—	190,208	—	—	2,022,645
Deferred revenue	97,982	—	—	—	—	50,845	—	148,827
Annuities payable	1,386,441	—	—	—	—	—	—	1,386,441
Net accrued liability for priests' retirement plan	—	—	—	23,750,575	—	—	—	23,750,575
<b>Total liabilities</b>	<b>30,590,203</b>	<b>11,057,620</b>	<b>—</b>	<b>26,728,126</b>	<b>263,750</b>	<b>98,706</b>	<b>—</b>	<b>68,738,405</b>
Net assets:								
Unrestricted:								
Undesignated	11,783,600	—	(20,798)	(23,750,575)	—	994,647	—	(10,993,126)
Designated	78,323,886	5,654,736	—	—	—	—	—	83,978,622
Invested in property and equipment	44,113,570	—	20,798	—	—	55,836	—	44,190,204
<b>Total unrestricted</b>	<b>134,221,056</b>	<b>5,654,736</b>	<b>—</b>	<b>(23,750,575)</b>	<b>—</b>	<b>1,050,483</b>	<b>—</b>	<b>117,175,700</b>
Temporarily restricted	3,459,038	—	50,254	—	944,900	—	—	4,454,192
Permanently restricted	907,850	—	—	—	—	—	—	907,850
<b>Total net assets</b>	<b>138,587,944</b>	<b>5,654,736</b>	<b>50,254</b>	<b>(23,750,575)</b>	<b>944,900</b>	<b>1,050,483</b>	<b>—</b>	<b>122,537,742</b>
<b>Total liabilities and net assets</b>	<b>\$ 169,178,147</b>	<b>16,712,356</b>	<b>50,254</b>	<b>2,977,551</b>	<b>1,208,650</b>	<b>1,149,189</b>	<b>—</b>	<b>191,276,147</b>

See accompanying independent auditors' report.

**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
<b>Total assets</b>	<b>\$ 140,777,707</b>	<b>41,326,679</b>	<b>50,254</b>	<b>6,948,699</b>	<b>1,130,179</b>	<b>1,027,270</b>	<b>191,260,788</b>
<b>Liabilities and Net Assets</b>							
<b>Liabilities:</b>							
Accounts payable and accrued expenses	\$ 11,068,823	—	—	28,594	1,228	43,230	11,141,875
Insurance claims and benefits 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	—	—	—	—	—	305,238
Annuities payable	1,559,623	4,151	—	—	—	64,881	1,559,623
Net accrued liability for priests' retirement plan	—	—	—	29,784,714	—	—	29,784,714
<b>Total liabilities</b>	<b>34,662,951</b>	<b>10,252,727</b>	<b>—</b>	<b>29,813,308</b>	<b>241,702</b>	<b>108,111</b>	<b>75,078,799</b>
<b>Net assets:</b>							
Unrestricted:							
Undesignated	19,381,052	—	(34,136)	(22,864,609)	—	891,477	(2,626,216)
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
<b>Total unrestricted</b>	<b>100,101,912</b>	<b>31,073,952</b>	<b>—</b>	<b>(22,864,609)</b>	<b>—</b>	<b>919,159</b>	<b>109,230,414</b>
Temporarily restricted	5,104,994	—	50,254	—	888,477	—	6,043,725
Permanently restricted	907,850	—	—	—	—	—	907,850
<b>Total net assets</b>	<b>106,114,756</b>	<b>31,073,952</b>	<b>50,254</b>	<b>(22,864,609)</b>	<b>888,477</b>	<b>919,159</b>	<b>116,181,989</b>
<b>Total liabilities and net assets</b>	<b>\$ 140,777,707</b>	<b>41,326,679</b>	<b>50,254</b>	<b>6,948,699</b>	<b>1,130,179</b>	<b>1,027,270</b>	<b>191,260,788</b>

See accompanying independent auditors' report.



