Catholic Charities of the Archdiocese of Chicago

Combined Financial Statements as of and
for the Years Ended June 30, 2019 and 2018,
Supplementary Information as of and for the
Year Ended June 30, 2019, and
Independent Auditors' Report

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

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INDEPENDENT AUDITORS' REPORT

His Eminence Cardinal Blase J. Cupich Archbishop of Chicago
The Board of Directors of
Catholic Charities of the Archdiocese of Chicago:

We have audited the accompanying combined financial statements of Catholic Charities of the Archdiocese of Chicago ("Catholic Charities"), 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, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 Catholic Charities' 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 Catholic Charities' 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 Charities as of June 30, 2019 and 2018, and the combined changes in their net assets and their combined cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in the current year, Catholic Charities has adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not for Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our 2019 audit was conducted for the purpose of forming an opinion on the 2019 combined financial statements as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of combined financial statements. This supplementary information is the responsibility of Catholic Charities' management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2019 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, such information is fairly stated, in all material respects, in relation to the 2019 combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2019, on our consideration of Catholic Charities' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Catholic Charities' internal control over financial reporting and compliance.

Deloitte & Touche LLP

December 18, 2019

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 23,260,711	$ 21,350,888
Program receivables—net of allowance for doubtful accounts—$2,042,139 and $646,813 in 2019 and 2018, respectively	18,655,236	25,050,133
Legacies and pledges receivable—net	1,190,088	1,108,403
United Way receivable	1,174,594	1,396,082
Prepaid and other assets	1,747,944	1,669,440
Due from affiliates—net	1,996,395	1,507,758
Total current assets	48,024,968	52,082,704
INVESTMENTS	94,356,554	95,546,245
INVESTMENT IN AFFILIATES	526,476	632,210
LOANS RECEIVABLE	4,145,692	5,434,850
LONG-TERM LEGACIES AND PLEDGES RECEIVABLE—Net	76,157	334,359
SPLIT-INTEREST TRUST AGREEMENTS	652,889	834,942
ASSETS WHOSE USE IS LIMITED	12,815,956	11,481,272
LAND, BUILDINGS, AND EQUIPMENT—Net	175,978,557	177,648,471
TOTAL ASSETS	$ 336,577,249	$ 343,995,053

(Continued)

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	2019	2018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued compensation	$ 15,585,865	$ 12,225,275
Interest payable	97,891	102,137
Due to governmental agencies	2,562,901	4,664,719
Current portion of deferred revenue and other liabilities	795,899	1,111,148
Current portion of gift annuities payable	263,118	261,484
Current portion of postretirement benefits liability	1,332,485	1,437,208
Current portion of long-term debt	322,644	377,616
Total current liabilities	20,960,803	20,179,587
SECURITY DEPOSITS	688,324	701,992
GIFT ANNUITIES PAYABLE	1,445,354	1,482,534
OTHER LIABILITIES	729,817	722,749
PENSION LIABILITY	78,394,300	60,256,413
POSTRETIREMENT BENEFITS LIABILITY	18,684,798	20,515,008
REFUNDABLE GRANT ADVANCES	154,394,908	154,394,908
LONG-TERM DEBT—Net	20,517,072	20,023,511
Total liabilities	295,815,376	278,276,702
NET ASSETS (DEFICIT):		
Without donor restrictions:		
Undesignated	(44,676,648)	(22,001,993)
Designated by the Board for endowment	65,463,281	65,167,127
With donor restrictions:		
Temporary in nature	12,894,733	15,214,262
Perpetual in nature	7,193,439	7,338,955
Endowment funding below corpus	(112,932)	-
Total net assets	40,761,873	65,718,351
TOTAL LIABILITIES AND NET ASSETS	$ 336,577,249	$ 343,995,053

See notes to combined financial statements.

(Concluded)

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:			
Fees and grants from governmental agencies	$138,868,971	$ -	$138,868,971
Program service fees	19,855,959	-	19,855,959
Program-related contributions	2,377,892	2,441,625	4,819,517
Program-related in-kind donations	1,209,124	-	1,209,124
United Way pledges	321,223	1,103,110	1,424,333
Net assets released from restrictions	3,564,986	(3,564,986)	-
Total revenue	166,198,155	(20,251)	166,177,904
EXPENSES:			
Education and training	10,269,147	-	10,269,147
Nutrition	54,160,022	-	54,160,022
Basic human needs	11,331,301	-	11,331,301
Housing	35,155,457	-	35,155,457
Counseling and case management	36,811,645	-	36,811,645
Senior care	28,622,170	-	28,622,170
Management and general	15,789,166	-	15,789,166
Fundraising	2,444,773	-	2,444,773
Total expenses	194,583,681	-	194,583,681
LOSS FROM PROGRAM OPERATIONS	(28,385,526)	(20,251)	(28,405,777)
SUPPORT:			
Contributions	8,498,824	242,537	8,741,361
Special events—net of special event expenses—$1,936,635	4,014,512	-	4,014,512
In-kind donations	33,877	-	33,877
Bequests	3,339,212	415,841	3,755,053
Net assets released from restrictions	3,017,942	(3,017,942)	-
Total support	18,904,367	(2,359,564)	16,544,803
OTHER REVENUE (EXPENSE):			
Interest and dividends on investments—net	2,046,100	29,087	2,075,187
Net realized gain on investments	1,080,333	38	1,080,371
Net unrealized gain on investments	1,081,749	115,341	1,197,090
Net assets released from restrictions	160,575	(160,575)	-
Change in fair value of split-interest trusts	-	(182,053)	(182,053)
Inherent contribution—net of loan forgiveness	809,621	-	809,621
Other expense	(596,524)	-	(596,524)
Total other revenue (expense)	4,581,854	(198,162)	4,383,692
DECREASE IN NET ASSETS BEFORE RETIREMENT BENEFIT CHANGES OTHER THAN NET PERIODIC COST	(4,899,305)	(2,577,977)	(7,477,282)
RETIREMENT BENEFIT CHANGES OTHER THAN NET PERIODIC COST	(17,479,196)	-	(17,479,196)
DECREASE IN NET ASSETS	(22,378,501)	(2,577,977)	(24,956,478)
NET ASSETS—Beginning of year	43,165,134	22,553,217	65,718,351
NET ASSETS—End of year	$ 20,786,633	$19,975,240	$ 40,761,873

