



**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE  
OF BOSTON, INC. AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Contents  
June 30, 2019 and 2018

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	<u>Pages</u>
<b>Independent Auditor's Report</b> .....	1 - 1A
<b>Combined Financial Statements:</b>	
Combined Statements of Financial Position .....	2
Combined Statements of Activities and Changes in Net Assets .....	3 - 4
Combined Statements of Cash Flows .....	5
Combined Statements of Functional Expenses .....	6 - 7
Notes to Combined Financial Statements .....	8 - 27
<b>Supplemental Combining Information:</b>	
Combining Statement of Financial Position .....	28
Combining Statement of Activities .....	29



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## Independent Auditor's Report

To the Board of Trustees of  
Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates:

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates (Massachusetts corporations, not for profit), which comprise the combined statements of financial position as of June 30, 2019 and 2018, and the related combined statements of activities and changes in net assets, cash flows and functional expenses 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.

### ***Auditor's 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 audits 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 auditor's 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 Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates as of June 30, 2019 and 2018, and the combined 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.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information shown on pages 28 and 29 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Alexander, Brown, Pinning & Co., P.C.*

Boston, Massachusetts  
November 6, 2019

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combined Statements of Financial Position  
June 30, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Cash and Cash Equivalents	\$ 185,858	\$ 365,293
Accounts Receivable, net of allowance for doubtful accounts of approximately \$87,000 and \$57,000 at June 30, 2019 and 2018, respectively	3,162,088	2,550,402
Pledges and Bequests Receivable, net	2,885,584	1,043,352
Investments	14,379,914	13,428,869
Beneficial Interests in Perpetual Trusts	4,902,280	4,928,362
Property and Equipment, net	19,034,715	19,915,285
Other Assets	<u>221,482</u>	<u>206,238</u>
Total assets	<u><u>\$ 44,771,921</u></u>	<u><u>\$ 42,437,801</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable, accrued expenses and other	\$ 2,740,740	\$ 3,018,854
Split-interest agreement liability	226,197	52,339
Mortgage and notes payable	2,241,104	2,354,707
Pension benefits liability	<u>2,429,000</u>	<u>1,748,000</u>
Total liabilities	<u>7,637,041</u>	<u>7,173,900</u>
Net Assets:		
Without donor restrictions:		
Operating:		
Working capital	4,048,809	4,188,858
Pension plan	<u>(2,429,000)</u>	<u>(1,748,000)</u>
Total operating	1,619,809	2,440,858
Property and equipment Board designated	<u>18,325,525</u>	<u>19,012,687</u>
	443,926	414,086
Total without donor restrictions	20,389,260	21,867,631
With donor restrictions	<u>16,745,620</u>	<u>13,396,270</u>
Total net assets	<u>37,134,880</u>	<u>35,263,901</u>
Total liabilities and net assets	<u><u>\$ 44,771,921</u></u>	<u><u>\$ 42,437,801</u></u>

The accompanying notes are an integral part of these combined statements.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combined Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support, Revenue and Gains:</b>			
Contributions and fundraising:			
Contributions and fundraising	\$ 5,643,969	\$ 1,728,753	\$ 7,372,722
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of \$390,138)	1,729,010	1,099,740	2,828,750
Contributions from United Way organizations	746,946	-	746,946
Total contributions and fundraising	<u>8,119,925</u>	<u>2,828,493</u>	<u>10,948,418</u>
Program service fees, grants and contract revenue:			
Individuals	5,756,136	-	5,756,136
Medicaid and Medicare	983,165	-	983,165
Commercial insurance fees	142,938	-	142,938
Contract revenue from governmental and other agencies	18,830,761	-	18,830,761
Grants	808,302	-	808,302
Total program service fees, grants and contract revenue	<u>26,521,302</u>	<u>-</u>	<u>26,521,302</u>
Investment return appropriated for operations	354,888	-	354,888
Investment and miscellaneous income	181,747	-	181,747
Net assets released from purpose restrictions	1,071,670	(1,071,670)	-
Net assets released from time restrictions	929,191	(929,191)	-
Subtotal	<u>2,537,496</u>	<u>(2,000,861)</u>	<u>536,635</u>
Total operating support, revenue and gains	<u>37,178,723</u>	<u>827,632</u>	<u>38,006,355</u>
<b>Operating Expenses:</b>			
Program services:			
Community social services	16,553,351	-	16,553,351
Child care services	14,496,843	-	14,496,843
Behavioral health and addiction treatment services	1,280,215	-	1,280,215
Total program services	<u>32,330,409</u>	<u>-</u>	<u>32,330,409</u>
Supporting services:			
Management and general	3,795,237	-	3,795,237
Fundraising	2,059,271	-	2,059,271
Total supporting services	<u>5,854,508</u>	<u>-</u>	<u>5,854,508</u>
Total operating expenses	<u>38,184,917</u>	<u>-</u>	<u>38,184,917</u>
Changes in net assets from operations	(1,006,194)	827,632	(178,562)
<b>Non-Operating Revenue (Expenses):</b>			
Endowment contributions	-	2,244,375	2,244,375
Investment earnings	492,699	434,945	927,644
Gain on sale of property and equipment	18,124	-	18,124
Contributions for long-term purposes - capital	12,500	-	12,500
Change in fair value of beneficial interests in perpetual trusts	-	(26,082)	(26,082)
Investment return appropriated for operations	(223,368)	(131,520)	(354,888)
Pension related changes other than net periodic pension cost	(772,132)	-	(772,132)
Changes in net assets	<u>(1,478,371)</u>	<u>3,349,350</u>	<u>1,870,979</u>
<b>Net Assets:</b>			
Beginning of year	<u>21,867,631</u>	<u>13,396,270</u>	<u>35,263,901</u>
End of year	<u>\$ 20,389,260</u>	<u>\$ 16,745,620</u>	<u>\$ 37,134,880</u>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combined Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Support, Revenue and Gains:</b>			
Contributions and fundraising:			
Contributions and fundraising	\$ 7,333,398	\$ 2,000,684	\$ 9,334,082
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of \$390,138)	838,347	34,000	872,347
Contributions from United Way organizations	781,262	30,000	811,262
Total contributions and fundraising	<u>8,953,007</u>	<u>2,064,684</u>	<u>11,017,691</u>
Program service fees, grants and contract revenue:			
Individuals	5,172,255	-	5,172,255
Medicaid and Medicare	825,044	-	825,044
Commercial insurance fees	125,979	-	125,979
Other	38,614	-	38,614
Contract revenue from governmental and other agencies	18,257,803	-	18,257,803
Grants	871,238	-	871,238
Total program service fees, grants and contract revenue	<u>25,290,933</u>	<u>-</u>	<u>25,290,933</u>
Investment return appropriated for operations	752,428	-	752,428
Investment and miscellaneous income	61,585	-	61,585
Net assets released from purpose restrictions	874,246	(874,246)	-
Net assets released from time restrictions	1,050,302	(1,050,302)	-
Subtotal	<u>2,738,561</u>	<u>(1,924,548)</u>	<u>814,013</u>
Total operating support, revenue and gains	<u>36,982,501</u>	<u>140,136</u>	<u>37,122,637</u>
<b>Operating Expenses:</b>			
Program services:			
Community social services	16,346,166	-	16,346,166
Child care services	14,534,578	-	14,534,578
Behavioral health and addiction treatment services	1,290,726	-	1,290,726
Total program services	<u>32,171,470</u>	<u>-</u>	<u>32,171,470</u>
Supporting services:			
Management and general	3,580,397	-	3,580,397
Fundraising	1,851,947	-	1,851,947
Total supporting services	<u>5,432,344</u>	<u>-</u>	<u>5,432,344</u>
Total operating expenses	<u>37,603,814</u>	<u>-</u>	<u>37,603,814</u>
Changes in net assets from operations	(621,313)	140,136	(481,177)
<b>Non-Operating Revenue (Expenses):</b>			
Endowment contributions	-	475,000	475,000
Investment earnings	233,619	177,312	410,931
Gain on sale of property and equipment	1,083,922	-	1,083,922
Contributions for long-term purposes - capital	57,500	-	57,500
Change in fair value of beneficial interests in perpetual trusts	-	124,891	124,891
Investment return appropriated for operations	(236,857)	(515,571)	(752,428)
Pension related changes other than net periodic pension cost	153,868	-	153,868
Changes in net assets	670,739	401,768	1,072,507
<b>Net Assets:</b>			
Beginning of year	20,916,832	12,348,655	33,265,487
Net asset transfer	280,060	645,847	925,907
End of year	<u>\$ 21,867,631</u>	<u>\$ 13,396,270</u>	<u>\$ 35,263,901</u>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combined Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 1,870,979	\$ 1,072,507
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,214,458	1,215,404
Bad debt	42,294	19,767
Discount on pledges and bequests receivable	55,342	19,148
Allowance for doubtful accounts - pledges	155,793	-
Contributions for long-term purposes - capital	(12,500)	(57,500)
Gain on sale of property and equipment	(18,124)	(1,083,922)
Endowment contributions	(2,244,375)	(475,000)
Change in fair value of beneficial interests in perpetual trusts	26,082	(124,891)
Net realized and unrealized (gain) loss on investments	(176,380)	223,757
Net change in pension benefits liability	681,000	(245,000)
Changes in operating assets and liabilities:		
Accounts receivable	(653,980)	(40,074)
Pledges and bequests receivable	(523,867)	(964,153)
Other assets	(15,244)	(11,827)
Accounts payable, accrued expenses and other	(86,481)	(92,803)
Net cash provided by (used in) operating activities	<u>314,997</u>	<u>(544,587)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(876,082)	(568,311)
Proceeds from sale of investments	990,150	888,000
Proceeds from sale of property and equipment	18,124	1,094,705
Purchase of property and equipment	(514,876)	(546,275)
Net cash provided by (used in) investing activities	<u>(382,684)</u>	<u>868,119</u>
<b>Cash Flows from Financing Activities:</b>		
Payment on note payable - line of credit, net	(111,828)	(267,520)
Principal payments on mortgage payable	(12,420)	(12,721)
Proceeds from contributions for long-term purposes - capital	12,500	57,500
Net cash used in financing activities	<u>(111,748)</u>	<u>(222,741)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(179,435)	100,791
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>365,293</u>	<u>264,502</u>
End of year	<u>\$ 185,858</u>	<u>\$ 365,293</u>
<b>Supplemental Disclosure of Cash and Non-Cash Investing and Financing Activities:</b>		
Cash paid for interest	<u>\$ 116,449</u>	<u>\$ 87,531</u>
Property and equipment included in accounts payable	<u>\$ 70,867</u>	<u>\$ 262,500</u>
Construction in process placed in service	<u>\$ 247,179</u>	<u>\$ 143,235</u>
Fair value of investments transferred to the Organization	<u>\$ -</u>	<u>\$ 925,907</u>
Investments held by others - purchases	<u>\$ 714,875</u>	<u>\$ 569,732</u>
Property and equipment financed with a note payable	<u>\$ 10,645</u>	<u>\$ -</u>

