

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

Combined Financial Statements

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)



INDEPENDENT AUDITORS' REPORT

His Eminence Wilton Cardinal Gregory
Archbishop 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, 2020 and 2019, and the related combined statements of activities, functional expenses, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

Opinion

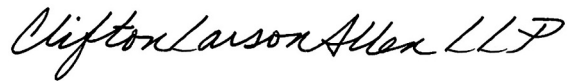
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Central Pastoral Administration of the Archdiocese of Washington as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

His Eminence Wilton Cardinal Gregory
Archbishop of Washington
Central Pastoral Administration of the Archdiocese of Washington

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 statements 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 11, 2020

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

Combined Statements of Financial Position

June 30, 2020 and 2019

Assets	2020	2019
Cash and cash equivalents	\$ 9,269,208	8,089,125
Accounts receivable, net (note 4)	6,603,817	4,897,519
Contributions receivable, net (note 5)	2,286,852	2,360,992
Prepaid expenses and other assets	2,021,913	1,716,332
Notes receivable, net (note 6)	412,782	520,714
Investments (note 3)	92,515,239	95,262,015
Property and equipment, net (note 7)	44,932,410	45,114,410
Deferred rent receivable, net (note 8)	14,456,343	13,463,834
Total assets	<u>\$ 172,498,564</u>	<u>171,424,941</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,811,511	3,034,507
Insurance claims and benefits payable (note 10)	9,834,718	7,792,559
Contributions payable (note 9)	1,385,633	1,852,789
Payable due to affiliates	585,276	2,359,491
Loans payable (note 15)	3,668,200	-
Funds held on behalf of others	12,277,830	12,837,659
Collections held for disbursement	1,094,825	1,533,488
Deferred revenue	177,692	219,633
Annuities payable	1,297,126	1,386,222
Accrued liability for priests' retirement plan (note 10 (c))	37,628,244	27,858,888
Total liabilities	<u>70,761,055</u>	<u>58,875,236</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	(4,856,356)	7,512,131
Designated (note 1(m))	55,924,144	55,032,235
Invested in property and equipment (note 7)	44,932,410	45,114,410
Total net assets without donor restrictions	96,000,198	107,658,776
Net assets with donor restrictions (note 11)	<u>5,737,311</u>	<u>4,890,929</u>
Total net assets	<u>101,737,509</u>	<u>112,549,705</u>
Total liabilities and net assets	<u>\$ 172,498,564</u>	<u>171,424,941</u>

See accompanying notes to combined financial statements.

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

Combined Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING:						
Revenue, gains, and other support:						
Assessments:						
Parish	\$ 9,314,377	—	9,314,377	10,174,748	—	10,174,748
Education	3,586,486	—	3,586,486	3,820,255	—	3,820,255
Total assessments	12,900,863	—	12,900,863	13,995,003	—	13,995,003
Contributions, donations, gifts, and bequests:						
Archbishop's appeal	10,916,788	—	10,916,788	11,008,665	—	11,008,665
Gifts and bequests	4,686,432	2,369,444	7,055,876	4,033,068	1,407,687	5,440,755
Total contributions, donations, gifts, and bequests	15,603,220	2,369,444	17,972,664	15,041,733	1,407,687	16,449,420
Premiums and insurance billings	49,076,582	—	49,076,582	46,767,817	—	46,767,817
Spend rate income	2,530,800	—	2,530,800	2,409,000	—	2,409,000
Management fees and computer services	746,183	—	746,183	800,805	—	800,805
Special program income	811,410	—	811,410	656,875	—	656,875
Advertising and other	419,423	—	419,423	553,133	—	553,133
Rental income	3,677,240	—	3,677,240	3,419,350	—	3,419,350
Net assets released from restrictions (note 1 (m))	2,666,457	(2,666,457)	—	1,881,376	(1,881,376)	—
Total revenue, gains, and other support	88,432,178	(297,013)	88,135,165	85,525,092	(473,689)	85,051,403

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

Combined Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Catholic education	6,629,721	—	6,629,721	6,349,612	—	6,349,612
Pastoral ministry and social concerns	7,963,468	—	7,963,468	8,976,133	—	8,976,133
Ministerial leadership	7,905,936	—	7,905,936	7,646,728	—	7,646,728
Communications	3,394,187	—	3,394,187	4,274,436	—	4,274,436
Parish services	895,168	—	895,168	799,242	—	799,242
Insurance and benefits	42,086,252	—	42,086,252	39,489,196	—	39,489,196
Priests' retirement benefits and medical care	3,820,594	—	3,820,594	3,340,354	—	3,340,354
Propagation of the faith	283,833	—	283,833	264,630	—	264,630
Archdiocesan operations	7,983,506	—	7,983,506	9,080,222	—	9,080,222
Total program services	80,962,665	—	80,962,665	80,220,553	—	80,220,553
Supporting services:						
General and administrative	5,499,995	—	5,499,995	6,966,658	—	6,966,658
Fund-raising	2,498,226	—	2,498,226	1,885,527	—	1,885,527
Total supporting services	7,998,221	—	7,998,221	8,852,185	—	8,852,185
Total expenses	88,960,886	—	88,960,886	89,072,738	—	89,072,738
Increase (decrease) in net assets from operating activities	(528,708)	(297,013)	(825,721)	(3,547,646)	(473,689)	(4,021,335)
NONOPERATING:						
Investment income (loss), net of spend rate income	(1,950,925)	30,307	(1,920,618)	(1,860,965)	2,576	(1,858,389)
Transfer of ownership of net assets	590,411	1,113,088	1,703,499	—	—	—
Change in value of priests' retirement plan and post retirement medical and care fund (note 10(c))	(9,769,356)	—	(9,769,356)	(4,108,313)	—	(4,108,313)
Increase (decrease) in net assets from nonoperating activities	(11,129,870)	1,143,395	(9,986,475)	(5,969,278)	2,576	(5,966,702)
Increase (decrease) in net assets	(11,658,578)	846,382	(10,812,196)	(9,516,924)	(471,113)	(9,988,037)
Net assets at beginning of year	107,658,776	4,890,929	112,549,705	117,175,700	5,362,042	122,537,742
Net assets at end of year	\$ 96,000,198	5,737,311	101,737,509	107,658,776	4,890,929	112,549,705

See accompanying notes to combined financial statements.

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

Combined Statements of Functional Expenses
Years Ended June 30, 2020 and 2019

	2020				2019			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Salaries and benefits:								
Compensation of clergy and religious	\$ 2,345,487	18,909	—	2,364,396	2,299,692	16,686	—	2,316,378
Benefits – clergy	3,511,022	29,118	—	3,540,140	2,951,568	26,131	—	2,977,699
Salaries and wages – laypersons	9,694,238	3,190,109	801,584	13,685,931	9,244,601	3,181,138	578,742	13,004,481
Benefits – laypersons	2,178,076	718,072	179,633	3,075,781	2,068,945	709,477	116,753	2,895,175
Total salaries and benefits	17,728,823	3,956,208	981,217	22,666,248	16,564,806	3,933,432	695,495	21,193,733
Continuing education and retreats – clergy	1,987,381	—	—	1,987,381	2,354,479	—	—	2,354,479
Supplies	273,149	43,106	2,299	318,554	341,158	45,008	6,041	392,207
Telephone, postage, and printing	1,329,344	903,689	773,362	3,006,395	1,348,357	716,143	573,856	2,638,356
Conferences, meetings, and travel	1,048,642	76,430	14,334	1,139,406	1,396,977	82,802	17,542	1,497,321
Professional fees	4,608,459	1,182,984	425,760	6,217,203	5,201,073	1,972,800	293,684	7,467,557
Food and beverages	748,006	23,924	23,088	795,018	846,203	25,777	5,099	877,079
Contributions and grants in aid	3,522,302	862	—	3,523,164	4,784,098	1,394	—	4,785,492
Utilities and maintenance	1,002,017	1,357,655	—	2,359,672	1,413,033	1,432,368	—	2,845,401
Interest	40,524	—	—	40,524	37,431	—	—	37,431
Subsidies	2,927,735	—	—	2,927,735	3,450,391	—	—	3,450,391
Other	1,687,359	2,090,231	139,417	3,917,007	1,242,887	2,520,304	167,162	3,930,353
Insurance premiums	4,430,693	—	—	4,430,693	4,120,656	—	—	4,120,656
Claims and benefits	35,631,886	—	—	35,631,886	33,482,282	—	—	33,482,282
Total expenses before allocation	76,966,320	9,635,089	2,359,477	88,960,886	76,583,831	10,730,028	1,758,879	89,072,738
Allocation of property operations and financial, computer, and personnel	3,996,345	(4,135,094)	138,749	—	3,636,722	(3,763,370)	126,648	—
Total expenses after allocation	\$ 80,962,665	5,499,995	2,498,226	88,960,886	80,220,553	6,966,658	1,885,527	89,072,738

See accompanying independent auditors' report.