See notes to combined financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:			
Fees and grants from governmental agencies	$143,210,470	$ -	$143,210,470
Program service fees	20,069,787	-	20,069,787
Program-related contributions	2,434,638	1,897,856	4,332,494
Program-related in-kind donations	1,265,520	-	1,265,520
United Way pledges	320,310	-	320,310
Net assets released from restrictions	3,235,088	(3,235,088)	-
Total revenue	170,535,813	(1,337,232)	169,198,581
EXPENSES:			
Education and training	10,014,421	-	10,014,421
Nutrition	56,729,557	-	56,729,557
Basic human needs	10,863,795	-	10,863,795
Housing	32,998,797	-	32,998,797
Counseling and case management	36,049,203	-	36,049,203
Senior care	27,335,826	-	27,335,826
Management and general	15,494,159	-	15,494,159
Fundraising	2,346,719	-	2,346,719
Total expenses	191,832,477	-	191,832,477
LOSS FROM PROGRAM OPERATIONS	(21,296,664)	(1,337,232)	(22,633,896)
SUPPORT:			
Contributions	6,234,045	2,194,628	8,428,673
Special events—net of special event expenses—$1,850,526	4,748,867	-	4,748,867
In-kind donations	150,000	-	150,000
Bequests	4,683,287	2,385,974	7,069,261
Net assets released from restrictions	8,739,633	(8,739,633)	-
Total support	24,555,832	(4,159,031)	20,396,801
OTHER REVENUE (EXPENSE):			
Interest and dividends on investments	1,816,021	38,235	1,854,256
Net realized gain (loss) on investments	290,102	(44,832)	245,270
Net unrealized gain (loss) on investments	3,567,743	(11,397)	3,556,346
Net assets released from restrictions	89,466	(89,466)	-
Change in fair value of split-interest trusts	-	81,094	81,094
Loss on disposal of land, building and equipment	(10,061)	-	(10,061)
Other revenue	1,032,332	-	1,032,332
Total other revenue (expense)	6,785,603	(26,366)	6,759,237
INCREASE (DECREASE) IN NET ASSETS BEFORE RETIREMENT BENEFIT CHANGES OTHER THAN NET PERIODIC COST	10,044,771		4,522,142
RETIREMENT BENEFIT CHANGES OTHER THAN NET PERIODIC COST	29,873,781	-	29,873,781
INCREASE (DECREASE) IN NET ASSETS	39,918,552	(5,522,629)	34,395,923
NET ASSETS—Beginning of year	3,246,582	28,075,846	31,322,428
NET ASSETS—End of year	$ 43,165,134	$22,553,217	$ 65,718,351

See notes to combined financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