The accompanying notes are an integral part of these combined statements.



**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combined Statement of Functional Expenses

For the Year Ended June 30, 2019

(With Summarized Comparative Totals for the Year Ended June 30, 2018)

	2019						2018		
	Program Services			Supporting Services			Total Expenses	Total Expenses	
	Community Social Services	Child Care Services	Behavioral Health and Addiction Treatment Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	
<b>Expenses:</b>									
Personnel and related costs	\$ 9,662,102	\$ 7,126,961	\$ 868,071	\$ 17,657,134	\$ 2,596,240	\$ 1,203,296	\$ 3,799,536	\$ 21,456,670	\$ 21,088,421
Family child care providers	-	4,634,852	-	4,634,852	-	-	-	4,634,852	4,526,788
Other expenses	766,764	946,426	114,995	1,828,185	421,399	676,561	1,097,960	2,926,145	2,948,002
In-kind	2,083,337	11,290	-	2,094,627	20,650	40,620	61,270	2,155,897	2,422,394
Occupancy	1,205,639	635,123	88,180	1,928,942	153,506	21,054	174,560	2,103,502	2,065,900
Depreciation	624,148	393,137	45,395	1,062,680	129,965	21,813	151,778	1,214,458	1,215,404
Supplies	504,491	607,439	4,518	1,116,448	27,262	9,891	37,153	1,153,601	1,015,958
Interpreter fees	1,142,918	-	-	1,142,918	-	-	-	1,142,918	1,017,125
Professional services	201,007	141,615	159,056	501,678	446,215	86,036	532,251	1,033,929	844,871
Client assistance	362,945	-	-	362,945	-	-	-	362,945	458,951
<b>Total expenses</b>	<b>\$ 16,553,351</b>	<b>\$ 14,496,843</b>	<b>\$ 1,280,215</b>	<b>\$ 32,330,409</b>	<b>\$ 3,795,237</b>	<b>\$ 2,059,271</b>	<b>\$ 5,854,508</b>	<b>\$ 38,184,917</b>	<b>\$ 37,603,814</b>

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combined Statement of Functional Expenses  
For the Year Ended June 30, 2018

	Program Services			Supporting Services			Total Expenses	
	Community Social Services	Child Care Services	Behavioral Health and Addiction Treatment Services	Total Program Services	Management and General	Fundraising		Total Supporting Services
<b>Expenses:</b>								
Personnel and related costs	\$ 9,426,439	\$ 7,262,331	\$ 902,486	\$ 17,591,256	\$ 2,518,108	\$ 979,057	\$ 3,497,165	\$ 21,088,421
Family child care providers	-	4,526,788	-	4,526,788	-	-	-	4,526,788
Other expenses	741,773	992,494	117,840	1,852,107	445,544	650,351	1,095,895	2,948,002
In-kind	2,336,843	12,060	-	2,348,903	20,093	53,398	73,491	2,422,394
Occupancy	1,178,469	676,305	90,156	1,944,930	99,201	21,769	120,970	2,065,900
Depreciation	676,524	406,729	7,330	1,090,583	103,534	21,287	124,821	1,215,404
Supplies	414,890	552,482	4,838	972,210	28,777	14,971	43,748	1,015,958
Interpreter fees	1,017,125	-	-	1,017,125	-	-	-	1,017,125
Professional services	95,152	105,389	168,076	368,617	365,140	111,114	476,254	844,871
Client assistance	458,951	-	-	458,951	-	-	-	458,951
Total expenses	<u>\$ 16,346,166</u>	<u>\$ 14,534,578</u>	<u>\$ 1,290,726</u>	<u>\$ 32,171,470</u>	<u>\$ 3,580,397</u>	<u>\$ 1,851,947</u>	<u>\$ 5,432,344</u>	<u>\$ 37,603,814</u>

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 1. OPERATIONS AND NONPROFIT STATUS

#### Operations

The Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates (collectively, the Organization) is an affiliate of Catholic Social Services, Inc. (CSS), its sole corporate member. CSS is a not-for-profit corporation under the auspices of the Roman Catholic Archdiocese of Boston (RCAB). The following is a summary of entities which are included in the Organization's combined financial statements:

*Catholic Charitable Bureau of the Archdiocese of Boston, Inc. (the Agency)*, a Massachusetts not-for-profit corporation under the auspices of the RCAB, provides emergency response and professional health, welfare, education, and social services to families, children, individuals, and older adults.