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

Combined Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Decrease in net assets	\$ (10,812,196)	(9,988,037)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,020,303	1,808,599
Net loss on sale of property	—	620,003
Bad debt expense	1,222,607	296,069
Receipt of contribution of stock	(14,654)	—
Transfer of ownership of net assets	(1,703,499)	—
Net unrealized and realized investment losses (gains)	(454,171)	350,098
Increase in accrued liability for priests' retirement plan	9,769,356	4,108,313
Decrease (increase) in assets:		
Accounts receivable	(2,547,719)	(1,160,624)
Contributions receivable	74,140	221,624
Prepaid expenses and other assets	2,080	99,070
Deferred rent receivable	(992,509)	(1,009,256)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(222,996)	(817,143)
Insurance claims payable	2,042,159	(6,200,362)
Contributions payable	(467,156)	(630,782)
Payable due to affiliate	(1,774,215)	2,099,839
Funds held on behalf of others	(559,829)	(644,083)
Collections held for disbursement	(438,663)	(489,157)
Deferred revenue	(41,941)	70,806
Annuities payable	(89,096)	(219)
Net cash used in operating activities	(4,987,999)	(11,265,242)
Cash flows from investing activities:		
Purchases of investments	(6,980,751)	(632,345)
Proceeds from sale of investments	11,592,190	12,302,723
Proceeds from sale of property	—	4,313,042
Purchase of property and equipment	(1,838,303)	(7,665,850)
Principal payments received on notes receivable	86,746	98,897
Amounts disbursed for notes receivable	(360,000)	—
Net cash provided by investing activities	2,499,882	8,416,467
Cash flows from financing activities:		
Proceeds from loans payable	3,668,200	—
Net cash provided by financing activities	3,668,200	—
Net increase (decrease) in cash and cash equivalents	1,180,083	(2,848,775)
Cash and cash equivalents at beginning of year	8,089,125	10,937,900
Cash and cash equivalents at end of year	\$ 9,269,208	8,089,125
Supplemental disclosures of non-cash transactions:		
Property and equipment purchases in accounts payable	16,582	75,000

See accompanying notes to combined financial statements.

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

Notes to Combined Financial Statements

June 30, 2020 and 2019

(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 three centrally administered corporations: Propagation of the Faith, Carroll Media, 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.

(c) 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.

(d) Operating Activities

Transactions that are part of the ongoing major or central activities of the combined entities are reported as operating in the accompanying combined statements of activities. All other transactions are reported as non-operating. Spend rate income included in operating revenue represents the amount of investment income approved by the Finance Council of the Central Pastoral Administration for use based on a spending rate formula. The variance between actual investment income (loss) and the amount recognized in operations is reported in non-operating income (loss) in the accompanying statements of activities.

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

June 30, 2020 and 2019

(e) *Cash and Cash Equivalents*

The Central Pastoral Administration maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The 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.

(f) *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 and 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 investments' managers and agrees with the valuation methods and assumptions used in determining their estimated fair value.

(g) *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.

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

Notes to Combined Financial Statements

June 30, 2020 and 2019

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.

(h) *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; leasehold improvements, 10 years; software, 10 years; furniture and equipment, 5-10 years; and automobiles, 5 years.

(i) *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.

(j) *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.

(k) *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, 2020 and 2019 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, 2020 and 2019. 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.

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

June 30, 2020 and 2019

(l) 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.

(m) Net Assets

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:

Without donor restrictions – Net assets without donor restrictions consists of all resources that have no donor-imposed restrictions. The Central Pastoral Administration has designated net assets without donor restrictions as of June 30, 2020 and 2019, as follows:

	<u>2020</u>	<u>2019</u>
Future expenditures for:		
Board designated for capital purchases and general operations	\$ 18,208,384	20,651,605
Archdiocese of Washington Catholic Schools	4,576,240	4,785,110
Formation of priests	1,000,481	1,102,500
Self insurance (employee benefits and insurance)	10,497,767	8,593,858
Reserve for future legal costs	3,235,793	2,739,142
Archdiocesan charitable giving	401,136	651,136
Continuing ministry activities for Archbishop Emeritus	2,012,639	1,488,059
Building operations and maintenance	682,262	1,000,000
Deferred rent receivable on 99-year leases, net	14,456,343	13,463,834
Campus ministry operations	853,099	556,991
	<u>\$ 55,924,144</u>	<u>55,032,235</u>

With donor restrictions – Net assets subject to donor imposed restrictions stipulating how, when and/or if the net assets are available for expenditure. Some donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that resources be maintained into perpetuity. Others are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Net assets are released from restriction and reclassified to net assets without donor restriction when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are released from restriction when the asset is placed in service. Net assets released from restriction for the years ended June 30, 2020 and 2019, respectively, were \$2,666,457 and \$1,881,376. The composition of net assets with donor restrictions as of June 30, 2020 and 2019 is presented in Note 11.

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

June 30, 2020 and 2019

(n) Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. 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.

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.

(o) 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.

(p) 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 1.2% to 9.4% and the actuarial determined life expectancy of the donor. Liabilities under charitable gift annuities are recorded in annuities payable.

(q) 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.

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(r) Reclassifications

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

(s) Accounting Standards Update

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The financial statements reflect the application of ASC 606 guidance beginning in fiscal year 2019. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Archdiocese's reported historical revenue.

Additionally in June 2018, FASB issued ASU 2018-08, Accounting Guidance for Contributions Received and Made. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated.

(2) Liquidity and Availability

Financial assets available within one year of the statement of financial position date, without donor or other restrictions limiting their use, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents, net of collections held for disbursements	\$ 8,174,383	6,555,637
Investments, net of funds held on behalf of others	80,237,409	82,424,356
Accounts receivable, due within one year	6,603,817	4,897,519
Contributions receivable, due within one year	2,286,852	2,360,992
Notes receivable, due within one year	232,700	98,895
Deferred rent receivable, net, due within one year	1,045,000	1,027,500
	<u>98,580,161</u>	<u>97,364,899</u>
Less amounts unavailable for general expenditures:		
Required to satisfy donor restrictions	(5,737,311)	(4,890,929)
Required to satisfy board designations, other than deferred rent receivable	(41,467,801)	(41,568,401)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 51,375,049</u>	<u>50,905,569</u>

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The Central Pastoral Administration manages its liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Operating and capital budgets that provide sufficient funds for general expenditures is created annually and approved by the Finance Council. Actual performance is reported and monitored monthly in comparison to the budgets. Board designated net assets may be un-designated at any time by action of the governing board to ensure adequate liquidity.

(3) 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 the 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.

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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 \$72,690,647 and \$70,962,716 at June 30, 2020 and 2019, 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 quarterly upon written notice received by the General Partner at least one week prior to the fiscal quarter end, although earlier is encouraged. The General Partner has the discretion to suspend withdrawals if considered necessary to prevent an adverse impact on CITW Fund LP. Amounts held in the illiquid portfolio were approximately 13% of the total balance as of June 30, 2020 and were not available for redemption.