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

Combined Schedule of Activities

Year ended June 30, 2018

	<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>Combined entries</u>	<u>Combined totals</u>
Changes in unrestricted net assets:								
Revenue, gains, and other support:								
Assessments:								
Parish	\$ 9,535,667	—	—	—	—	1,234,149	—	10,769,816
Special school assessments	3,433,229	—	—	—	—	—	—	3,433,229
Other	555,159	—	—	—	—	—	—	555,159
Total assessments	<u>13,524,055</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,234,149</u>	<u>—</u>	<u>14,758,204</u>
Contributions, donations, gifts, and bequests:								
Archbishop's Appeal	13,612,618	—	—	—	—	—	—	13,612,618
Gifts and bequests	3,894,204	—	173,294	528,701	—	19,459	—	4,615,658
Total contributions, donations, gifts, and bequests	<u>17,506,822</u>	<u>—</u>	<u>173,294</u>	<u>528,701</u>	<u>—</u>	<u>19,459</u>	<u>—</u>	<u>18,228,276</u>
Premiums and insurance billings	—	45,975,456	—	4,141,552	—	—	(4,723,609)	45,393,399
Interest and investment income, net	4,570,614	—	—	—	—	—	—	4,570,614
Management fees and computer services	3,968,303	—	—	—	—	—	(3,168,307)	799,996
Special program income	789,397	—	—	—	—	11,009	—	800,406
Advertising	—	—	—	—	—	471,535	—	471,535
Rental income	3,529,391	—	—	—	—	—	(92,650)	3,436,741
Other	599,716	(42,562)	6,200	—	—	823	—	564,177
Total revenue, gains, and other support	<u>44,488,298</u>	<u>45,932,894</u>	<u>179,494</u>	<u>4,670,253</u>	<u>—</u>	<u>1,736,975</u>	<u>(7,984,566)</u>	<u>89,023,348</u>
Net assets released from restrictions	1,949,457	—	—	—	287,862	—	—	2,237,319
Total unrestricted revenue, gain, and other support	<u>46,437,755</u>	<u>45,932,894</u>	<u>179,494</u>	<u>4,670,253</u>	<u>287,862</u>	<u>1,736,975</u>	<u>(7,984,566)</u>	<u>91,260,667</u>
Expenses:								
Program services:								
Catholic education:								
Tuition assistance and school subsidies	2,084,570	—	—	—	—	—	—	2,084,570
Other programs and administration	4,280,726	—	—	—	—	—	—	4,280,726
Total Catholic education	<u>6,365,296</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,365,296</u>
Pastoral ministry and social concerns	9,161,673	—	—	—	—	—	—	9,161,673
Ministerial leadership	5,183,504	—	1,734,242	—	—	—	—	6,917,746
Communications	1,890,428	—	—	—	—	1,606,578	(99,000)	3,398,006
Parish services	742,038	—	—	—	—	—	—	742,038
Insurance and benefits	960,429	45,419,675	—	—	—	—	(6,569,727)	39,810,377
Priests' retirement benefits and medical care	—	—	—	5,896,404	—	—	(1,285,189)	4,611,215
Propagation of the Faith	—	—	—	—	287,862	—	(30,650)	257,212
Christ Our Hope – Papal visit	—	—	—	—	—	—	—	—
Archdiocesan administration	8,716,663	—	—	—	—	—	—	8,716,663
Total program services	<u>33,020,031</u>	<u>45,419,675</u>	<u>1,734,242</u>	<u>5,896,404</u>	<u>287,862</u>	<u>1,606,578</u>	<u>(7,984,566)</u>	<u>79,980,226</u>