	2019									
	Programs						Supporting Services			
	Education & Training	Nutrition	Basic Human Needs	Housing	Counseling & Case Management	Senior Care	Management and General	Fund-Raising	Total	2018 Total
EXPENSES:										
Salaries	$ 6,034,061	$10,681,549	$ 4,816,488	$ 7,721,529	$21,560,043	$16,767,436	$ 8,771,933	$ 1,440,875	$ 77,793,914	$ 75,336,893
Employee benefits and payroll taxes	2,126,152	3,472,949	1,557,040	2,707,233	7,050,365	4,185,353	2,830,496	410,875	24,340,463	23,776,051
Total salaries and related expenses	8,160,213	14,154,498	6,373,528	10,428,762	28,610,408	20,952,789	11,602,429	1,851,750	102,134,377	99,112,944
Food purchases	7,487	27,454,291	57,324	89,008	8,265	569,104	-	-	28,185,479	30,917,858
Specific assistance to individuals	140,603	11,490	1,274,207	9,186,312	1,684,983	51,570	-	19,143	12,368,308	12,323,072
Occupancy	556,377	5,024,557	654,077	4,006,109	1,805,102	291,510	1,110,581	158,779	13,607,092	13,260,528
Supplies	241,751	796,974	218,208	1,250,979	1,020,225	1,050,053	665,995	121,280	5,365,465	5,866,787
Professional fees and contract service payments	417,480	4,734,316	935,561	4,429,666	1,677,493	2,368,882	1,588,046	351,021	16,502,465	15,604,544
Telephone	112,305	389,656	124,139	361,779	525,478	154,290	270,984	62,858	2,001,489	1,944,649
Outside printing	11,258	52,280	18,584	37,662	81,684	31,631	112,941	235,692	581,732	607,302
Local transportation	39,205	591,733	265,265	138,512	484,369	156,187	113,831	16,297	1,805,399	1,716,269
Conferences, conventions, and meetings	13,462	82,344	37,981	217,925	119,820	74,556	180,016	1,445,957	2,172,061	2,113,810
Membership dues and subscriptions	4,863	5,710	2,871	37,067	36,811	36,585	62,670	10,590	197,167	287,328
Awards and grants	-	17,910	-	17,276	29,701	-	11,087	-	75,974	57,310
Interest and financing costs	5,910	59,226	6,521	671,866	21,186	75,700	-	-	840,409	784,956
Payments to affiliates	290	1,530	320	998	1,040	809	-	-	4,987	2,612
Distribution of in-kind gifts	-	-	1,209,124	-	-	-	-	-	1,209,124	1,265,520
Miscellaneous	83,874	187,803	39,799	459,556	257,515	1,804,739	479	108,041	2,941,806	1,430,786
Total expenses before depreciation	9,795,078	53,564,318	11,217,509	31,333,477	36,364,080	27,618,405	15,719,059	4,381,408	189,993,334	187,296,275
Depreciation	474,069	595,704	113,792	3,821,980	447,565	1,003,765	70,107	-	6,526,982	6,386,728
Total functional expenses	10,269,147	54,160,022	11,331,301	35,155,457	36,811,645	28,622,170	15,789,166	4,381,408	196,520,316	193,683,003
Less expenses related to special events	-	-	-	-	-	-	-	(1,936,635)	(1,936,635)	(1,850,526)
TOTAL EXPENSES	$10,269,147	$54,160,022	$11,331,301	$35,155,457	$36,811,645	$28,622,170	$15,789,166	$ 2,444,773	$194,583,681	$191,832,477

See notes to combined financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	2018								
	Programs						Supporting Services		
	Education & Training	Nutrition	Basic Human Needs	Housing	Counseling & Case Management	Senior Care	Management and General	Fund-Raising	Total
EXPENSES:									
Salaries	$ 5,826,365	$10,335,105	$ 4,280,508	$ 7,268,978	$20,622,978	$17,326,145	$ 8,434,604	$ 1,242,210	$ 75,336,893
Employee benefits and payroll taxes	2,147,324	3,044,156	1,398,168	2,394,330	7,112,624	4,139,872	3,163,012	376,565	23,776,051
Total salaries and related expenses	7,973,689	13,379,261	5,678,676	9,663,308	27,735,602	21,466,017	11,597,616	1,618,775	99,112,944
Food purchases	11,886	30,186,212	32,092	38,823	13,050	635,795	-	-	30,917,858
Specific assistance to individuals	123,649	16,780	1,124,829	9,422,719	1,574,414	60,681	-	-	12,323,072
Occupancy	633,312	5,208,223	635,449	3,610,776	1,710,552	275,709	1,050,817	135,690	13,260,528
Supplies	164,852	877,078	169,313	1,266,183	1,154,386	1,340,295	811,389	83,291	5,866,787
Professional fees and contract service payments	408,978	4,959,550	1,328,206	3,700,672	1,822,521	1,850,922	1,143,549	390,146	15,604,544
Telephone	101,937	377,187	139,774	357,727	505,596	159,251	224,588	78,589	1,944,649
Outside printing	10,236	43,400	20,649	36,750	103,602	31,079	89,376	272,210	607,302
Local transportation	25,110	575,943	248,093	169,810	453,399	138,572	90,376	14,966	1,716,269
Conferences, conventions, and meetings	15,962	84,085	35,102	71,265	103,777	44,837	286,810	1,471,972	2,113,810
Membership dues and subscriptions	3,730	6,545	4,179	37,185	47,951	39,127	140,215	8,396	287,328
Awards and grants	1,462	13,119	4,575	11,065	21,778	700	4,611	-	57,310
Interest and financing costs	22,150	73,304	5,963	601,476	19,788	62,275	-	-	784,956
Payments to affiliates	150	853	163	495	541	410	-	-	2,612
Distribution of in-kind gifts	-	-	1,265,520	-	-	-	-	-	1,265,520
Miscellaneous	58,251	327,032	64,976	291,584	316,697	248,934	102	123,210	1,430,786
Total expenses before depreciation	9,555,354	56,128,572	10,757,559	29,279,838	35,583,654	26,354,604	15,439,449	4,197,245	187,296,275
Depreciation	459,067	600,985	106,236	3,718,959	465,549	981,222	54,710	-	6,386,728
Total functional expenses	10,014,421	56,729,557	10,863,795	32,998,797	36,049,203	27,335,826	15,494,159	4,197,245	193,683,003
Less expenses related to special events	-	-	-	-	-	-	-	(1,850,526)	(1,850,526)
TOTAL EXPENSES	$10,014,421	$56,729,557	$10,863,795	$32,998,797	$36,049,203	$27,335,826	$15,494,159	$ 2,346,719	$191,832,477