*West Broadway Community Development Corporation, Inc. (WBCDC)* is a not-for-profit corporation that was organized during fiscal year 2001 for the purpose of owning real estate for the Organization's Shaughnessy Family Center at Laboure. WBCDC commenced operations in October 2002.

*Columbia Road Community Development Corporation, Inc. (CRCDC)* is a not-for-profit corporation that was organized during fiscal year 2005 for the purpose of owning real estate for the Organization's Yawkey Center. CRCDC commenced operations in July 2004.

The Organization has historically relied on financial support from donors and related parties (see Note 10). The accompanying combined financial statements have been prepared assuming such support will continue in the future.

#### Nonprofit Status

The Agency is listed within *The Official Catholic Directory*. As such, the Agency derives its Internal Revenue Code (IRC) Section 501(c)(3) tax-exempt status from the group tax-exemption of the Roman Catholic Church. WBCDC and CRCDC have previously been determined by the Internal Revenue Service (IRS) to be organizations described in IRC Section 501(c)(2) and, therefore, are exempt from taxation under IRC Section 501(a). WBCDC and CRCDC are not private foundations due to their recognition by the IRS as organizations described in IRC Section 501(c)(2). Although the Agency is exempt from income taxes, certain employee benefits and other rental income are considered unrelated business income and are subject to taxes under the IRC and Massachusetts General Law at applicable corporate rates. Unrelated business income for these activities for the years ended June 30, 2019 and 2018, was nominal.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The Organization prepares its combined financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Principles of Combination

The combined financial statements include the accounts of the Agency and its controlled affiliates. Significant intercompany accounts and transactions among the combined organizations have been eliminated in preparing the combined financial statements.

#### Recently Adopted Accounting Pronouncement

During fiscal year 2019, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU modified the current guidance over several criteria, of which the following affected the Organization's combined financial statements:

- Net assets are segregated into two categories, "with donor restrictions" and "without donor restrictions", as opposed to the previous requirement of three classes of net assets.
- Qualitative and quantitative information relating to management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the combined statement of financial position date.
- A more detailed explanation of the methods used to allocate costs among program and supporting services.

The adoption of this ASU did not impact the Organization's net asset classes, results of operations, or cash flows for the year ended June 30, 2018. This ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit disclosures about liquidity and availability of resources for fiscal year 2018.

#### Combined Statements of Activities and Changes in Net Assets

The combined statements of activities and changes in net assets present operating revenues and expenses from program activities as changes in net assets from operations. Gains from the sale of property and equipment, endowment contributions, all investment returns in excess of the earnings used for operations under the spending policy, amounts recorded in connection with the defined benefit pension plan (see Note 7), changes in the fair value of beneficial interests in perpetual trusts and contributions for property and equipment are included as non-operating revenue (expenses) in the accompanying combined statements of activities and changes in net assets.

#### Use of Estimates

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

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Asset Classifications

##### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

**Operating - working capital net assets** - represent funds available to carry on the operations of the Organization which bear no external restrictions.

**Operating - pension plan net assets** - represent pension plan activity in accordance with ASC Topic, *Compensation - Retirement Benefits* (see Note 7).

**Property and equipment net assets** - reflect and account for the activities relating to the Organization's property and equipment, net of related debt.

**Board designated net assets** - represent amounts set aside by the Board of Trustees that may only be used with the approval of the Board of Trustees. Board designated net assets are restricted for future capital expenditures.

##### *Net Assets With Donor Restrictions*

Net assets with donor restrictions are those net assets whose use by the Organization has been limited by donors for a specific period or purpose. There are certain net assets with donor restrictions that have been restricted by donors to be maintained by the Organization in perpetuity (see Notes 12 and 13).

#### Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date of the gift, if received, or when the conditional promise becomes unconditional. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same fiscal year of receipt are reported as contributions without donor restrictions in the accompanying combined statements of activities and changes in net assets.

#### Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Fair Value Measurements (Continued)**

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

#### **Cash and Cash Equivalents**

The Organization considers all highly liquid securities purchased with initial maturities of three months or less, other than investments limited as to use, to be cash and cash equivalents. Cash equivalents are considered Level 1 in the fair value hierarchy.

#### **Investments**

Investments are recorded in the combined financial statements at fair value. If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year.

A summary of inputs used in valuing the Organization's investments as of June 30, 2019 and 2018, is included in Note 3.

Investments - Common Investment Fund (CIF) (see Note 3) represent the Organization's unit holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the Common Investment Fund), a separate related organization established to provide a common investment pool in which the Organization and other related organizations may participate. The Common Investment Fund invests nearly all of its funds in the RCAB Collective Investment Partnership (the Investment Partnership); the underlying investments of which are primarily equity and fixed-income securities (U.S. Government and agency securities, asset-backed securities and corporate bonds) owned either directly or indirectly through mutual funds and private investment entities.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Fair Value Measurements** (Continued)

##### ***Investments*** (Continued)

The fair value of the Investment Partnership's investments in actively traded domestic securities is determined by State Street Corporation. Securities listed on a securities exchange for which market quotations are readily available are valued at the last sales price or official closing price on each business day, or, if there is no such reported sale or official closing price, at the most recent quoted bid price. Securities which are primarily traded on foreign exchanges are generally valued at the preceding closing values of such securities on their respective exchanges and those values are then translated into U.S. dollars at the current exchange rate. Investments in traded foreign securities are valued by State Street Corporation at the mean between bid and asked prices. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by State Street Corporation from principal market makers in those securities or at fair value as determined in good faith by management.

Investment holdings of private investment entities that are not actively traded are valued by the managers of these entities at the net asset value per share. In accordance with such guidance, the Investment Partnership has the ability to measure the fair value of an investment in an investee based on the investee's net asset value per share or its equivalent.

##### ***Split-Interest Agreement Liability***

The Organization has gift annuities totaling \$420,000 and \$100,000 at June 30, 2019 and 2018, respectively, that were given to the Organization on the condition that the Organization bind itself to make periodic stipulated payments to the donor. Payments terminate upon death of the donor. A liability for split-interest obligations is recorded when the split-interest agreement is established at the estimated net present value of future cash flows using a risk-adjusted discount rate commensurate with the duration of the estimated payments. The present value of the liability was \$226,197 and \$52,339 as of June 30, 2019 and 2018, respectively. The inputs used to estimate the fair value are considered Level 3 in the fair value hierarchy.

##### ***Beneficial Interests in Perpetual Trusts***

The Organization is a beneficiary of certain trusts that have been established by donors with funds contributed to be held in perpetuity. Under provisions of the trusts, the Organization receives, annually, income on the trusts' assets, as stipulated by the donor, which can be utilized in any way that is consistent with the Organization's mission. Distributions are recorded as investment income without donor restrictions in the combined statements of activities and changes in net assets. Changes in market value, as determined using Level 1 (fair value of trust assets) and Level 3 (the Organization's beneficial interest percentage) inputs, are recorded as increases or decreases to net assets with donor restrictions in the accompanying combined statements of activities and changes in net assets.