The Central Pastoral Administration also held investments outside of CITW as of June 30, 2020 and 2019 which are measured at fair value based on the three levels of inputs within the fair value hierarchy. Mutual funds that own corporate bonds, domestic money market funds, and oil rights are classified as Level 2 as the fair values are based on observable market information. Private debt is classified as Level 3 as the fair values are measured on a quarterly basis and the portfolio is illiquid.

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

	Total 2020	Level 1	Level 2	Level 3	NAV
Assets:					
Investment in CITW	\$ 72,690,647	—	—	—	72,690,647
Cash	519,500	—	—	—	—
Equity securities - domestic	7,954,721	7,954,721	—	—	—
Equity securities - international	926,331	926,331	—	—	—
Corporate bonds	2,914,662	2,914,662	—	—	—
US Treasuries	2,256,959	2,256,959	—	—	—
Money Market Funds - domestic	2,686,763	—	2,686,763	—	—
Municipal obligations	535,607	535,607	—	—	—
Private debt	2,021,749	—	—	2,021,749	—
Other investment - domestic	8,300	—	8,300	—	—
	<u>\$ 92,515,239</u>	<u>14,588,280</u>	<u>2,695,063</u>	<u>2,021,749</u>	<u>72,690,647</u>

	Total 2019	Level 1	Level 2	Level 3	NAV
Assets:					
Investment in CITW	\$ 70,962,716	—	—	—	70,962,716
Equity securities - domestic	11,846,247	11,846,247	—	—	—
Equity securities - international	729,057	729,057	—	—	—
Corporate bonds	7,568,361	2,366,924	5,201,437	—	—
US Treasuries	923,216	923,216	—	—	—
US Agencies	50,001	50,001	—	—	—
Money Market Funds - domestic	375,875	—	375,875	—	—
Municipal obligations	794,457	794,457	—	—	—
Private debt	2,000,315	—	—	2,000,315	—
Other investment - domestic	11,770	—	11,770	—	—
	<u>\$ 95,262,015</u>	<u>16,709,902</u>	<u>5,589,082</u>	<u>2,000,315</u>	<u>70,962,716</u>

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(4) Accounts Receivable

Accounts receivable are summarized as follows at June 30:

	2020		
	Gross	Allowance for uncollectible accounts	Totals
Accounts receivable:			
Assessments	\$ 824,444	-	824,444
Insurance	5,019,229	(1,091,842)	3,927,387
Trade	1,488,603	-	1,488,603
Other	696,432	(333,049)	363,383
	\$ 8,028,708	(1,424,891)	6,603,817
	2019		
	Gross	Allowance for uncollectible accounts	Totals
Accounts receivable:			
Assessments	\$ 959,205	-	959,205
Insurance	3,943,331	(483,465)	3,459,866
Trade	229,641	(12,733)	216,908
Other	373,973	(112,433)	261,540
	\$ 5,506,150	(608,631)	4,897,519

Of the gross accounts receivable, \$6,131,028 and \$4,791,406 as of June 30, 2020 and 2019, respectively, is due from related parties including parishes and Archdiocesan-related corporations and institutions (note 13).

(5) Contributions Receivable

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

	2020	2019
Less than one year	\$ 2,960,283	2,999,194
Less allowance for uncollectible contributions receivable	(673,431)	(638,202)
	\$ 2,286,852	2,360,992

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(6) Notes Receivable

Notes receivable are summarized as follows at June 30:

	2020	2019
Parishes and schools	\$ 759,649	424,801
Related corporations	92,176	153,770
	851,825	578,571
Less allowance for uncollectible notes receivable	(439,043)	(57,857)
	\$ 412,782	520,714

(7) Property and Equipment

Property and equipment are summarized as follows at June 30:

	2020	2019
Land	\$ 8,250,696	8,250,696
Future parish sites	845,398	845,398
Buildings	51,875,798	43,503,367
Leasehold improvements	985,713	985,713
Furniture and equipment	6,146,283	5,624,347
Automobiles	1,005,169	1,005,169
Software	1,692,500	1,660,636
Construction in progress	483,727	7,571,655
	71,285,284	69,446,981
Property and equipment, gross	71,285,284	69,446,981
Less accumulated depreciation	(26,352,874)	(24,332,571)
	\$ 44,932,410	45,114,410
Property and equipment, net	44,932,410	45,114,410

Depreciation and amortization expense was \$2,020,303 and \$1,808,599 for the years ended June 30, 2020 and 2019, respectively.

(8) 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.

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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 Central Pastoral Administration has also recorded a liability representing the 50% share of the receivable for St. Matthew's Cathedral, which is netted against the gross deferred rent receivable. The net deferred rent receivable balance was \$14,456,343 and \$13,463,834 at June 30, 2020 and 2019, 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.

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

	Future minimum rental to be received	Amounts to be paid to St. Matthew's	Net rental
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
2024	1,756,000	(658,500)	1,097,500
2025	1,784,000	(668,500)	1,115,500
Thereafter	<u>262,115,000</u>	<u>(90,891,000)</u>	<u>171,224,000</u>
	<u>\$ 270,761,000</u>	<u>(94,136,500)</u>	<u>176,624,500</u>

(9) Contributions Payable

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

	2020	2019
Less than one year	\$ 1,215,281	1,774,789
One year to five years	<u>170,352</u>	<u>78,000</u>
	<u>\$ 1,385,633</u>	<u>1,852,789</u>

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(10) Benefit Plans

(a) *Multiemployer Plan for Lay Persons*

The Central Pastoral Administration participates in the Retirement Plan (the Retirement Plan) of the Archdiocese of Washington, a multiemployer defined-benefit pension plan, which was frozen effective December 31, 2012. No further benefits will be accrued. The Plan covers substantially all full-time lay employees of the Archdiocese and other affiliated organizations, prior to its being frozen. Information as to vested and nonvested benefits, as well as plan assets and unfunded liabilities, related solely to the Central Pastoral Administration is not readily determinable. In accordance with ASC Paragraph 715-30-55-63, the Central Pastoral Administration accounts for its participation in the Retirement Plan as a multiemployer plan.

(b) *Defined-Contribution Plan*

Effective January 1, 2013, the 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 \$19,500 per year for employees less than 50 years of age and up to \$25,000 for those 50 and older. For the first 4% of salary an employee contributes to the Plan, the Central Pastoral Administration provides a 50% match. The 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, 2020 and 2019 was \$12,903,024 and \$12,200,468, respectively, of which approximately \$1,057,554 and \$1,009,245, 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, 2020 and 2019, the Central Pastoral Administration had unpaid contributions to the Combined Plans of \$3,314,159 and \$2,653,118, 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.

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

	Year ended June 30, 2020		
	Retirement benefit	Postretirement medical	Total
Change in benefit obligation:			
Benefit obligation, beginning of year	\$ 42,793,493	30,849,994	73,643,487
Service cost	1,176,206	948,602	2,124,808
Interest cost	1,423,306	1,051,291	2,474,597
Actuarial loss	4,319,059	4,440,414	8,759,473
Benefits paid	<u>(1,587,197)</u>	<u>(1,162,676)</u>	<u>(2,749,873)</u>
Benefit obligation, end of year	<u>48,124,867</u>	<u>36,127,625</u>	<u>84,252,492</u>
Change in plan assets:			
Fair value of plan assets, beginning of year	45,784,599	-	45,784,599
Actual return on plan assets	248,453	-	248,453
Employer contributions	2,178,393	1,162,676	3,341,069
Benefits paid	<u>(1,587,197)</u>	<u>(1,162,676)</u>	<u>(2,749,873)</u>
Fair value of plan assets, end of year	<u>46,624,248</u>	<u>-</u>	<u>46,624,248</u>
Accrued liability (asset)	<u>\$ 1,500,619</u>	<u>36,127,625</u>	<u>37,628,244</u>

	Year ended June 30, 2019		
	Retirement benefit	Postretirement medical	Total
Change in benefit obligation:			
Benefit obligation, beginning of year	\$ 38,778,685	26,673,889	65,452,574
Service cost	859,101	712,081	1,571,182
Interest cost	1,532,052	1,074,535	2,606,587
Actuarial loss	3,177,700	3,340,401	6,518,101
Benefits paid	<u>(1,554,045)</u>	<u>(950,912)</u>	<u>(2,504,957)</u>
Benefit obligation, end of year	<u>42,793,493</u>	<u>30,849,994</u>	<u>73,643,487</u>
Change in plan assets:			
Fair value of plan assets, beginning of year	41,701,999	-	41,701,999
Actual return on plan assets	506,179	-	506,179
Employer contributions	5,130,466	950,912	6,081,378
Benefits paid	<u>(1,554,045)</u>	<u>(950,912)</u>	<u>(2,504,957)</u>
Fair value of plan assets, end of year	<u>45,784,599</u>	<u>-</u>	<u>45,784,599</u>
Accrued liability	<u>\$ (2,991,106)</u>	<u>30,849,994</u>	<u>27,858,888</u>

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The Plan's investment in CITW at net asset value is \$46,624,248 and \$45,784,599, at June 30, 2020 and 2019, respectively.