See notes to combined financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) increase in net assets	$ (24,956,478)	$ 34,395,923
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Retirement benefit changes other than net periodic cost	17,479,196	(29,873,781)
Bad debt expense	2,534,420	816,541
Inherent contribution	(2,098,779)	-
Loss on disposal of land, building and equipment	10,600	10,061
Depreciation	6,526,982	6,386,728
Forgiveness of refundable grant advance	-	(921,529)
Forgiveness of loan receivable	1,289,158	-
Amortization of debt issuance costs	5,795	5,111
Net realized gain on investments	(1,080,371)	(245,270)
Writeoff of investment in Cortland Manor LLC	105,734	
Net unrealized gain on investments	(1,197,090)	(3,556,346)
Loss on interest rate swap agreements	392,243	107,575
Change in fair value of split-interest trusts	182,053	(81,094)
Gain in charitable gift annuities	(150,007)	(123,935)
Amortization of discount on note payable	80,331	73,684
Contributions restricted for permanent endowment	(251)	(88,297)
Contributed investments	(985,186)	(5,132,640)
Fair value of donated fixed assets	(33,877)	(150,000)
Changes in operating accounts:		
Receivables	4,542,697	7,349,448
Prepaid and other assets	(74,651)	333,891
Long-term receivable	258,202	301,491
Due from affiliates	(728,839)	(1,337,307)
Accounts payable and accrued compensation	2,661,635	1,360,648
Interest payable	(7,746)	12,402
Other liabilities	(1,276,242)	(2,514,539)
Due to governmental agencies	(2,101,818)	(1,932,062)
Deferred revenue and other liabilities	(227,845)	(118,011)
Security deposits	(13,668)	7,520
Gift annuities payable	114,461	407,025
Net cash provided by operating activities	1,250,659	5,493,237

(Continued)

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES:		
Land, buildings, and equipment purchased or constructed	$ (2,088,694)	$ (2,978,075)
Purchases of investments	(10,846,298)	(51,092,029)
Proceeds from sale of investments	15,298,636	47,159,339
Cash acquired in acquisition of other entity	37,465	-
Change in assets whose use is limited	(1,042,112)	(868,826)
Net cash provided by (used in) investing activities	1,358,997	(7,779,591)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(377,616)	(871,066)
Repayments of capital lease obligations	(322,468)	(335,709)
Contributions restricted for permanent endowment	251	88,297
Net cash used in financing activities	(699,833)	(1,118,478)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,909,823	(3,404,832)
CASH AND CASH EQUIVALENTS—Beginning of year	21,350,888	24,755,720
CASH AND CASH EQUIVALENTS—End of year	$ 23,260,711	$ 21,350,888
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 844,655	$ 772,554
Contributed investments	$ 985,186	$ 5,132,640
Accounts payable for fixed asset additions	$ 721,558	$ 538,575
Fair value of donated assets	$ 33,887	$ 150,000
Fixed assets acquired with capital lease obligations	$ 242,132	$ 289,179

See notes to combined financial statements. (Concluded)

1. NATURE OF OPERATIONS

Catholic Charities of the Archdiocese of Chicago ("Catholic Charities") provides assistance to people in need through six primary activities. Education and Training provides child development services, after school enrichment and addresses unemployment. Nutrition provides food and nutritional assistance to supplement the monthly food expenses of low income families. Basic Human Needs includes emergency shelter, food, clothing and transportation. Housing assists low income individuals or families with obtaining safe, permanent and affordable housing. Counseling and case management provides counseling services to families and individuals, removes barriers to living in a safe environment and seeks to maximize self-sufficiency and well-being. Senior Care provides in-home or personal care, day care and skilled nursing facilities.

The combined financial statements include 21 senior housing facilities whose funding is provided primarily by the U.S. Department of Housing and Urban Development (HUD). These housing facilities include Roseland Manor, Hayes Manor, Matthew Manor, Tolton Manor, Frances Manor, Lawrence Manor, Bernardin Manor, St. Ailbe Faith Apartments, St. Sabina Elders Village, St. Ailbe Hope Apartments, Ozanam Village Apartments, St. Ailbe Love Apartments, St. Peter Claver Courts, St. Brendan Apartments, Bishop Goedert Residence, St. Vincent De Paul Residence, Donald W. Kent Residence, Pope John Paul II Residence, St. Francis of Assisi Residence, All Saints Residence and Porta Coeli Residence (collectively, the "Residences"). The combined financial statements also include six other legal tax-exempt entities: Options for Housing, Inc.; Holy Family Villa; Cooke's Manor LLC; Catholic Charities Housing Development Corporation (CCHDC); House of the Good Shepherd of Chicago ("House of the Good Shepherd"); and The Peace Corner, Incorporated ("Peace Corner"). In addition, included in the combined financial statements are Veterans Independent Painting L3C and Crisp!Mobile Grocery L3C, legal for profit entities. The entities have been dissolved as of May 24, 2019 and July 31, 2018, respectively, and the impact of this dissolution on the financial results is immaterial. Effective January 1, 2019, CCHDC acquired the remaining 99.9% membership interest of Cortland Manor LLC, a supporting living facility. The combined financial statements include this entity from the date that CCHDC obtained control. See Note 18 for a discussion of this acquisition. All of the aforementioned organizations are operated under the auspices of Catholic Charities, whose sole member is a civil law entity known as the Catholic Bishop of Chicago, an Illinois corporation sole.