##### ***All Other Assets and Liabilities***

The carrying value of all other qualifying assets and liabilities, including notes payable, does not differ materially from its estimated fair value. These qualifying assets and liabilities are considered Level 1 in the fair value hierarchy.

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are recorded at the invoiced amount, do not bear interest and are due on demand. The allowance for doubtful accounts is based on management's best estimate of the amount of probable losses in accounts receivable. The allowance is based on specific identification of probable losses and an estimate of additional losses based on historical write-off experience. Management reviews the allowance for doubtful accounts monthly. Past due balances over 120 days and over a specified amount are reviewed individually for collectability. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

**Pledges and Bequests Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at fair value at the date the promise is received and included in pledges and bequests receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows net of an allowance for uncollectable amounts. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received.

**Investment Return and Spending Policy**

The Organization has approved a formal spending policy in which up to 5% of the average investment portfolio's market value, excluding specific amounts with donor restrictions, using a rolling quarterly average for the preceding three years is applied to operations (see Notes 3 and 13).

Investment income from net assets without donor restrictions and investment income from beneficial interests in perpetual trusts are reported as revenue without donor restrictions. Restricted investment income and gains (losses) on investments held in perpetuity are reported as increases (decreases) in net assets with donor restrictions, unless donor-restricted in perpetuity (change in fair value of beneficial interests in perpetual trusts), in which case they are recorded as increases (decreases) in net assets with donor restrictions in perpetual nature. Net gains on net assets with donor restrictions are classified as net assets with donor restrictions until appropriated under the spending policy by the Board of Trustees and expended. Investment interest and gains (losses) on investments of net assets with donor restrictions are reported as increases (decreases) in net assets with donor restrictions. Investment earnings without donor restrictions used for operations in accordance with the spending policy are reflected as operating income and as a decrease in non-operating revenue (expenses).

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

**Property and Equipment**

Property and equipment are stated at cost. Maintenance, repairs and minor renewals are expensed as incurred, and major renewals and renovations over the Organization's capitalization policy of \$2,000 are capitalized. When an asset is retired or disposed of, the related cost and accumulated depreciation or amortization are removed from the accounts and any gain or loss on the disposition is reflected in non-operating revenue (expenses) in the accompanying combined statements of activities and changes in net assets.



## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment (Continued)

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment losses recorded during the years ended June 30, 2019 and 2018. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less the anticipated cost to sell.

#### Depreciation

Depreciation is calculated by use of the straight-line method. Buildings and equipment are depreciated over the useful lives of the assets; leasehold improvements and leased property under capital leases are depreciated over the terms of the leases or the useful lives of the assets, if shorter. Land is not depreciated. Estimated useful lives are as follows:

Buildings and improvements	20 - 40 years
Equipment	3 - 10 years
Vehicles	5 - 7 years
Leasehold improvements	Life of the lease

#### Expense Allocation

Expenses related directly to a program or function are distributed to that program or function, while other expenses are allocated based upon management's estimate of the percentage attributable to each program or function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and supplies and information technology costs, which are allocated based on usage studies conducted annually.

#### Donated Materials and Services

Donated materials and services are reflected as contributions and fundraising revenue and as assets or expenses at the date of receipt in amounts equal to their estimated fair values. Contributions and expenses in the amount of \$390,138 for the years ended June 30, 2019 and 2018, have been recorded for the use of office or other building space donated by RCAB and other parties. These amounts are based on the fair rental value of similar space in the respective areas.

In addition, other donated materials and services totaling \$1,765,759 and \$2,032,256 for the years ended June 30, 2019 and 2018, respectively, were received from individuals and organizations and are included in contributions and fundraising in the accompanying combined statements of activities and changes in net assets.

The Organization receives services of volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying combined financial statements since the value assigned to these services by the donating volunteers is not ascertainable and does not meet the criteria recognition of *Accounting for Contributions Received and Contributions Made* standard.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Legacies and Bequests

The Organization is occasionally named as the beneficiary under various wills and trust agreements; the total realizable amounts of which are not presently determinable. Such bequests are recorded when there is an irrevocable right to the bequest and the proceeds are determinable. These amounts were without donor restrictions and are included in contributions and fundraising in the accompanying combined statements of activities and changes in net assets. Total bequests received or committed were \$593,931 and \$1,513,982 for the years ended June 30, 2019 and 2018, respectively.

#### Program Service Fees

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates and per-unit payments. Fee-for-service revenue is reported at the estimated net realizable amounts from individuals, third-party payors, and others for services rendered. Certain elements of third-party reimbursements are subject to negotiation and/or final determination by third-party payors. Variances between preliminary estimates of net revenue and final third-party payment determinations are included in the combined statements of activities and changes in net assets in the year in which the change in estimate occurs. The Organization also provides care to individuals who meet certain income criteria at amounts less than its established rates. The amount of charges foregone for these services is reported as a reduction of revenue. Program service fee revenue is recognized on the accrual basis as the services are performed.

#### Contract Revenue

Contract revenue is recognized in the period the contracted services are provided.

#### Special Events

The Organization hosts special event fundraisers throughout the year. During fiscal years 2019 and 2018, \$170,450 and \$139,970, respectively, of direct fundraising event revenue and contributions generated from fundraising events of \$1,168,719 and \$1,273,042 are included in contributions and fundraising revenue in the accompanying combined statements of activities and changes in net assets for the years ended June 30, 2019 and 2018, respectively. The direct expenses related to special events for the years ended June 30, 2019 and 2018, were \$328,724 and \$312,210, respectively, and are included in other expense and supplies in the accompanying combined statements of functional expenses.

#### Advertising Costs

The Organization expenses advertising costs as incurred. Total advertising costs were \$12,767 and \$23,416 for the years ended June 30, 2019 and 2018, respectively, and are included in other expenses in the accompanying combined statements of functional expenses.

#### Subsequent Events

Subsequent events have been evaluated through November 6, 2019, which is the date the combined financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the combined financial statements.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Notes to Combined Financial Statements  
June 30, 2019 and 2018

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at June 30, 2019 and 2018. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

**3. INVESTMENTS**

The Organization's unit holdings in the CIF do not have quoted prices in active markets or significant other observable inputs that have quoted market prices, although the Organization can redeem its investments at the net asset value per share at June 30, 2019 and 2018. In accordance with ASC Subtopic 820-10, *Fair Value Measurements*, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying combined statements of financial position (see Note 2). The Organization estimates the fair value of its unit holdings in the CIF based on the Organization's share of the underlying investment portfolio that consists of actively-traded equities, bonds, private investment entities, mutual funds, and money market funds.