The following tables set forth the amounts recognized in the combined financial statements as of and for the years ended June 30, 2020 and 2019:

	Year ended June 30, 2020		
	Retirement benefit	Postretirement medical	Total
Charges other than net periodic benefit cost:			
Net (gain) loss for period	\$ 7,046,605	4,440,414	11,487,019
Amortization of net loss	(608,845)	(315,723)	(924,568)
Amortization of prior service cost	(119,972)	(388,655)	(508,627)
	\$ 6,317,788	3,736,036	10,053,824
Items not yet recognized as a component of net periodic pension/benefit cost:			
Net loss	\$ 21,488,354	11,762,529	33,250,883
Prior service cost	203,945	5,938,643	6,142,588
	\$ 21,692,299	17,701,172	39,393,471
Actuarial assumptions used:			
End of year benefit obligation discount rate	2.55%	2.66%	
Net periodic benefit cost discount rate	3.40%	3.47%	
Weighted average expected long-term rate of return	6.50%		

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	Year ended June 30, 2019		
	Retirement benefit	Postretirement medical	Total
Charges other than net periodic benefit cost:			
Net (gain) loss for period	\$ 5,382,150	3,340,401	8,722,551
Amortization of net loss	(345,802)	(177,288)	(523,090)
Amortization of prior service cost	(119,972)	(388,655)	(508,627)
	\$ 4,916,376	2,774,458	7,690,834
Items not yet recognized as a component of net periodic pension/benefit cost:			
Net loss	\$ 15,050,594	7,637,838	22,688,432
Prior service cost	323,917	6,327,298	6,651,215
	\$ 15,374,511	13,965,136	29,339,647
Actuarial assumptions used:			
End of year benefit obligation discount rate	3.40%	3.47%	
Net periodic benefit cost discount rate	3.40%	4.11%	
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 \$975,197 and the amount expected to be amortized of the net loss for the postretirement plan is \$485,239. 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 7.0% annual rate of increase in per capita cost of covered healthcare benefits was assumed for 2020. The rate is assumed to decrease to 5% for 2026 and remain at that level thereafter. Long-term care costs averaged \$22,956 per covered participant for 2020.

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Estimated future benefit payments as of June 30, 2020 are as follows:

	<u>Retirement benefit</u>	<u>Postretirement medical</u>
Year(s) ending June 30:		
2021	1,816,000	1,112,521
2022	1,944,000	1,161,525
2023	2,052,000	1,203,797
2024	2,089,000	1,240,017
2025	2,092,000	1,240,402
2026–2030	10,575,000	6,646,840

(11) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of contributions received from donors whose use by the Central Pastoral Administration is limited by donor imposed stipulations. The restricted amounts as of June 30, with the corresponding purpose for which the income is expendable, are as follows:

	<u>2020</u>	<u>2019</u>
Building maintenance for needy parishes and schools	\$ 650,937	1,159,095
Permanently restricted endowments for social concerns	907,850	907,850
Permanently restricted endowments for formation of priests	586,508	—
Propagation of the Faith mission work	1,215,814	895,961
Formation of priests	403,518	734,453
Religious education and catholic schools office	544,566	561,738
Pastoral ministry and social concerns	1,236,118	491,332
Campus ministry building or rental expense	192,000	140,500
	<u>\$ 5,737,311</u>	<u>4,890,929</u>

(12) 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 the Central Pastoral Administration has interpreted the Act as allowing the Central Pastoral Administration 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 net assets with donor restrictions (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. Gains (losses) on the investments of donor restricted endowment funds are recorded as additions to (reductions of)

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net assets with donor restrictions, until those amounts are appropriated for expenditure by the Central Pastoral Administration consistent with the donor's wishes, at which time they are reclassified to net assets without donor restrictions.

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 board designated endowment funds. The Central Pastoral Administration relies on a total return strategy whose asset allocation is designed to give balance to the overall structure of the investment program over a long term period. The Central Pastoral Administration has adopted a spending policy that limits the distribution each year to 4% of the endowment funds' average fair value over a three-year period, determined annually.

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

		2020		
		Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$	—	1,594,315	1,594,315
Board designated endowment funds		18,208,384	—	18,208,384
Total funds	\$	18,208,384	1,594,315	19,802,699

		2019		
		Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$	—	1,000,959	1,000,959
Board designated endowment funds		20,651,605	—	20,651,605
Total funds	\$	20,651,605	1,000,959	21,652,564

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

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 20,651,605	1,000,959	21,652,564
Transfer of ownership of net assets	-	916,619	916,619
Total investment gains (losses)	87,579	3,302	90,881
Appropriation of endowment assets	(2,530,800)	(326,565)	(2,857,365)
Endowment net assets, end of year	\$ 18,208,384	1,594,315	19,802,699
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 11,366,251	997,525	12,363,776
New board designations	10,937,883		10,937,883
Total investment gains (losses)	159,925	14,730	174,655
Appropriation of endowment assets	(1,812,454)	(11,296)	(1,823,750)
Endowment net assets, end of year	\$ 20,651,605	1,000,959	21,652,564

From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor, the board, or the states' enacted legislation requires the 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 net assets with donor restrictions were \$0 at both June 30, 2020 and 2019.

(13) 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:

	2020	2019
Accounts receivable, gross	\$ 6,131,028	4,791,406
Investment in CITW	72,690,647	70,962,716
Notes receivable, gross	851,825	578,571
Receivable due from affiliate, gross	149,574	4,807
Accounts payable and accrued expenses	8,391,071	8,045,805
Insurance claims and benefits payable	5,554,438	3,731,941
Contributions payable	873,352	1,648,142
Funds held on behalf of others	11,612,193	11,956,369
Payable due to affiliate, gross	734,850	2,364,298

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	2020	2019
Revenues:		
Parish assessments	\$ 9,314,377	10,175,048
Special school assessments	3,027,903	3,278,335
Other assessments	558,583	541,920
Special program income	88,224	119,781
Premiums and insurance billings	49,076,582	46,767,817
Gifts and bequests	2,050,299	1,498,972
Rental income	1,195,271	921,900
Interest income – notes receivable	4,960	10,996
Management fees and computer services	850,965	885,164
Expenses:		
Catholic education	\$ 2,160,463	2,092,425
Other program service subsidies	2,769,645	3,226,218
Insurance and benefits	25,654,557	15,189,973

(14) Commitments and Contingencies

(a) Insurance Coverage

The Archdiocese of Washington, and thus, the Central Pastoral Administration, participates in an insurance plan (the Insurance Plan) whereby certain risks and liabilities are assumed by participating entities. Each entity participating in the Insurance Plan is charged its share of the estimated losses, administrative costs, and insurance policy premium.

The Insurance Plan covers property, liability and automobile insurance on a self-insured basis. Claims are paid by the contracted insurance providers as they are incurred by the insured participants. Under the Insurance 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 total amount of losses paid by the Archdiocese reaches \$1,250,000 per year, the excess insurance pays 100% of the claims.