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

Combined Schedule of Activities

Year ended June 30, 2018

	<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 entries</b>	<b>Combined totals</b>
Supporting expenses:								
General and administrative	5,505,941	—	—	—	—	—	—	5,505,941
Fund-raising	2,346,227	—	—	—	—	—	—	2,346,227
Total supporting services	7,852,168	—	—	—	—	—	—	7,852,168
Total expenses	40,872,199	45,419,675	1,734,242	5,896,404	287,862	1,606,578	(7,984,566)	87,832,394
Transfers:								
Transfer insurance services net assets to operations	25,932,435	(25,932,435)	—	—	—	—	—	—
Transfer priests' pass through & care fund net assets to operations	4,176,828	—	—	(4,176,828)	—	—	—	—
Transfer operations net assets to Carroll Publishing Company	(927)	—	—	—	—	927	—	—
Subsidize Redemptoris Mater Seminary	(1,554,748)	—	1,554,748	—	—	—	—	—
Total transfers	28,553,588	(25,932,435)	1,554,748	(4,176,828)	—	927	—	—
Increase in net assets before Priests' Retirement expense-related changes other than net periodic pension cost	34,119,144	(25,419,216)	—	(5,402,979)	—	131,324	—	3,428,273
Priests' Retirement expense-related changes other than net periodic benefit cost (note 9(c))	—	—	—	4,517,013	—	—	—	4,517,013
Increase (decrease) in unrestricted net assets	34,119,144	(25,419,216)	—	(885,966)	—	131,324	—	7,945,286
Changes in temporarily restricted net assets:								
Contributions, donations, gifts, and bequests:								
Gifts and bequests	243,672	—	—	—	276,715	—	—	520,387
Total contributions, donations, gifts, and bequests	243,672	—	—	—	276,715	—	—	520,387
Investment income (loss), net	59,829	—	—	—	67,570	—	—	127,399
Net assets released from restrictions	(1,949,457)	—	—	—	(287,862)	—	—	(2,237,319)
Increase (decrease) in temporarily restricted net assets	(1,645,956)	—	—	—	56,423	—	—	(1,589,533)
Change in net assets	32,473,188	(25,419,216)	—	(885,966)	56,423	131,324	—	6,355,753
Net assets at beginning of year	106,114,756	31,073,952	50,254	(22,864,609)	888,477	919,159	—	116,181,989
Net assets at end of year	\$ 138,587,944	5,654,736	50,254	(23,750,575)	944,900	1,050,483	—	122,537,742

See accompanying independent auditors' report.

**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>Combined entries</u>	<u>Combined totals</u>
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	<u>13,418,063</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,269,466</u>	<u>—</u>	<u>14,687,529</u>
Contributions, donations, gifts, and bequests:								
Archbishop's Appeal	14,071,233	—	—	—	—	—	—	14,071,233
Gifts and bequests	4,586,499	—	21,757	838,263	—	20,253	—	5,466,772
Total contributions, donations, gifts, and bequests	<u>18,657,732</u>	<u>—</u>	<u>21,757</u>	<u>838,263</u>	<u>—</u>	<u>20,253</u>	<u>—</u>	<u>19,538,005</u>
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	<u>45,529,149</u>	<u>48,491,191</u>	<u>21,757</u>	<u>5,002,889</u>	<u>—</u>	<u>1,894,269</u>	<u>(7,864,477)</u>	<u>93,074,778</u>
Net assets released from restrictions	2,193,832	—	—	—	258,181	—	—	2,452,013
Total unrestricted revenue, gain, and other support	<u>47,722,981</u>	<u>48,491,191</u>	<u>21,757</u>	<u>5,002,889</u>	<u>258,181</u>	<u>1,894,269</u>	<u>(7,864,477)</u>	<u>95,526,791</u>
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	<u>5,780,614</u>	<u>201,712</u>	<u>—</u>	<u>801</u>	<u>—</u>	<u>—</u>	<u>(231,999)</u>	<u>5,751,128</u>
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	—	4,296,193	—	—	(927,607)	3,620,810
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	<u>32,043,991</u>	<u>43,973,490</u>	<u>1,609,287</u>	<u>4,441,700</u>	<u>258,181</u>	<u>1,791,648</u>	<u>(7,552,239)</u>	<u>76,566,058</u>