	<b>2019</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Money market funds	\$ 237,055	\$ -	\$ -	\$ 237,055
Common stock	44,407	-	-	44,407
Mutual funds - equity investments:				
Large cap value	2,703,688	-	-	2,703,688
Large cap blend	2,361,292	-	-	2,361,292
Large cap growth	952,000	-	-	952,000
Other	835,022	-	-	835,022
Total mutual funds - equity investments	6,852,002	-	-	6,852,002
Mutual funds - fixed income:				
Intermediate term bonds	2,057,488	-	-	2,057,488
High yield bonds	1,272,005	-	-	1,272,005
Long-term bonds	1,677,584	-	-	1,677,584
Total mutual funds - fixed income	5,007,077	-	-	5,007,077
Investments - Common Investment Fund (CIF)*	-	-	-	2,239,373
<b>Total</b>	<b>\$ 12,140,541</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,379,914</b>

\* Included in Investments - CIF is \$420,000 of assets pertaining to gift annuities.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Notes to Combined Financial Statements  
June 30, 2019 and 2018

**3. INVESTMENTS (Continued)**

	<b>2018</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Money market funds	\$ 63,246	\$ -	\$ -	\$ 63,246
Common stock	44,407	-	-	44,407
Mutual funds - equity investments:				
Large cap value	2,625,540	-	-	2,625,540
Large cap blend	2,080,353	-	-	2,080,353
Large cap growth	903,553	-	-	903,553
Other	826,267	-	-	826,267
Total mutual funds - equity investments	6,435,713	-	-	6,435,713
Mutual funds - fixed income:				
Intermediate term bonds	1,921,508	-	-	1,921,508
High yield bonds	1,913,418	-	-	1,913,418
Long-term bonds	1,554,938	-	-	1,554,938
Total mutual funds - fixed income	5,389,864	-	-	5,389,864
Investments – Common Investment Fund (CIF)*	-	-	-	1,495,639
<b>Total</b>	<b>\$ 11,933,230</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,428,869</b>

\* Included in Investments - CIF is \$100,000 of assets pertaining to a gift annuity.

A portion of the Organization's investments is collateral for a line of credit (see Note 6).

**4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<b>2019</b>	<b>2018</b>
Land	\$ 306,887	\$ 306,887
Buildings and improvements	29,102,480	29,036,088
Equipment	6,311,951	5,854,043
Vehicles	358,376	405,561
Leasehold improvements	1,641,400	1,621,930
	37,721,094	37,224,509
Construction in process	37,303	247,179
Less - accumulated depreciation	(18,723,682)	(17,556,403)
	<b>\$ 19,034,715</b>	<b>\$ 19,915,285</b>

Construction in process as of June 30, 2019 and 2018, represents primarily the cost of information technology infrastructure and equipment upgrades.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 5. PLEDGES AND BEQUESTS RECEIVABLE

Pledges and bequests receivable were as follows at June 30:

	<u>2019</u>	<u>2018</u>
Due in less than one year	\$ 905,217	\$ 792,500
Due in one to seven years	<u>2,210,650</u>	<u>270,000</u>
	3,115,867	1,062,500
Less - allowance for doubtful accounts	155,793	-
Less - discount to present value of future cash flows and allowance	<u>74,490</u>	<u>19,148</u>
	<u>\$ 2,885,584</u>	<u>\$ 1,043,352</u>

A discount rate of 1.8% and 4.3%, representing the Organization's risk-free rate, was used to discount multi-year pledges and bequests receivable at June 30, 2019 and 2018, respectively.

### 6. MORTGAGE AND NOTES PAYABLE

During fiscal year 2019, the Organization renegotiated and increased the line of credit available that allows maximum borrowings from \$3,000,000 to \$4,000,000, and the note was extended to December 31, 2020. There was \$1,602,781 and \$1,714,609 outstanding on the line of credit at June 30, 2019 and 2018, respectively. Collateral for the line of credit includes \$2,900,000 of marketable securities included on the Organization's investment portfolio. The interest rate on the line of credit was the prime rate (5.50% and 5.00% as of June 30, 2019 and 2018, respectively), or the thirty-day London Interbank Offered Rate (LIBOR) (2.40% and 2.10% as of June 30, 2019 and 2018, respectively), plus 170 basis points, at the Organization's election. The amendment to the line of credit agreement signed during fiscal year 2019 increased the basis points in the interest rate calculation to 175.

The Organization has elected to calculate and accrue interest based on the thirty-day LIBOR rate, plus 175 basis points. The line of credit agreement places limitations on additional indebtedness, disposal of assets, and mergers, and specifies that certain financial covenants must be maintained. The Organization was in compliance with the financial and non-financial covenants as of June 30, 2019 and 2018.

On September 29, 2015, the Organization entered into a ten-year commercial mortgage note for \$600,000 for the renovation of a childcare facility in Lynn, Massachusetts (the Childcare Facility). The loan accrues interest at 5.4% per annum and requires monthly payments of \$3,677 through September 29, 2025, with a final balloon payment of \$452,086 due on the maturity date. This loan is secured by a first mortgage on the Childcare Facility. As of June 30, 2019 and 2018, the balance of this note was \$554,132 and \$566,552, respectively.

The Organization has a note payable to a third party with a 0% interest rate. The total balance of this notes payable as of June 30, 2019 and 2018, was \$73,546. This note payable is secured by a first mortgage on a property in Lowell, Massachusetts and matures on June 25, 2036.

During fiscal year 2019, the Organization entered into note payable to enhance and update certain building equipment. The note is payable over twenty-four months at a 0% interest rate with a public utility company. The payments will begin in fiscal 2020, and the outstanding balance at June 30, 2019, was \$10,645.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 6. MORTGAGE AND NOTES PAYABLE (Continued)

Aggregate maturities of mortgage and notes payable over the next five years are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 1,622,338
2021	\$ 20,305
2022	\$ 16,711
2023	\$ 16,711
2024	\$ 17,577

Interest expense was \$115,523 and \$90,880 for the years ended June 30, 2019 and 2018, respectively, and is included in other expenses in the accompanying combined statements of functional expenses.

### 7. RETIREMENT BENEFITS

#### Defined Benefit Plan

Prior to January 1, 2006, the Organization provided retirement benefits for substantially all employees through participation in a non-contributory, multi-employer, defined benefit pension plan administered by the Trustees of the Roman Catholic Archdiocese of Boston Pension Trust (the RCAB Plan). Effective December 31, 2005, the Organization froze its benefits and participation in the RCAB Plan.

The Trustees of the RCAB Plan provide an actuarial valuation of the present value of the accumulated plan benefits as of the end of each RCAB Plan year. The valuations indicate cumulative estimated funding deficits of \$2,429,000 and \$1,748,000 as of June 30, 2019 and 2018, respectively, and the Organization has recorded a liability equal to these amounts. The Organization renegotiated the freeze agreement during fiscal year 2012 with the Trustees of the RCAB Plan and is making payments into the RCAB Plan in accordance with terms of the agreement. The annual payments are intended to extinguish the unfunded liability of the RCAB Plan no later than the date the final payment is due, September 1, 2025.

Payment amounts are fixed per the agreement and are subject to change as of June 30, 2020. As of that date, the RCAB Plan's actuary will provide an updated unfunded liability calculation and re-amortize the remaining required payments through September 1, 2025. The actuarial valuation as of June 30, 2015, and re-amortization as required by the renegotiated freeze agreement requires a payment of \$91,000 annually beginning in fiscal year 2017 through fiscal 2020. If the unfunded liability should ever become zero or reflect a surplus, then the Organization's required payments to the RCAB Plan would be suspended.

During fiscal years 2019 and 2018, the Organization offered lump-sum distributions to certain vested participants as defined in the agreement. Amounts paid to those who opted to accept the lump-sum are included in benefits paid (see page 20).