The financial information for Misericordia Home, Mission of Our Lady of Mercy, and Maryville Academy is presented with Catholic Charities and reported as "Charitable Activities" within the consolidated financial statements of the Archdiocese of Chicago. However, this information is not included within the combined financial statements of Catholic Charities herein. These financial statements only reflect the operations of Catholic Charities and do not reflect the operations of the other agencies and organizations that are also a part of the Archdiocese of Chicago.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination—The accompanying combined financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). These combined financial statements reflect only the operations of the organizations that are noted above. These combined financial statements do not reflect the operations of other agencies and organizations that also are a part of the Archdiocese of Chicago, a corporation sole. All interagency transactions and balances have been eliminated in the combined financial statements.

Use of Estimates—The preparation of combined financial statements in accordance with 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—Catholic Charities considers all cash maintained on premises or at financial institutions for day-to-day operations as operating cash. Cash equivalents are defined as all liquid investments with purchased maturities of three months or less and stated at cost, which approximates fair value. Cash equivalents represent money market bank accounts and mutual funds available to be liquidated on a daily basis and used for operating purposes. Investments in mutual funds are categorized in Level 1 of the fair value hierarchy. Balances on bank and money market deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. Management does not expect losses on these balances to occur.

Investments—Investments include short-term investments, equity securities, fixed income securities, mutual funds, and other investments that do not have readily determinable fair values, which are measured at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends net of investment management fees) is reported as an increase or decrease in net assets without donor restrictions, unless such income or loss is restricted by explicit donor stipulations or by law.

Investment income consists of dividends and interest and is recorded when earned, and is shown net of investment management fees. Realized gains and losses are determined on the basis of the carrying value of the specific investments sold, and investment transactions are recorded on a trade-date basis. Unrealized gains and losses are determined based on changes in the fair value of investments.

Split-Interest Trust Agreements—Catholic Charities is an income beneficiary of certain irrevocable trusts held by third parties. Catholic Charities has the irrevocable right to receive the income earned on the trust assets in perpetuity. Catholic Charities records an asset equal to the fair value of its beneficial interest in these trusts.

Assets Whose Use is Limited—Assets not available for operations include cash and cash equivalents set aside in accordance with the requirements of various governmental agencies and are stated at cost which approximates fair value.

Land, Buildings, and Equipment—Land, buildings, and equipment are stated at cost. Major renewals and improvements are charged to the property accounts, while replacement, maintenance, and repairs that do not improve or extend the life of the respective assets are charged directly to expense.

Depreciation is computed using the straight-line, half-year method based upon the following lives:

Land and building improvements	10–20 years
Buildings	30–60 years
Equipment, furniture, and fixtures	3–10 years

Title to certain properties of Catholic Charities rests with the Catholic Bishop of Chicago.

Gifts of long-lived assets, such as land, buildings, or equipment, recorded at fair value at the date of donation, are reported as net assets without donor restriction unless explicit donor stipulations specify how the donated assets must be used.

Due to Governmental Agencies—Due to governmental agencies represents unexpended government funding received in advance for various programs, including the Women, Infants, and Children (WIC) program. These advances are offset by WIC inventory on hand at year-end, which primarily represents food at WIC food centers. WIC inventory was $9,427,217 and $10,856,829 as of June 30, 2019 and 2018, respectively.

Classification of Net Assets—Resources are classified into two classifications of net assets according to externally (donor) imposed restrictions:

Without Donor Restrictions—Net assets which are expendable for any purpose in performing the primary objectives of the organization. Included in net assets without donor restrictions are board-designated funds for endowment purposes. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions. Net assets without donor restrictions as of June 30, 2019 and 2018, are restricted for the following purposes:

	2019	**2018**
Board designation—program operations	$ 60,702,450	$ 60,615,840
Board designation—postretirement benefits liability	4,760,831	4,551,287
Undesignated	(44,676,648)	(22,001,993)
Total without donor restrictions	$ 20,786,633	$ 43,165,134

Net assets without donor restriction undesignated includes the refundable grant advances of $154,394,908 which were used to fund capital expenditures. These refundable grants advances expire at various dates through July 2060. These assets associated with these refundable grant advances have a net book value of $114,451,372 and $111,696,558 at June 30, 2019 and 2018, respectively. If all requirements continue to be met, the refundable grant advances will be considered earned upon the expiration date and will result in an increase in net assets without donor restrictions. In addition, net assets without donor restriction undesignated also includes pension plan and postretirement benefit plan accumulated losses and prior-service credits not yet recognized as a component of periodic pension and postretirement expense which has resulted in a decrease in net assets without donor restriction undesignated of $30,827,627 and $12,600,762 as of June 30, 2019 and 2018, respectively.