**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>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	4,444,464	258,181	1,791,648	(7,864,477)	83,562,634
Transfers:								
Temporarily restricted net assets expended	—	—	—	—	—	—	—	—
Subsidize Carroll Publishing Company	(35,697)	—	—	—	—	35,697	—	—
Subsidize Redemptoris Mater Seminary	(1,587,530)	—	1,587,530	—	—	—	—	—
Total transfers	(1,623,227)	—	1,587,530	—	—	35,697	—	—
Increase in net assets before Priests' Retirement expense-related changes other than net periodic pension cost	7,015,522	4,251,892	—	558,425	—	138,318	—	11,964,157
Priests' Retirement expense-related changes other than net periodic benefit cost (note 9(c))	—	—	—	2,529,660	—	—	—	2,529,660
Increase (decrease) in unrestricted net assets	7,015,522	4,251,892	—	3,088,085	—	138,318	—	14,493,817
Changes in temporarily restricted net assets:								
Contributions, donations, gifts, and bequests:								
Archbishop's Appeal	—	—	—	—	—	—	—	—
Gifts and bequests	2,068,124	—	5,000	—	258,233	—	—	2,331,357
Total contributions, donations, gifts, and bequests	2,068,124	—	5,000	—	258,233	—	—	2,331,357
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	(2,193,832)	—	—	—	(258,181)	—	—	(2,452,013)
Increase (decrease) in temporarily restricted net assets	100,350	—	5,000	—	(26,582)	—	—	78,768
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	<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>—</u>	<u>116,181,989</u>

See accompanying independent auditors' report.

THE CENTRAL PASTORAL ADMINISTRATION OF  
THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Functional Expenses  
Year ended June 30, 2018

	Catholic education	Pastoral ministry & social concerns	Ministerial leadership	Program services				Insurance and benefits
				Redemptoris Mater Seminary	Communi-cations	Carroll Publishing Company	Parish services	
Salaries and benefits:								
Compensation of clergy and religious	\$ 4,555	676,850	325,593	90,089	—	—	—	—
Benefits – clergy	4,676	513,050	858,745	309,232	—	—	—	—
Salaries and wages – laypersons	1,925,955	1,816,396	507,906	25,898	774,111	868,869	303,359	550,927
Benefits – laypersons	400,669	402,577	92,414	4,454	180,157	231,582	66,634	125,265
Total salaries and benefits	2,335,855	3,408,873	1,784,658	429,673	954,268	1,100,451	369,993	676,192
Continuing education and retreats – clergy	—	1,200	1,599,323	536,434	—	—	—	—
Supplies	16,390	105,918	55,740	54,305	4,334	3,397	944	826
Telephone, postage, and printing	364,591	149,924	76,974	46,105	212,074	269,010	7,810	6,733
Conferences, meetings, and travel	89,253	341,522	309,059	159,843	6,409	15,100	2,359	13,115
Professional fees	499,890	263,531	102,950	4,740	343,546	27,026	113,830	1,936,135
Food and beverages	86,372	138,555	420,779	123,051	1,507	1,341	3,290	4,177
Contributions and grants in aid	2,155,770	213,046	258,235	14,357	—	—	—	97
Utilities and maintenance	—	163,355	372,542	289,954	—	302	—	—
Interest	—	—	—	—	—	—	—	—
Subsidies	97,000	3,538,106	—	—	—	—	—	—
Other	33,345	394,607	43,922	75,780	5,806	90,951	374	(121,551)
Insurance premiums	—	—	—	—	—	—	—	16,044,983
Claims and benefits	—	—	—	—	—	—	—	21,083,576
Total expenses before allocation	5,678,466	8,718,637	5,024,182	1,734,242	1,527,944	1,507,578	498,600	39,644,283
Allocation of property operations and financial, computer, and personnel	686,830	443,036	159,322	—	185,341	177,143	243,438	166,094
Total expenses after allocation	\$ 6,365,296	9,161,673	5,183,504	1,734,242	1,713,285	1,684,721	742,038	39,810,377