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Notes to Combined Financial Statements  
June 30, 2019 and 2018

**7. RETIREMENT BENEFITS (Continued)**

Obligations, funded status and other information are as follows at June 30:

	<u>2019</u>	<u>2018</u>
Funded Status:		
Fair value of plan assets	\$ 16,601,000	\$ 16,241,000
Projected benefit obligation	<u>(14,172,000)</u>	<u>(17,989,000)</u>
Pension benefit liability	<u>\$ (2,429,000)</u>	<u>\$ (1,748,000)</u>
Other Disclosures:		
Employer contributions	<u>\$ 91,000</u>	<u>\$ 91,000</u>
Benefits paid	<u>\$ 1,435,000</u>	<u>\$ 1,568,000</u>
Funded status	<u>85%</u>	<u>90%</u>

The following assumptions were used to determine benefit obligations as of June 30, 2019 and 2018:

Weighted average discount rate	6.5%
Expected return on plan assets	6.5%

**Future Plan Benefit Payments**

The approximate benefits and employer contributions expected to be paid in the future are as follows:

	<u>Benefits</u>	<u>Employer Contributions</u>
2020	\$ 1,473,000	\$ 91,000
2021	\$ 1,459,000	\$ 91,000
2022	\$ 1,445,000	\$ 91,000
2023	\$ 1,398,000	\$ 91,000
2024	\$ 1,379,000	\$ 91,000
2025 - 2029	\$ 6,802,000	\$ 455,000

The following table discloses the funded status of the frozen RCAB Plan as a whole as of June 30, 2019, for all participant organizations in the RCAB Plan as of the date of the last actuarial valuation:

Actuarial present value of accumulated plan benefits	\$ 181,635,877
Fair value of Plan Assets	\$ 154,235,653
Total contributions in 2019	\$ 5,236,318
Funded status of the RCAB Pension Plan	85%

The risks of participating in a multi-employer plan are different from a single-employer plan because assets contributed to the plan by one employer may be used to provide benefits to employees of other participating organizations. If a participant employer suspended contributions to the plan, the unfunded obligations could be required to be borne by the remaining participant employers in the plan.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 7. RETIREMENT BENEFITS (Continued)

#### Defined Contribution Plan

Effective January 1, 2006, the Organization began providing retirement benefits for substantially all employees through a 403(b) defined contribution plan, (the 403(b) Plan). For employees who participated in the Defined Benefit Plan, the Organization contributes between 3% and 8% of eligible annual employees' compensation to the 403(b) Plan based on the employee's age and years of service as of the date of the freeze of the Defined Benefit Plan. For all other employees, employer contributions are 3% of eligible employees' compensation. The 403(b) Plan also allows additional discretionary matching contributions of up to 2% of employees' compensation by the Organization. These additional matching contributions were suspended for fiscal years 2019 and 2018. All contributions made by the Organization vest over a period of three years. The Organization's benefit expense for the 403(b) Plan totaled \$504,760 and \$451,131 for the years ended June 30, 2019 and 2018, respectively, and is included in personnel and related costs in the accompanying combined statements of functional expenses.

### 8. LEASES

The Organization rents certain office and program space from outside parties and the RCAB under operating lease agreements expiring at various dates through June 2026. Rent expense for all offices was \$896,466 and \$843,540 for the years ended June 30, 2019 and 2018, respectively, including in-kind rent totaling \$390,138 for the years then ended (see Notes 2 and 10). These amounts are included in occupancy in the accompanying combined statements of functional expenses.

The Organization leases certain office equipment and vehicles from outside parties under operating lease agreements expiring at various dates through May 2025. Lease expense for all equipment and vehicles was \$139,032 for the years ended June 30, 2019 and 2018, and is included in other expenses in the accompanying combined statements of functional expenses.

Future minimum lease payments under non-cancelable facility and equipment and vehicle leases consist of the following at June 30, 2019:

<u>Year Ending June 30,</u>	<u>Facility</u>	<u>Equipment and Vehicles</u>
2020	\$ 318,818	\$ 81,790
2021	314,606	33,648
2022	277,613	33,648
2023	259,523	33,648
2024	224,740	33,648
Thereafter	<u>405,110</u>	<u>14,020</u>
Total minimum lease payments	<u>\$ 1,800,410</u>	<u>\$ 230,402</u>

### 9. CONTINGENCIES

In conducting its activities, the Organization, from time-to-time, is the subject of various litigation and other potential claims. In management's opinion, the ultimate resolution of such matters will not have a material effect on the combined statements of financial position or combined statements of activities and changes in net assets as of and for the years ended June 30, 2019 and 2018.



## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 9. CONTINGENCIES (Continued)

#### Community Economic Development Assistance Corporation (CEDAC) Grant

The Organization received an Early Education and Out of School Time Capital Fund grant agreement for \$750,000 from CEDAC in September 2015 to pay for the construction costs associated with the renovation of its Massachusetts Department of Early Education and Care funded childcare facility. The grant was recorded as income in 2016. Under the terms of the agreement, the Organization must operate the property as a childcare facility with 25% of childcare slots reserved for low-income families for twenty-five years and four months commencing on September 29, 2015. Failure to meet this requirement will result in a liability to CEDAC. As of June 30, 2019, the Organization believes the remaining restriction will be met.

### 10. RELATED PARTIES

As discussed in Note 1, the Organization is organized under the auspices of RCAB. Certain transactions between the Organization and RCAB are described elsewhere in these notes to the combined financial statements. In addition, the Organization has the following transactions with RCAB:

The Organization received contributions through RCAB to support operations. These contributions totaled \$428,239 and \$428,108 for the years ended June 30, 2019 and 2018, respectively. The contributions included \$363,056 and 361,275 from Archdiocesan parish collections for the years ended June 30, 2019 and 2018, respectively.

RCAB donated office and building space with a fair rental value of \$390,138 for the years ended June 30, 2019 and 2018 (see Notes 1 and 8).

The Organization purchases all of its insurance policies (directors' and officers' liability, general liability, automobile, fire and theft, and workers' compensation) through RCAB from various insurance carriers with annual costs totaling \$369,459 and \$440,753 for the years ended June 30, 2019 and 2018, respectively. The amounts outstanding are non-interest bearing and are due on demand and totaled \$91 and \$48,312 at June 30, 2019 and 2018, respectively.

During fiscal years 2019 and 2018, the Organization received contributions and recorded pledges received through participation in the quiet phase of the Inspiring Hope Campaign, an RCAB capital campaign designed to raise significant funding for endowments, programs and capital needs to benefit virtually every institution in the Archdiocese. Contributions for operations totaled \$1,022,540 in 2019 and \$50,000 in 2018; gifts received for endowment totaled \$2,244,375 and \$475,000 in 2019 and 2018, respectively. Pledges secured through the campaign of \$4,442,309 and \$337,500 were received or secured during fiscal years 2019 and 2018 respectively. The endowment funds raised will be managed by the Catholic Community Foundation (CCF), another agency organized under RCAB, and invested as part of the Common Investment Fund (see Note 3). A memorandum of understanding was negotiated with RCAB outlining responsibilities of each party as part of this campaign.

During fiscal year 2019, a family member of the President was employed by the Organization and received a total of approximately \$25,000 in compensation. The family member does not report directly to the President.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 11. CONCENTRATIONS

The Organization derives a significant amount of its support and revenue without donor restrictions (approximately 51% and 49% for the years ended June 30, 2019 and 2018, respectively) from contracts negotiated with various agencies of the Commonwealth of Massachusetts (the "Commonwealth") and other governmental agencies. Therefore, the Organization is subject to the regulations and rate formulas of the Massachusetts Division of Purchased Services and other state agencies. These contracts are generally renewable on an annual basis, and there is no assurance that such contracts will be renewed in the future.

Accounts receivable include approximately 79% and 77% due from Federal and state agencies as of June 30, 2019 and 2018, respectively.

Certain amounts from Federal and state agencies are subject to possible audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined financial position of the Organization as of June 30, 2019 and 2018, or on its combined changes in net assets for the years then ended.