With Donor Restrictions—Net assets with donor restrictions are subject to stipulations imposed by the donor. Donor restrictions may be temporary or perpetual in nature. Donor restrictions temporary in nature include gifts for which donor-directed restrictions have not been met, trust activity, and unconditional promises to give; those restrictions will be met by actions of Catholic Charities or by the passage of time. Donor restrictions perpetual in nature are gifts and trusts whose donors required that they be invested to provide a permanent source of income (e.g., endowment funds). Such restrictions can neither expire with the passage of time nor be removed by fulfillment of a stipulated purpose. Net assets with donor restrictions as of June 30, 2019 and 2018, are restricted for the following purposes:

	2019	**2018**
Temporary in nature:		
Purchase of land, building, and equipment	$ 2,962,931	$ 3,134,005
Program operations and support	7,875,657	9,988,601
Time-restricted contributions	1,016,404	1,009,095
Program-restricted contributions from donor-restricted endowment funds	1,039,741	1,082,561
Total temporary in nature	$ 12,894,733	$ 15,214,262
Perpetual in nature:		
Donor-restricted endowment funds primarily for program operations	$ 6,540,550	$ 6,415,716
Split-interest trust agreement	652,889	834,942
Total perpetual in nature	$ 7,193,439	$ 7,250,658

Net assets released from net assets with donor restriction as of June 30, 2019 and 2018, by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor are as follows:

	2019	**2018**
Satisfaction of purpose restriction		
Capital development	$ 171,074	$ 3,896,713
Program operations	6,411,854	8,078,008
Total net assets released from net assets with donor restrictions	6,582,928	11,974,721
Total without donor restrictions	$ 20,786,633	$ 43,165,134

Endowment Funding Below Corpus—From time to time, the fair value of with net assets with donor restrictions, perpetual in nature, associated with individual donor funds may fall below the level that the donor or The Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires Catholic Charities to retain as a fund of perpetual duration, or corpus. As of June 30, 2019 and 2018 respectively, 7 and 8 individual endowment funds' fair value were below the level that the donor or UPMIFA requires.

Refundable Grant Advances—Development and construction have been substantially funded under non-interest-bearing mortgage agreements with HUD for the Residences. The Residences are not required to make principal or interest payments on the mortgage notes, provided they maintain housing in accordance with the Capital Advance Program Use and Regulatory Agreements, as issued by HUD. If all requirements continue to be met, the grant advances will be considered earned in not less than 40 years or an earlier date if approved by HUD. The refundable grant advances are collateralized by the Residences' property and equipment associated with the advance.

Interest Rate Swaps—Catholic Charities cash flows are affected by changes in interest rate due to the impact that those changes have on interest expense from floating rate debt instruments. To reduce the exposure, Catholic Charities has entered into an interest rate swap agreement and designated this as a hedge of cash flows on certain variable debt. Changes in the fair value of the derivative instrument as included in other revenue.

Gift Annuities Payable—Gift annuities payable result from funds granted to Catholic Charities by individuals in return for annuities payable to those individuals during their lifetime. Annuities payable are actuarially determined using the discount rate at the time of the annuity agreement and are based upon the annuitant's age and life expectancy. Assets received under these arrangements are recorded as investments in the combined statements of financial position. The excess of the funds granted to Catholic Charities over the calculated annuity payable is recorded as a contribution in the year of the grant.

Contributions—Unconditional promises to give cash and other assets to Catholic Charities 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 the contribution is received. The contributions are reported as either temporary in nature or perpetual in nature support if they are received with donor stipulations that limit the use of the donated assets. In the absence of donor stipulations, Catholic Charities classifies the contribution as without donor restriction.

Revenue Recognition—The majority of funding for Catholic Charities' operations is provided by governmental agencies. Catholic Charities recognizes program revenues in the fiscal year that the services are rendered. Contribution revenues and other support are recognized in the fiscal year that they are received. Grant revenue is recognized when the related grant expenditure has been incurred.

United Way Funding—Catholic Charities recognizes United Way contributions when funding is confirmed by United Way.

Management and General Expenses—Management and general expenses represent the expenses incurred to provide overall management and direction to all entities.

Functional Expenses—The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The costs that are directly attributable to a specific functional area are reported as expenses of those functional areas. The costs that benefit multiple functional areas, including occupancy insurance have been allocated based on the nature of the expense. Occupancy related costs have been allocated based on square feet and other expenses not directly attributable to a functional area have been allocated across the functional categories based on total expenses for the functional area as a percentage of total expenses.

Acquisitions—The identifiable assets and liabilities of an acquisition of a business or nonprofit activity are recorded at fair value. If the fair value of the net assets acquired is greater than the consideration transferred at the date of acquisition, an inherent contribution is recognized as a separate credit in the combined statement of activities and changes in net assets.

Tax Status—The Internal Revenue Service has determined that the agencies that comprise Catholic Charities are exempt from federal income tax under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code.