The Insurance Plan also covers workers' compensation insurance, which was a self-insured plan for all claims incurred through June 30, 2018 and became a fully-insured plan effective July 1, 2018. The Central Pastoral Administration records a reserve for workers' compensation open claims, as well as incurred but not reported claims, through June 30, 2018. As of June 30, 2020 and 2019, the loss reserve was \$359,100 and \$674,206, 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 \$1,159,002 and \$1,178,477 is recorded in other assets in the combined statement of financial position at June 30, 2020 and 2019.

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(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, 2020 and 2019. 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 \$20 million in the aggregate. Lines of credit, letters of credit, and term loans are permitted.

The first facility provides up to \$10 million for working capital and standby letters of credit and expires on February 28, 2021. The second facility provides up to \$10 million for term loans and expires on February 28, 2021. At June 30, 2020 and 2019, the Roman Catholic Archbishop of Washington, a corporation sole, is contingently liable for loans outstanding totaling \$7,339,286 and \$8,442,812.

(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, 2020.

(15) Risks and Uncertainties

For the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Archdiocese, COVID-19 may impact various parts of its 2021 operations and financial results, including restrictions on the Archdiocese by the governor, additional costs to the Archdiocese, investment performance, and potential loss of revenue due to reduction in certain revenue streams. Management believes the Archdiocese is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

On April 9, 2020 and April 11, 2020, the Archdiocese and Carroll Media, respectively, received a loan from United Bank in the amount of \$3,446,500 and \$221,700 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Archdiocese and Carroll Media fail to apply for forgiveness

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within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 9, 2020 to September 23, 2020 (for the Archdiocese) and April 11, 2020 to September 25, 2020 (for Carroll Media) is the time that a business has to spend their PPP Loan funds. The Archdiocese and Carroll Media have accounted for their PPP Loans in accordance with Accounting Standards Codification 470, Debt and reports the outstanding balances as Loans Payable on the Statement of Financial Position as of June 30, 2020.

(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 11, 2020, the date that the combined financial statements were available to be issued. There were no events or transactions that were discovered during the evaluation that required accrual or further disclosure.

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Combined Statements of Financial Position

June 30, 2020

Assets	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Media	Combined totals
Cash and cash equivalents	\$ 9,204,208	50,000	15,000	—	—	—	9,269,208
Accounts receivable, net	2,590,517	3,916,778	—	10,608	—	85,914	6,603,817
Contributions receivable, net	2,286,852	—	—	—	—	—	2,286,852
Prepaid expenses and other assets	468,169	1,512,795	—	—	342	40,607	2,021,913
Notes receivable, net	412,782	—	—	—	—	—	412,782
Investments	91,564,555	—	—	—	950,684	—	92,515,239
Due from (to) others	(16,661,899)	126,126,34	(20,748)	2,246,670	601,907	1,221,436	—
Property and equipment, net	44,904,055	—	5,748	—	—	22,607	44,932,410
Deferred rent receivable, net	14,456,343	—	—	—	—	—	14,456,343
Total assets	<u>\$ 149,225,582</u>	<u>18,092,207</u>	<u>—</u>	<u>2,257,278</u>	<u>1,552,933</u>	<u>1,370,564</u>	<u>172,498,564</u>
Liabilities and Net Assets							
Liabilities:							
Accounts payable and accrued expenses	\$ 2,734,808	—	—	17,000	1,875	57,828	2,811,511
Insurance claims and benefits payable	—	7,594,440	—	2,240,278	—	—	9,834,718
Contributions payable	1,297,352	—	—	—	88,281	—	1,385,633
Payable due to affiliates	585,276	—	—	—	—	—	585,276
Loans payable	3,446,500	—	—	—	—	221,700	3,668,200
Funds held on behalf of others	12,277,015	—	—	—	815	—	12,277,830
Collections held for disbursement	848,677	—	—	—	246,148	—	1,094,825
Deferred revenue	134,364	—	—	—	—	43,328	177,692
Annuities payable	1,297,126	—	—	—	—	—	1,297,126
Net accrued liability for priests' retirement plan	—	—	—	37,628,244	—	—	37,628,244
Total liabilities	<u>22,621,118</u>	<u>7,594,440</u>	<u>—</u>	<u>39,885,522</u>	<u>337,119</u>	<u>322,856</u>	<u>70,761,055</u>
Net assets:							
Net assets without donor restrictions:							
Undesignated	31,752,535	—	(5,748)	(37,628,244)	—	1,025,101	(4,856,356)
Designated	45,426,377	10,497,767	—	—	—	—	55,924,144
Invested in property and equipment	44,904,055	—	5,748	—	—	22,607	44,932,410
Total net assets without donor restrictions	<u>122,082,967</u>	<u>10,497,767</u>	<u>—</u>	<u>(37,628,244)</u>	<u>—</u>	<u>1,047,708</u>	<u>96,000,198</u>
Net assets with donor restrictions							
	<u>4,521,497</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,215,814</u>	<u>—</u>	<u>5,737,311</u>
Total net assets	<u>126,604,464</u>	<u>10,497,767</u>	<u>—</u>	<u>(37,628,244)</u>	<u>1,215,814</u>	<u>1,047,708</u>	<u>101,737,509</u>
Total liabilities and net assets	<u>\$ 149,225,582</u>	<u>18,092,207</u>	<u>—</u>	<u>2,257,278</u>	<u>1,552,933</u>	<u>1,370,564</u>	<u>172,498,564</u>

See accompanying independent auditors' report.

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

Combined Statements of Financial Position

June 30, 2019

Assets	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Media	Combined totals
Cash and cash equivalents	\$ 8,074,125	—	15,000	—	—	—	8,089,125
Accounts receivable, net	1,344,849	3,452,713	—	7,153	—	92,804	4,897,519
Contributions receivable, net	2,360,992	—	—	—	—	—	2,360,992
Prepaid expenses and other assets	204,763	1,466,277	—	—	342	44,950	1,716,332
Notes receivable, net	520,714	—	—	—	—	—	520,714
Investments	94,334,660	—	—	—	927,355	—	95,262,015
Due from (to) others	(12,746,202)	10,413,854	(23,489)	1,088,670	229,471	1,037,696	—
Property and equipment, net	45,069,685	—	8,489	—	—	36,236	45,114,410
Deferred rent receivable, net	13,463,834	—	—	—	—	—	13,463,834
Total assets	<u>\$ 152,627,420</u>	<u>15,332,844</u>	<u>—</u>	<u>1,095,823</u>	<u>1,157,168</u>	<u>1,211,686</u>	<u>171,424,941</u>
Liabilities and Net Assets							
Liabilities:							
Accounts payable and accrued expenses	\$ 2,942,437	25,250	—	17,000	942	48,878	3,034,507
Insurance claims and benefits payable	—	6,713,736	—	1,078,823	—	—	7,792,559
Contributions payable	1,802,142	—	—	—	50,647	—	1,852,789
Payable due to affiliates	2,359,491	—	—	—	—	—	2,359,491
Funds held on behalf of others	12,836,844	—	—	—	815	—	12,837,659
Collections held for disbursement	1,324,685	—	—	—	208,803	—	1,533,488
Deferred revenue	173,996	—	—	—	—	45,637	219,633
Annuities payable	1,386,222	—	—	—	—	—	1,386,222
Net accrued liability for priests' retirement plan	—	—	—	27,858,888	—	—	27,858,888
Total liabilities	<u>22,825,817</u>	<u>6,738,986</u>	<u>—</u>	<u>28,954,711</u>	<u>261,207</u>	<u>94,515</u>	<u>58,875,236</u>
Net assets:							
Net assets without donor restrictions:							
Undesignated	34,298,573	—	(8,489)	(27,858,888)	—	1,080,935	7,512,131
Designated	46,438,377	8,593,858	—	—	—	—	55,032,235
Invested in property and equipment	45,069,685	—	8,489	—	—	36,236	45,114,410
Total net assets without donor restrictions	<u>125,806,635</u>	<u>8,593,858</u>	<u>—</u>	<u>(27,858,888)</u>	<u>—</u>	<u>1,117,171</u>	<u>107,658,776</u>
Net assets with donor restrictions							
	<u>3,994,968</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>895,961</u>	<u>—</u>	<u>4,890,929</u>
Total net assets	<u>129,801,603</u>	<u>8,593,858</u>	<u>—</u>	<u>(27,858,888)</u>	<u>895,961</u>	<u>1,117,171</u>	<u>112,549,705</u>
Total liabilities and net assets	<u>\$ 152,627,420</u>	<u>15,332,844</u>	<u>—</u>	<u>1,095,823</u>	<u>1,157,168</u>	<u>1,211,686</u>	<u>171,424,941</u>

See accompanying independent auditors' report.