### 12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of donor-restricted gifts and contributions and investment return appropriated on restricted funds and are summarized as follows at June 30:

	<u>2019</u>	<u>2018</u>
Endowment assets to be held in perpetuity; the income from which is expendable for purposes designated by the donor (see Note 13)	\$ 6,077,209	\$ 3,832,834
Beneficial interests in perpetual trusts	4,902,280	4,928,362
Program services	3,350,639	2,829,526
Time restricted	1,453,432	929,191
Accumulated unspent investment return with donor restrictions	<u>962,060</u>	<u>876,357</u>
Total	<u>\$ 16,745,620</u>	<u>\$ 13,396,270</u>

During the years ended June 30, 2019 and 2018, the fair value of the beneficial interest in perpetual trusts changed by \$(26,082) and \$124,891, respectively.

### 13. ENDOWMENT

#### Interpretation of Relevant Law and Spending Policy

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requiring the preservation of the original value of the gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original gift value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**13. ENDOWMENT (Continued)**

**Interpretation of Relevant Law and Spending Policy (Continued)**

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as donor restricted net assets (purpose restricted) until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization 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 Organization 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.
- (7) The investment policies of the Organization.

Earnings on investments are appropriated using a total return spending policy. Investment income or loss is allocated to operating and non-operating activities under this policy. To preserve the investments' long-term value, up to five percent of the investment portfolio's average market value for the preceding three years, (twelve fiscal quarters), can be used to support operating activities. For the years ended June 30, 2019 and 2018, the Organization budgeted 5% spending of \$354,888 and \$352,428, respectively, to operations, excluding a specific investment vehicle with donor restrictions. Additionally, in fiscal year 2018, management proposed, and the Board of Trustees approved a one-time investment return appropriated of \$400,000 from a bequest restricted to basic needs and shelter services. The total spending policy and appropriation for fiscal years 2019 and 2018 of \$354,888 and \$752,428, respectively, is included in operating support, revenue and gains in the accompanying combined statements of activities and changes in net assets. The remaining investment income earned on the investment portfolio is included in non-operating revenue (expenses).

**Return Objectives and Risk Parameters**

The primary financial objectives of the Investment Portfolio are to provide a stream of relatively predictable, stable, and constant earnings in support of annual budgetary needs, to preserve and enhance the real, inflation adjusted, purchasing power of endowment assets, and to provide support for capital investment needs as they arise. To satisfy these objectives, the portfolio is managed to the total return concept, which envisions the sources of spending as being from interest, dividends, and capital gains. The investment portfolio is managed to provide for the long-term support of the Organization. To achieve its long-term investment objective, the portfolio should be invested primarily in equities, and will include asset classes to hedge against deflation and inflation. The purpose of diversification is to provide reasonable assurance that no manager, class of securities, or individual holding will have a disproportionate impact on the aggregate investment return. The asset allocation is to reflect the proper balance of the Organization's need for liquidity, preservation of purchasing power, and risk tolerance.

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 13. ENDOWMENT (Continued)

#### Strategies Employed for Achieving Objectives

Specific asset allocation targets and acceptable range of the percentage of portfolio investment by asset class have been defined in the Investment Policies and Procedures. The Organization targets an asset allocation strategy wherein assets are diversified among several asset classes. The investments are to be diversified by manager, by assets class, and within asset class (by economic sector, industry, quality, and size). Additionally, returns are to be measured against specified indexes as benchmarks. The purpose of the equity allocation is to provide a stream of current income and appreciation of principal that more than offsets inflation. The purpose of the fixed income allocation is to provide a steady stream of income relative to an all-equity fund and to provide a hedge against deflation. The Board Finance/Investment Committee shall review the asset allocation and rebalancing policy annually.

The following schedule summarizes the changes in the Organization's donor-restricted endowment:

Endowment net assets, June 30, 2017	<u>\$ 3,950,330</u>
Investment return	<u>153,585</u>
Appropriations to operations:	
Investment return appropriated for operations under the spending policy	(115,571)
Additional appropriations of investments earnings to be used for operations	<u>(400,000)</u>
Total appropriations to operations	<u>(515,571)</u>
Contributions	<u>475,000</u>
Transfer	<u>645,847</u>
Endowment net assets, June 30, 2018	4,709,191
Investment return	217,223
Appropriations to operations:	
Investment return appropriated for operations under the spending policy	(131,520)
Contributions	<u>2,244,375</u>
Endowment net assets, June 30, 2019	<u>\$ 7,039,269</u>

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 14. CONTINUING OPERATIONS

For the years ended June 30, 2019 and 2018, the Organization had operating results without donor restrictions of \$(1,006,194) and \$(621,313), respectively, including depreciation expense totaling \$1,214,458 and \$1,215,404 for the years ended June 30, 2019 and 2018, respectively. During fiscal year 2019, the Organization continued to take steps to reduce the annual operating deficit through a combination of increasing fundraising and reducing costs. Operating working capital net assets without donor restrictions decreased slightly from \$4,188,858 to \$4,048,809 from June 30, 2018 to June 30, 2019, but the Organization realized ongoing improvement in results from program operations with no additional investment return appropriated earnings in 2019, and significant increases in pledges and endowment resources for the future raised through the Inspiring Hope capital campaign (see Note 10).

The Organization has hired strategically to rebuild the advancement team and streamlined administrative staffing. The Organization is continuing to focus on discontinuing services that operate at a deficit, combining programs and staffing across sites, reducing expenses and pursuing strategic sources of fundraising for key programs to enhance contract and foundation revenue for services the Organization provides in partnership with the Commonwealth of Massachusetts. Investment in infrastructure to both real property and to Information Technology systems continues to ensure adequate information security, and to improve efficiency and productivity. The Organization continued to focus resources on programs while continuing to limit general and administrative costs to 15% of total spending. The Board of Trustees of the Organization has approved a break even budget for fiscal year 2020. Management has secured new contract funding for key programs, and is targeting specific fundraising initiatives to develop new sustainable sources of donations and enhance fundraising capacity.

### 15. NET ASSET TRANSFER

During fiscal year 2018, management of the Organization, along with management of the CCF, conducted research for the treatment of funds raised as part of the current RCAB capital campaign initiatives (see Note 10). New information was discovered regarding gifts received in the 1990's as part of a prior RCAB campaign. These gifts have been held by, managed and invested by CCF for the benefit of the Organization (see Notes 1 and 3). As a result, it was determined that these gifts should be included in the combined financial statements of the Organization. Accordingly, the Organization recorded investments and a net asset transfer totaling \$925,907 as of and for the year ended June 30, 2018. The net assets transferred were comprised of the following:

Without donor restrictions	\$ 280,060
With donor restrictions	349,680
With donor restrictions - to be held in perpetuity	<u>296,167</u>
Total	<u>\$ 925,907</u>

## CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements  
June 30, 2019 and 2018

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### 16. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the combined statement of financial position date for general operating expenses as of June 30, 2019, are as follows:

Cash and cash equivalents	\$ 185,858
Accounts receivable	3,162,088
Current portion of pledges receivable	577,225
Estimated fiscal year 2020 distribution from beneficial interest in perpetual trusts	315,000
Investments budgeted to be utilized during fiscal year 2020	<u>603,916</u>
Total financial assets	4,844,087
Less - assets with donor restrictions not expected to be utilized during fiscal year 2020	<u>(148,858)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,695,229</u>

The Organization relies on a diverse stream of government contractual revenue, contributions from donors, third-party payments, and individual payments related to Childcare, Community Interpreter services, and Behavioral health services. The Organization receives contributions with donor restrictions that require resources to be used in a particular manner or in a future period, therefore, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year. The Organization also has certain donor-restricted assets limited to use which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the financial assets available to meet cash needs for general expenditures within one year. As part of the Organization's liquidity management, availability of financial assets is structured to be able to meet general operating expenditures, liabilities and other obligations as they come due. Available cash is managed on a daily basis to minimize use of the line of credit. In the event of an unanticipated liquidity need, the Organization can draw upon its \$4,000,000 available line of credit (of which \$2,397,219 is available to be drawn at year end, see Note 6). In addition, the Board of Trustees may approve the use of the Board designated funds for operations at its discretion. Lastly, the Organization may appropriate additional funds from the restricted earnings on the endowment. As of June 30, 2019, the Organization has financial assets equal to approximately 1.6 months of operating expenses.