Accounting Standards Update Adopted in the Current Year—In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016 14, *Presentation of Financial Statements of Not for Profit Entities* ("ASU 2016 04"). ASU 2016 14 reexamines existing standards for financial statement presentation by not for profit entities (NFP), focusing on improving net asset classification requirements and information provided in financial statements and notes about liquidity, financial performance, and cash flows, as well as enhancement of disclosures about governing board imposed restrictions. The main provisions of this ASU include presenting on the face of the combined statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, an NFP will report amounts for net assets with donor restrictions and net assets without donor restrictions. Catholic Charities has adopted ASU 2016 14 effective for the year ended June 30, 2019. The adoption of this standard changed the net asset classifications on the combined statements of financial position, combined statements of activities, and expanded certain footnote disclosures. Fiscal year 2018 combined statement of financial position, combined statement of activities, and certain footnote disclosures have been restated to reflect the implementation of the new guidance retrospectively. See Note 3 for the updated disclosure on the availability of financial assets and liquidity, Note 2 for the required disclosure on net assets with donor restrictions and release purposes, and Note 2 for the description of the allocation methods used for functional expenses.

Accounting Standards Updates—In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09 creates Topic 606, *Revenue from Contracts with Customers*, and supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also specifies the accounting for some costs to obtain or fulfill a contract with a customer, and indicates an entity should disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2015-14 deferred the effective date of ASU 2014-09. ASU 2014-09 is effective for Catholic Charities beginning on July 1, 2019. Catholic Charities has not yet determined the impact adoption of this ASU will have on their combined financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 requires a lessee to recognize a liability to make lease payments and an asset representing its right to use the underlying asset for the lease term in the statement of financial position for both operating and capital leases. The guidance will be effective for fiscal years beginning July 1, 2021, and early adoption is permitted. Catholic Charities has not yet determined the impact adoption of this ASU will have on their combined financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). This standard changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, held-to-maturity debt securities and loans, and requires entities to use a new forward-looking expected loss model that will result in the earlier recognition of allowance for losses. ASU 2016-13 deferred the effective date and it is now effective for the Home beginning on July 1, 2023. Catholic Charities has not yet determined the impact on its financial statements.

In March 2017, the FASB issued ASU 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* ("ASU 2017-07"). This standard requires reporting the service cost component of net periodic pension in operating expenses, while all other components of net periodic pension costs are reported as part of non-operating revenues and expenses. The provisions of this standard are effective for fiscal years beginning on July 1, 2019, and early adoption is permitted. Catholic Charities is currently evaluating the impact adopting this standard will have on their combined financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This ASU clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. ASU 2018-08 is effective for Catholic Charities beginning on July 1, 2019. Catholic Charities has not yet determined the impact on its financial statements.

In August 2018, the FASB issues ASU No. 2018-13, *Fair Value Measurement (Topic 820)—Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). This guidance eliminates, modifies, and adds certain disclosures on fair value measurements. ASU 2018-13 is effective for Catholic Charities beginning on July 1, 2020. Catholic Charities has not yet determined the impact on its financial statements.

3. LIQUIDITY

The following reflects Catholic Charities' financial assets available for general expenditure within one year of the combined statements of financial position date, June 30, 2019, reduced by amounts not available for general use due to donor-imposed restrictions:

Cash and cash equivalents	$23,260,711
Program receivables	18,655,236
Legacies and pledges receivable	1,190,088
United Way receivable	1,174,594
Prepaid and other assets	1,747,944
Due from affiliates	1,087,842
	47,116,415
Less—	
Donor-imposed restrictions—Temporary in nature	5,523,852
Total financial assets available within one year for general expenditure	$41,592,563

The donor-imposed restrictions require resources to be used in a particular manner or represent funds that will be received in future time periods. See Note 10 for the spending policy and how the investment objectives relate to the spending policy.

Catholic Charities maintains unsecured lines of credit which permit a maximum amount of $15,000,000 outstanding at any one time, of which $0 was outstanding as of June 30, 2019. These lines of credit may be used for short-term liquidity needs that may arise. In addition, Catholic Charities has board designated investments of $65,463,281 which may be used to support general operations of Catholic Charities and a capital reserve fund of $18,635,956 which may be used to fund capital expenditures. These funds may be used to provide short-term liquidity with board approval.

4. INVESTMENTS

Catholic Charities' investments are overseen by the Investment Committee of the Board of Directors. The Investment Committee administers the investment of the endowment, restricted assets, and certain working capital, collectively, the "investment portfolio." These assets are managed by external investment managers and include various equity securities, fixed income securities, mutual funds, and other investments.

Catholic Charities has established a fund to meet future capital needs of its facilities. The fund is included in investments in the combined statements of financial position and is invested in domestic and international mutual funds and corporate and government-backed bonds with fair values of $18,635,956 and $18,627,561 at June 30, 2019 and 2018, respectively.