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

Combined Statements of Activities

June 30, 2020

	<u>Operations</u>	<u>Insurance services</u>	<u>Redemptoris Mater Seminary</u>	<u>Priests' Pass Through & Care Fund</u>	<u>Propagation of the Faith</u>	<u>Carroll Media</u>	<u>Combined entries</u>	<u>Combined totals</u>
OPERATING:								
Changes in net assets without donor restriction:								
Revenue, gains, and other support:								
Assessments:								
Parish	\$ 8,162,204	—	—	—	—	1,152,173	—	9,314,377
Special school assessments and other	3,586,486	—	—	—	—	—	—	3,586,486
Total assessments	<u>11,748,690</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,152,173</u>	<u>—</u>	<u>12,900,863</u>
Contributions, donations, gifts, and bequests:								
Archbishop's Appeal	10,916,788	—	—	—	—	—	—	10,916,788
Gifts and bequests	3,725,569	—	74,593	866,948	—	19,322	—	4,686,432
Total contributions, donations, gifts, and bequests	<u>14,642,357</u>	<u>—</u>	<u>74,593</u>	<u>866,948</u>	<u>—</u>	<u>19,322</u>	<u>—</u>	<u>15,603,220</u>
Premiums and insurance billings	—	49,985,070	—	4,418,958	—	—	(5,327,446)	49,076,582
Spend rate income (note 12)	2,530,800	—	—	—	—	—	—	2,530,800
Management fees and computer services	4,151,882	—	—	—	—	—	(3,405,699)	746,183
Special program income	796,241	—	—	—	—	15,169	—	811,410
Advertising and other	115,236	(19,437)	—	5	—	323,619	—	419,423
Rental income	3,682,388	—	—	13,500	—	—	(18,648)	3,677,240
Net assets released from restrictions	2,351,976	—	—	—	314,481	—	—	2,666,457
Total unrestricted revenue, gain, and other support	<u>40,019,570</u>	<u>49,965,633</u>	<u>74,593</u>	<u>5,299,411</u>	<u>314,481</u>	<u>1,510,283</u>	<u>(8,751,793)</u>	<u>88,432,178</u>
Expenses:								
Program services:								
Catholic education:								
Tuition assistance and school subsidies	2,160,463	—	—	—	—	—	—	2,160,463
Other programs and administration	4,469,258	—	—	—	—	—	—	4,469,258
Total Catholic education	<u>6,629,721</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,629,721</u>
Pastoral ministry and social concerns	7,963,468	—	—	—	—	—	—	7,963,468
Ministerial leadership	6,369,580	—	1,536,356	—	—	—	—	7,905,936
Communications	1,839,441	—	—	—	—	1,579,746	(25,000)	3,394,187
Parish services	895,168	—	—	—	—	—	—	895,168
Insurance and benefits	1,174,049	48,061,724	—	—	—	—	(7,149,521)	42,086,252
Priests' retirement benefits and medical care	67,807	—	—	5,299,411	—	—	(1,546,624)	3,820,594
Propagation of the Faith	—	—	—	—	314,481	—	(30,648)	283,833
Archdiocesan operations	7,983,506	—	—	—	—	—	—	7,983,506
Total program services	<u>32,922,740</u>	<u>48,061,724</u>	<u>1,536,356</u>	<u>5,299,411</u>	<u>314,481</u>	<u>1,579,746</u>	<u>(8,751,793)</u>	<u>80,962,665</u>

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

Combined Statements of Activities (Continued)

June 30, 2020

	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Media	Combined entries	Combined totals
Supporting expenses:								
General and administrative	5,499,995	—	—	—	—	—	—	5,499,995
Fund-raising	2,498,226	—	—	—	—	—	—	2,498,226
Total supporting services	7,998,221	—	—	—	—	—	—	7,998,221
Total expenses	40,920,961	48,061,724	1,536,356	5,299,411	314,481	1,579,746	(8,751,793)	88,960,886
Transfers:								
Subsidize Redemptoris Mater Seminary	(1,461,763)	—	1,461,763	—	—	—	—	—
Total transfers	(1,461,763)	—	1,461,763	—	—	—	—	—
Increase (decrease) in net assets without donor restrictions	(2,363,154)	1,903,909	—	—	—	(69,463)	—	(528,708)
Changes in net assets with donor restrictions:								
Gifts and bequests	1,762,115	—	—	—	607,329	—	—	2,369,444
Net assets released from restrictions	(2,351,976)	—	—	—	(314,481)	—	—	(2,666,457)
Increase (decrease) in net assets with donor restrictions	(589,861)	—	—	—	292,848	—	—	(297,013)
Increase (decrease) in net assets from operating activities	(2,953,015)	1,903,909	—	—	292,848	(69,463)	—	(825,721)
NONOPERATING:								
Investment income (loss) without donor restriction, net of spend rate income	(1,950,925)	—	—	—	—	—	—	(1,950,925)
Investment income (loss) with donor restriction	3,302	—	—	—	27,005	—	—	30,307
Transfer of ownership of net assets without donor restrictions	590,411	—	—	—	—	—	—	590,411
Transfer of ownership of net assets with donor restrictions	1,113,088	—	—	—	—	—	—	1,113,088
Change in value of priests' retirement plan and post retirement medical and care fund	—	—	—	(9,769,356)	—	—	—	(9,769,356)
Increase (decrease) in net assets from nonoperating activities	(244,124)	—	—	(9,769,356)	27,005	—	—	(9,986,475)
Increase (decrease) in net assets	(3,197,139)	1,903,909	—	(9,769,356)	319,853	(69,463)	—	(10,812,196)
Net assets at beginning of year	129,801,603	8,593,858	—	(27,858,888)	895,961	1,117,171	—	112,549,705
Net assets at end of year	\$ 126,604,464	10,497,767	—	(37,628,244)	1,215,814	1,047,708	—	101,737,509

See accompanying independent auditors' report.