### 17. RECLASSIFICATIONS

Certain amounts in the fiscal year 2018 combined financial statements have been reclassified to conform with the fiscal year 2019 presentation.

**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES**

Combining Statement of Financial Position  
June 30, 2019

<b>Assets</b>	<b>The Agency</b>	<b>WBCDC</b>	<b>CRCDC</b>	<b>Eliminations</b>	<b>Combined Total</b>
Cash and Cash Equivalents	\$ 185,858	\$ -	\$ -	\$ -	\$ 185,858
Accounts Receivable, net of allowance for doubtful accounts of approximately \$87,000	3,162,088	-	-	-	3,162,088
Due from Affiliates	7,363,978	-	-	(7,363,978)	-
Pledges and Bequests Receivable, net	2,885,584	-	-	-	2,885,584
Investments	14,379,914	-	-	-	14,379,914
Beneficial Interests in Perpetual Trusts	4,902,280	-	-	-	4,902,280
Property and Equipment, net	8,379,458	4,867,248	5,788,009	-	19,034,715
Other Assets	221,482	-	-	-	221,482
<b>Total assets</b>	<b>\$ 41,480,642</b>	<b>\$ 4,867,248</b>	<b>\$ 5,788,009</b>	<b>\$ (7,363,978)</b>	<b>\$ 44,771,921</b>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Accounts payable, accrued expenses and other	\$ 2,740,740	\$ -	\$ -	\$ -	\$ 2,740,740
Split-interest agreement liability	226,197	-	-	-	226,197
Due to Catholic Charitable Bureau of the Archdiocese of Boston, Inc.	-	1,372,304	5,991,674	(7,363,978)	-
Mortgage and notes payable	2,241,104	-	-	-	2,241,104
Pension benefits liability	2,429,000	-	-	-	2,429,000
<b>Total liabilities</b>	<b>7,637,041</b>	<b>1,372,304</b>	<b>5,991,674</b>	<b>(7,363,978)</b>	<b>7,637,041</b>
Net Assets:					
Without donor restrictions:					
Operating:					
Working capital	4,048,809	-	-	-	4,048,809
Pension plan	(2,429,000)	-	-	-	(2,429,000)
<b>Total operating</b>	<b>1,619,809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,619,809</b>
Property and equipment	15,034,246	3,494,944	(203,665)	-	18,325,525
Board designated	443,926	-	-	-	443,926
<b>Total without donor restrictions</b>	<b>17,097,981</b>	<b>3,494,944</b>	<b>(203,665)</b>	<b>-</b>	<b>20,389,260</b>
<b>With donor restrictions</b>	<b>16,745,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,745,620</b>
<b>Total net assets</b>	<b>33,843,601</b>	<b>3,494,944</b>	<b>(203,665)</b>	<b>-</b>	<b>37,134,880</b>
<b>Total liabilities and net assets</b>	<b>\$ 41,480,642</b>	<b>\$ 4,867,248</b>	<b>\$ 5,788,009</b>	<b>\$ (7,363,978)</b>	<b>\$ 44,771,921</b>

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combining Statement of Activities  
For the Year Ended June 30, 2019

	The Agency		WBCDC	CRCDC	Eliminations	Combined Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
<b>Operating Support, Revenue and Gains:</b>						
Contributions and fundraising:						
Contributions and fundraising	\$ 5,643,969	\$ 1,728,753	\$ -	\$ -	\$ -	\$ 7,372,722
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of \$390,138)	1,729,010	1,099,740	-	-	-	2,828,750
Contributions from United Way organizations	746,946	-	-	-	-	746,946
Total contributions and fundraising	<u>8,119,925</u>	<u>2,828,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,948,418</u>
Program service fees, grants and contract revenue:						
Individuals	5,756,136	-	-	-	-	5,756,136
Medicaid and Medicare	983,165	-	-	-	-	983,165
Commercial insurance fees	142,938	-	-	-	-	142,938
Contract revenue from governmental and other agencies	18,830,761	-	-	-	-	18,830,761
Grants	808,302	-	-	-	-	808,302
Total program service fees, grants and contract revenue	<u>26,521,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,521,302</u>
Investment return appropriated for operations	354,888	-	-	-	-	354,888
Investment and miscellaneous income	181,747	-	209,844	221,604	(431,448)	181,747
Net assets released from purpose restrictions	1,071,670	(1,071,670)	-	-	-	-
Net assets released from time restrictions	929,191	(929,191)	-	-	-	-
Subtotal	<u>2,537,496</u>	<u>(2,000,861)</u>	<u>209,844</u>	<u>221,604</u>	<u>(431,448)</u>	<u>536,635</u>
Total operating support, revenue and gains	<u>37,178,723</u>	<u>827,632</u>	<u>209,844</u>	<u>221,604</u>	<u>(431,448)</u>	<u>38,006,355</u>
<b>Operating Expenses:</b>						
Program services:						
Community social services	16,553,351	-	99,388	117,531	(216,919)	16,553,351
Child care services	14,496,843	-	48,859	86,086	(134,945)	14,496,843
Behavioral health and addiction treatment services	1,280,215	-	-	-	-	1,280,215
Total program services	<u>32,330,409</u>	<u>-</u>	<u>148,247</u>	<u>203,617</u>	<u>(351,864)</u>	<u>32,330,409</u>
Supporting services:						
Management and general	3,795,237	-	56,386	12,478	(68,864)	3,795,237
Fundraising	2,059,271	-	5,211	5,509	(10,720)	2,059,271
Total supporting services	<u>5,854,508</u>	<u>-</u>	<u>61,597</u>	<u>17,987</u>	<u>(79,584)</u>	<u>5,854,508</u>
Total operating expenses	<u>38,184,917</u>	<u>-</u>	<u>209,844</u>	<u>221,604</u>	<u>(431,448)</u>	<u>38,184,917</u>
Changes in net assets from operations	(1,006,194)	827,632	-	-	-	(178,562)
<b>Non-Operating Revenue (Expenses):</b>						
Endowment contributions	-	2,244,375	-	-	-	2,244,375
Investment earnings	492,699	434,945	-	-	-	927,644
Gain on sale of property and equipment	18,124	-	-	-	-	18,124
Contributions for long-term purposes - capital	12,500	-	-	-	-	12,500
Change in fair value of beneficial interests in perpetual trusts	-	(26,082)	-	-	-	(26,082)
Investment return appropriated for operations	(223,368)	(131,520)	-	-	-	(354,888)
Pension related changes other than net periodic pension cost	(772,132)	-	-	-	-	(772,132)
Changes in net assets	<u>\$ (1,478,371)</u>	<u>\$ 3,349,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,870,979</u>