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

Combined Schedule of Functional Expenses  
Year ended June 30, 2018

	Program services				Supporting services			Total 2018
	Priests' retirement benefits & medical care	Propagation of the Faith	Archdiocesan administration	Subtotal program services	General and administrative	Property operations	Fund-raising	
Salaries and benefits:								
Compensation of clergy and religious	\$ 851,643	82,630	387,366	2,418,726	9,909	—	—	9,909
Benefits – clergy	651,433	45,687	463,625	2,846,448	13,269	—	—	13,269
Salaries and wages – laypersons	—	14,632	2,017,193	8,805,246	1,476,589	1,605,753	742,221	3,824,563
Benefits – laypersons	—	2,933	438,809	1,945,494	300,810	407,554	121,664	830,028
Total salaries and benefits	1,503,076	145,882	3,306,993	16,015,914	1,800,577	2,013,307	863,885	4,677,769
Continuing education and retreats – clergy	78,760	10,861	—	2,226,578	—	—	—	2,226,578
Supplies	226	—	70,485	312,565	10,621	65,939	13,762	90,322
Telephone, postage, and printing	3,464	882	124,758	1,262,325	54,425	551,560	754,413	1,360,398
Conferences, meetings, and travel	—	6,533	331,715	1,274,908	23,024	68,383	18,111	109,518
Professional fees	261,282	—	1,882,783	5,435,713	132,958	545,255	337,668	6,451,594
Food and beverages	794	—	163,527	943,393	14,272	21,221	29,219	64,712
Contributions and grants in aid	—	71,535	1,669,202	4,382,242	14,899	—	150	15,049
Utilities and maintenance	—	—	171,501	997,654	310,862	1,138,065	—	4,397,291
Interest	—	—	—	41,492	—	—	—	41,492
Subsidies	—	—	46,241	3,681,347	—	—	—	3,681,347
Other	—	21,519	50,409	595,162	46,438	1,741,209	200,706	2,583,515
Insurance premiums	—	—	—	16,044,983	—	—	—	16,044,983
Claims and benefits	2,763,613	—	—	23,847,189	—	—	—	23,847,189
Total expenses before allocation	4,611,215	257,212	7,859,106	77,061,465	2,408,076	6,144,939	2,217,914	87,832,394
Allocation of property operations and financial, computer, and personnel	—	—	857,557	2,918,761	3,097,865	(6,144,939)	128,313	(2,918,761)
Total expenses after allocation	\$ 4,611,215	257,212	8,716,663	79,980,226	5,505,941	—	2,346,227	87,832,394

See accompanying independent auditors' report.

THE CENTRAL PASTORAL ADMINISTRATION OF  
THE ARCHDIOCESE OF WASHINGTON

Combined Schedule of Functional Expenses  
Year ended June 30, 2017

	Program services							Insurance and benefits
	Catholic education	Pastoral ministry & social concerns	Ministerial leadership	Redemptoris Mater Seminary	Communi-cations	Carroll Publishing Company	Parish services	
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	Archdiocesan administration	Subtotal program services	General and administrative	Property operations		Fund-raising
Salaries and benefits:								
Compensation of clergy and religious	\$ 1,317,202	82,295	378,070	2,867,931	25,916	—	—	25,916
Benefits – clergy	428,287	31,568	289,263	1,876,819	27,943	—	—	27,943
Salaries and wages – laypersons	—	18,914	1,989,417	8,520,576	1,172,311	1,639,863	877,940	3,690,114
Benefits – laypersons	—	8,610	554,854	1,906,524	242,256	374,003	131,117	747,376
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
Continuing education and retreats – clergy	57,479	—	400	1,969,226	—	—	—	—
Supplies	784	1,559	63,214	301,241	7,971	63,925	12,372	84,268
Telephone, postage, and printing	1,808	998	141,887	1,404,317	64,936	389,568	521,466	975,970
Conferences, meetings, and travel	—	8,744	285,283	1,222,535	12,885	68,482	17,362	98,729
Professional fees	233,389	—	1,258,157	5,178,795	227,941	442,214	531,115	1,201,270
Food and beverages	275	20	167,719	774,138	15,058	13,612	35,624	64,294
Contributions and grants in aid	500,000	41,377	2,563,807	5,655,638	3,650	—	550	4,200
Utilities and maintenance	—	—	175,763	825,477	3,650	—	—	956,726
Interest	—	—	65,197	65,197	—	—	—	—
Subsidies	—	—	158,039	2,930,197	—	—	—	—
Other	382,722	20,567	254,751	(54,482)	54,867	1,656,024	201,283	1,912,174
Insurance premiums	—	—	—	15,829,803	—	—	—	—
Claims and benefits	698,864	—	—	22,499,722	—	—	—	—
Total expenses before allocation	3,620,810	214,652	8,347,821	73,773,654	2,210,262	5,249,889	2,328,829	9,788,980
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	\$ 3,620,810	214,652	9,278,623	76,566,058	4,392,738	—	2,603,838	6,996,576

See accompanying independent auditors' report.