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

Combined Statements of Activities

June 30, 2019

	<u>Operations</u>	<u>Insurance services</u>	<u>Redemptoris Mater Seminary</u>	<u>Priests' Pass Through & Care Fund</u>	<u>Propagation of the Faith</u>	<u>Carroll Media</u>	<u>Combined entries</u>	<u>Combined totals</u>
OPERATING:								
Changes in unrestricted net assets:								
Revenue, gains, and other support:								
Assessments:								
Parish	\$ 9,012,391	—	—	—	—	1,162,357	—	10,174,748
Special school assessments and other	3,820,255	—	—	—	—	—	—	3,820,255
Total assessments	12,832,646	—	—	—	—	1,162,357	—	13,995,003
Contributions, donations, gifts, and bequests:								
Archbishop's Appeal	11,008,665	—	—	—	—	—	—	11,008,665
Gifts and bequests	3,375,851	—	16,089	622,640	—	18,488	—	4,033,068
Total contributions, donations, gifts, and bequests	14,384,516	—	16,089	622,640	—	18,488	—	15,041,733
Premiums and insurance billings	—	47,593,370	—	4,147,242	—	—	(4,972,795)	46,767,817
Spend rate income	2,409,000	—	—	—	—	—	—	2,409,000
Management fees and computer services	4,050,984	—	—	—	—	—	(3,250,179)	800,805
Special program income	638,228	—	—	—	—	18,647	—	656,875
Advertising and other	100,459	(62,216)	9,500	947	—	504,443	—	553,133
Rental income	3,512,000	—	—	—	—	—	(92,650)	3,419,350
Net assets released from restrictions	1,535,842	—	50,254	—	295,280	—	—	1,881,376
Total unrestricted revenue, gain, and other support	39,463,675	47,531,154	75,843	4,770,829	295,280	1,703,935	(8,315,624)	85,525,092
Expenses:								
Program services:								
Catholic education:								
Tuition assistance and school subsidies	2,047,425	—	—	—	—	—	—	2,047,425
Other programs and administration	4,302,187	—	—	—	—	—	—	4,302,187
Total Catholic education	6,349,612	—	—	—	—	—	—	6,349,612
Pastoral ministry and social concerns	8,976,133	—	—	—	—	—	—	8,976,133
Ministerial leadership	5,917,166	—	1,729,562	—	—	—	—	7,646,728
Communications	2,736,189	—	—	—	—	1,637,247	(99,000)	4,274,436
Parish services	799,242	—	—	—	—	—	—	799,242
Insurance and benefits	1,052,663	45,192,032	—	—	—	—	(6,755,499)	39,489,196
Priests' retirement benefits and medical care	—	—	—	4,770,829	—	—	(1,430,475)	3,340,354
Propagation of the Faith	—	—	—	—	295,280	—	(30,650)	264,630
Archdiocesan operations	9,080,222	—	—	—	—	—	—	9,080,222
Total program services	34,911,227	45,192,032	1,729,562	4,770,829	295,280	1,637,247	(8,315,624)	80,220,553

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

Combined Statements of Activities (Continued)

June 30, 2019

	<u>Operations</u>	<u>Insurance services</u>	<u>Redemptoris Mater Seminary</u>	<u>Priests' Pass Through & Care Fund</u>	<u>Propagation of the Faith</u>	<u>Carroll Media</u>	<u>Combined entries</u>	<u>Combined totals</u>
Supporting expenses:								
General and administrative	6,966,658	—	—	—	—	—	—	6,966,658
Fund-raising	1,885,527	—	—	—	—	—	—	1,885,527
Total supporting services	8,852,185	—	—	—	—	—	—	8,852,185
Total expenses	43,763,412	45,192,032	1,729,562	4,770,829	295,280	1,637,247	(8,315,624)	89,072,738
Transfers:								
Transfer insurance services net assets to operations	(600,000)	600,000	—	—	—	—	—	—
Subsidize Redemptoris Mater Seminary	(1,653,719)	—	1,653,719	—	—	—	—	—
Total transfers	(2,253,719)	600,000	1,653,719	—	—	—	—	—
Increase (decrease) in net assets without donor restrictions	(6,553,456)	2,939,122	—	—	—	66,688	—	(3,547,646)
Changes in net assets with donor restrictions:								
Gifts and bequests	1,149,192	—	—	—	258,495	—	—	1,407,687
Net assets released from restrictions	(1,535,842)	—	(50,254)	—	(295,280)	—	—	(1,881,376)
Increase (decrease) in net assets with donor restrictions	(386,650)	—	(50,254)	—	(36,785)	—	—	(473,689)
Increase (decrease) in net assets from operating activities	(6,940,106)	2,939,122	(50,254)	—	(36,785)	66,688	—	(4,021,335)
NONOPERATING:								
Investment income (loss) without donor restriction, net of spend rate income	(1,860,965)	—	—	—	—	—	—	(1,860,965)
Investment income (loss) with donor restriction	14,730	—	—	—	(12,154)	—	—	2,576
Change in value of priests' retirement plan and post retirement medical and care fund	—	—	—	(4,108,313)	—	—	—	(4,108,313)
Increase (decrease) in net assets from nonoperating activities	(1,846,235)	—	—	(4,108,313)	(12,154)	—	—	(5,966,702)
Increase (decrease) in net assets	(8,786,341)	2,939,122	(50,254)	(4,108,313)	(48,939)	66,688	—	(9,988,037)
Net assets at beginning of year	138,587,944	5,654,736	50,254	(23,750,575)	944,900	1,050,483	—	122,537,742
Net assets at end of year	\$ 129,801,603	8,593,858	—	(27,858,888)	895,961	1,117,171	—	112,549,705

See accompanying independent auditors' report.

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

Combined Statements of Functional Expenses

June 30, 2020

	Program services							
	Catholic education	Pastoral ministry & social concerns	Ministerial leadership	Redemptoris Mater Seminary	Communi- cations	Carroll Media	Parish services	
Salaries and benefits:								
Compensation of clergy and religious	\$ —	690,625	508,563	81,401	—	—	—	—
Benefits – clergy	—	476,958	1,265,325	295,274	—	—	—	—
Salaries and wages – laypersons	2,115,072	1,809,358	573,703	78,600	772,816	896,732	418,875	616,353
Benefits – laypersons	408,774	450,566	112,007	12,221	163,356	248,218	99,787	138,749
Total salaries and benefits	<u>2,523,846</u>	<u>3,427,507</u>	<u>2,459,598</u>	<u>467,496</u>	<u>936,172</u>	<u>1,144,950</u>	<u>518,662</u>	<u>755,102</u>
Continuing education and retreats – clergy	—	1,400	1,526,369	390,702	—	—	—	—
Supplies	11,518	51,515	42,860	48,619	1,632	462	46	1,645
Telephone, postage, and printing	326,302	80,311	57,337	45,419	282,450	216,584	18,155	161,071
Conferences, meetings, and travel	52,172	407,404	256,358	115,454	5,783	4,302	808	11,189
Professional fees	514,629	338,370	116,124	11,620	163,957	32,979	90,720	2,057,472
Food and beverages	77,048	64,268	385,030	109,185	1,323	1,765	3,176	799
Contributions and grants in aid	2,246,641	156,193	241,638	14,063	—	—	300	—
Utilities and maintenance	—	46,713	434,790	268,609	—	—	—	—
Interest	—	—	—	—	—	—	—	—
Subsidies	50,000	2,848,645	—	—	—	—	—	—
Other	84,872	27,073	34,234	65,189	56,158	153,704	64	609,443
Insurance premiums	—	—	—	—	—	—	—	4,430,693
Claims and benefits	—	—	—	—	—	—	—	33,879,235
Total expenses before allocation	<u>5,887,028</u>	<u>7,449,399</u>	<u>5,554,338</u>	<u>1,536,356</u>	<u>1,447,475</u>	<u>1,554,746</u>	<u>631,931</u>	<u>41,906,649</u>
Allocation of property operations and financial, computer, and personnel	<u>742,693</u>	<u>514,069</u>	<u>579,660</u>	<u>235,582</u>	<u>200,415</u>	<u>191,551</u>	<u>263,237</u>	<u>179,603</u>
Total expenses after allocation	<u>\$ 6,629,721</u>	<u>7,963,468</u>	<u>6,133,998</u>	<u>1,771,938</u>	<u>1,647,890</u>	<u>1,746,297</u>	<u>895,168</u>	<u>42,086,252</u>

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

Combined Statements of Functional Expenses (Continued)

June 30, 2020

	Program services				Supporting services				Total 2020
	Priests' retirement benefits & medical care	Propagation of the Faith	Archdiocesan operations	Subtotal program services	General and administrative	Property operations	Fundraising	Subtotal supporting services	
Salaries and benefits:									
Compensation of clergy and religious	\$ 603,577	118,066	343,255	2,345,487	18,909	—	—	18,909	2,364,396
Benefits – clergy	889,516	80,727	503,222	3,511,022	29,118	—	—	29,118	3,540,140
Salaries and wages – laypersons	—	14,113	2,398,616	9,694,238	1,532,546	1,657,563	801,584	3,991,693	13,685,931
Benefits – laypersons	—	1,105	543,293	2,178,076	315,174	402,898	179,633	897,705	3,075,781
Total salaries and benefits	1,493,093	214,011	3,788,386	17,728,823	1,895,747	2,060,461	981,217	4,937,425	22,666,248
Continuing education and retreats – clergy	67,510	—	1,400	1,987,381	—	—	—	—	1,987,381
Supplies	22,740	1,596	90,516	273,149	6,921	36,185	2,299	45,405	318,554
Telephone, postage, and printing	12,806	—	128,909	1,329,344	288,677	615,012	773,362	1,677,051	3,006,395
Conferences, meetings, and travel	—	8,589	186,583	1,048,642	16,618	59,812	14,334	90,764	1,139,406
Professional fees	328,837	—	953,751	4,608,459	843,678	339,306	425,760	1,608,744	6,217,203
Food and beverages	158	—	105,254	748,006	9,435	14,489	23,088	47,012	795,018
Contributions and grants in aid	—	37,634	825,833	3,522,302	862	—	—	862	3,523,164
Utilities and maintenance	65,789	—	186,116	1,002,017	46,492	1,311,163	—	1,357,655	2,359,672
Interest	—	—	40,524	40,524	—	—	—	—	40,524
Subsidies	—	—	29,090	2,927,735	—	—	—	—	2,927,735
Other	9,203	22,003	625,416	1,687,359	18,924	2,071,307	139,417	2,229,648	3,917,007
Insurance premiums	—	—	—	4,430,693	—	—	—	—	4,430,693
Claims and benefits	1,752,651	—	—	35,631,886	—	—	—	—	35,631,886
Total expenses before allocation	3,752,787	283,833	6,961,778	76,966,320	3,127,354	6,507,735	2,359,477	11,994,566	88,960,886
Allocation of property operations and financial, computer, and personnel	67,807	—	1,021,728	3,996,345	2,372,641	(6,507,735)	138,749	(3,996,345)	—
Total expenses after allocation	\$ 3,820,594	283,833	7,983,506	80,962,665	5,499,995	—	2,498,226	7,998,221	88,960,886

See accompanying independent auditors' report.

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

Combined Statements of Functional Expenses

June 30, 2019

	Program services							
	Catholic education	Pastoral ministry & social concerns	Ministerial leadership	Redemptoris Mater Seminary	Communi- cations	Carroll Media	Parish services	Insurance and benefits
Salaries and benefits:								
Compensation of clergy and religious	\$ —	777,559	353,784	78,368	—	—	—	—
Benefits – clergy	—	562,073	954,737	310,986	—	—	—	—
Salaries and wages – laypersons	1,972,115	1,736,252	486,228	78,983	928,179	856,919	361,807	550,134
Benefits – laypersons	403,055	397,925	95,734	12,206	213,437	235,483	83,012	124,982
Total salaries and benefits	<u>2,375,170</u>	<u>3,473,809</u>	<u>1,890,483</u>	<u>480,543</u>	<u>1,141,616</u>	<u>1,092,402</u>	<u>444,819</u>	<u>675,116</u>
Continuing education and retreats – clergy	—	619	1,759,277	524,058	—	—	—	—
Supplies	17,608	127,238	48,675	53,897	10,260	4,348	121	1,185
Telephone, postage, and printing	341,708	123,673	57,636	43,531	222,168	252,071	20,417	151,134
Conferences, meetings, and travel	98,626	466,475	209,875	125,526	11,124	14,593	324	5,611
Professional fees	506,206	369,916	132,550	3,595	573,229	44,229	86,632	2,299,756
Food and beverages	73,570	135,518	342,297	118,363	1,001	1,404	6,291	1,814
Contributions and grants in aid	2,114,750	199,834	276,329	15,640	—	—	—	—
Utilities and maintenance	—	185,620	371,345	296,439	—	—	—	—
Interest	—	—	—	—	—	—	—	—
Subsidies	98,773	3,322,528	—	—	—	—	—	—
Other	45,283	111,842	40,478	67,970	419,011	129,200	359	282,397
Insurance premiums	—	—	—	—	—	—	—	4,120,656
Claims and benefits	—	—	—	—	—	—	—	31,787,588
Total expenses before allocation	<u>5,671,694</u>	<u>8,517,072</u>	<u>5,128,945</u>	<u>1,729,562</u>	<u>2,378,409</u>	<u>1,538,247</u>	<u>558,963</u>	<u>39,325,257</u>
Allocation of property operations and financial, computer, and personnel	<u>677,918</u>	<u>459,061</u>	<u>552,639</u>	<u>235,582</u>	<u>182,936</u>	<u>174,844</u>	<u>240,279</u>	<u>163,939</u>
Total expenses after allocation	<u>\$ 6,349,612</u>	<u>8,976,133</u>	<u>5,681,584</u>	<u>1,965,144</u>	<u>2,561,345</u>	<u>1,713,091</u>	<u>799,242</u>	<u>39,489,196</u>

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

Combined Statements of Functional Expenses (Continued)

June 30, 2019

	Program services				Supporting services				Total 2019
	Priests' retirement benefits & medical care	Propagation of the Faith	Archdiocesan operations	Subtotal program services	General and administrative	Property operations	Fundraising	Subtotal supporting services	
Salaries and benefits:									
Compensation of clergy and religious	\$ 660,752	103,688	325,541	2,299,692	16,686	—	—	16,686	2,316,378
Benefits – clergy	618,782	65,856	439,134	2,951,568	26,131	—	—	26,131	2,977,699
Salaries and wages – laypersons	—	13,676	2,260,308	9,244,601	1,464,906	1,716,232	578,742	3,759,880	13,004,481
Benefits – laypersons	—	1,064	502,047	2,068,945	309,590	399,887	116,753	826,230	2,895,175
Total salaries and benefits	<u>1,279,534</u>	<u>184,284</u>	<u>3,527,030</u>	<u>16,564,806</u>	<u>1,817,313</u>	<u>2,116,119</u>	<u>695,495</u>	<u>4,628,927</u>	<u>21,193,733</u>
Continuing education and retreats – clergy	69,716	—	809	2,354,479	—	—	—	—	2,354,479
Supplies	778	1,112	75,936	341,158	5,641	39,367	6,041	51,049	392,207
Telephone, postage, and printing	4,453	—	131,566	1,348,357	295,279	420,864	573,856	1,289,999	2,638,356
Conferences, meetings, and travel	—	9,953	454,870	1,396,977	19,419	63,383	17,542	100,344	1,497,321
Professional fees	290,300	—	894,660	5,201,073	1,422,339	550,461	293,684	2,266,484	7,467,557
Food and beverages	559	—	165,386	846,203	8,151	17,626	5,099	30,876	877,079
Contributions and grants in aid	—	50,647	2,126,898	4,784,098	1,394	—	—	1,394	4,785,492
Utilities and maintenance	—	—	559,629	1,413,033	303,295	1,129,073	—	1,432,368	2,845,401
Interest	—	—	37,431	37,431	—	—	—	—	37,431
Subsidies	—	—	29,090	3,450,391	—	—	—	—	3,450,391
Other	320	18,634	127,393	1,242,887	19,394	2,500,910	167,162	2,687,466	3,930,353
Insurance premiums	—	—	—	4,120,656	—	—	—	—	4,120,656
Claims and benefits	1,694,694	—	—	33,482,282	—	—	—	—	33,482,282
Total expenses before allocation	<u>3,340,354</u>	<u>264,630</u>	<u>8,130,698</u>	<u>76,583,831</u>	<u>3,892,225</u>	<u>6,837,803</u>	<u>1,758,879</u>	<u>12,488,907</u>	<u>89,072,738</u>
Allocation of property operations and financial, computer, and personnel	—	—	949,524	3,636,722	3,074,433	(6,837,803)	126,648	(3,636,722)	—
Total expenses after allocation	<u>\$ 3,340,354</u>	<u>264,630</u>	<u>9,080,222</u>	<u>80,220,553</u>	<u>6,966,658</u>	<u>—</u>	<u>1,885,527</u>	<u>8,852,185</u>	<u>89,072,738</u>

See accompanying independent auditors' report.