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

Fair value of investments as of June 30, 2019 and 2018, is as follows:

	2019	2018
Short-term investments	$ 553,542	$ 277,890
Equity securities	153,500	151,055
Mutual funds—equity strategy	22,781,027	23,075,578
Mutual funds—fixed-income strategy	28,670,259	29,328,198
Fixed income securities	1,016,416	2,078,138
Commingled fund	28,362,268	28,559,673
Subtotal	81,537,012	83,470,532
Investments measured at NAV:		
Marketable alternative equity	4,403,819	4,637,690
Real estate	5,895,831	5,515,635
Private equity	2,519,892	1,922,388
Total investments measured at NAV	12,819,542	12,075,713
Total	$ 94,356,554	$ 95,546,245

5. LAND, BUILDINGS, AND EQUIPMENT

Major classes of property and equipment as of June 30, 2019 and 2018, are as follows:

	2019	2018
Land and land improvements	$ 14,004,601	$ 13,399,725
Buildings and building improvements	231,510,850	228,445,202
Equipment, furniture, and fixtures	13,710,044	13,206,862
Capital lease equipment	1,082,920	1,047,673
Construction in progress	1,214,138	860,474
Total land, buildings, and equipment	261,522,553	256,959,936
Less accumulated depreciation	(85,543,996)	(79,311,465)
Land, buildings, and equipment—net	$175,978,557	$177,648,471

Catholic Charities recorded depreciation expense of $6,526,982 and $6,386,728 for the years ended June 30, 2019 and 2018, respectively.

6. LONG-TERM DEBT

Long-term debt as of June 30, 2019 and 2018, consisted of the following:

	2019	2018
Illinois Finance Authority—revenue refunding bond: Series 2014, loan payable to Wintrust Bank, due January 1, 2028, variable interest rate adjusted monthly, weighted-average interest rate of 2.07%	$10,070,000	$10,070,000
St. Sabina note payable to City of Chicago, due in a lump sum on June 1, 2039; interest free	387,800	387,800
Porta Coeli note payable to City of Chicago, due in a lump sum on December 1, 2054; interest free	759,865	759,865
All Saints note payable to City of Chicago, due in a lump sum on December 2, 2052; interest free	892,678	892,678
Catholic Charities note payable to Sisters of Saint Casimir, due in annual installments through December 1, 2034, interest free	3,200,000	3,400,000
Roseland Manor mortgage payable to HUD, due in monthly installments through 2032, interest rate 8.375%	2,158,617	2,249,671
Hayes Manor mortgage payable to HUD, due in monthly installments through 2033, interest rate 8.375%	2,328,220	2,412,382
Ozanam Village note payable to Illinois Housing Development Authority, due in equal monthly installments, with additional principal payments required based on residual receipts, interest free	258,126	259,326
Bishop Conway Apartments LLC mortgage note payable to Illinois Housing Development Authority, monthly interest only payments, all principal and unpaid interest due August 2033, interest rate 1%	750,000	-
Cooke's Manor LLC note payable to Illinois Housing Development Authority, due in equal monthly installments of $100, with remaining principal due May 1, 2021, interest free	734,200	735,400
Total, before deferred debt issuance costs—net and discount of interest free note payable—net	21,539,506	21,167,122
Less deferred debt issuance costs—net of accumulated amortization	(62,681)	(48,554)
Less discount of interest free note payable—net of accumulated amortization	(637,109)	(717,441)
Total—net before contractual portion and current portion of discount of interest free note payable	20,839,716	20,401,127
Less contractual current portion of long-term debt	(392,867)	(447,839)
Current portion of discount of interest free note payable	70,223	70,223
Total current portion of long-term debt less current portion of discount of interest free note payable	(322,644)	(377,616)
Total long-term debt—net	$20,517,072	$20,023,511

Future maturities of long-term debt as of June 30, 2019, are as follows:

Years Ending June 30	
2020	$ 392,867
2021	409,445
2022	427,466
2023	447,056
2024	468,351
Thereafter	19,394,321
Total	$21,539,506

Debt Covenants—Catholic Charities was in compliance with all financial debt covenants at June 30, 2019.

Deferred Debt Issuance Costs—Expenses related to the procurement and underwriting of the direct obligation notes and revenue bonds have been deferred and are being amortized over the life of the bonds. The deferred debt issuance costs are shown net of accumulated amortization of $26,380 and $20,586 at June 30, 2019 and 2018, respectively. Net deferred debt issuance costs are classified as a deduction from long-term debt on the combined statements of financial position.

Unsecured Lines of Credit—Catholic Charities maintains unsecured lines of credit with two banks for its working capital requirements. The lines of credit permit a maximum amount of $15,000,000 outstanding at one time, of which $0 was outstanding at June 30, 2019 and 2018.

For one of the lines of credit, the interest rate is either the reference rate as defined by the bank or the London InterBank Offered Rate (LIBOR). This line of credit matured July 5, 2019. Subsequent to year end, this line of credit was amended to extend the maturity date to July 1, 2021.

For the other line of credit, the interest rate is the prime rate for borrowings that are held for less than one month (the prime rate was 5.5% at June 30, 2019 and 5% at June 30, 2018). For borrowings that will be held for more than one month, the interest rate is LIBOR, plus 1.0% (the LIBOR was 2.18% at June 30, 2019 and 2.76% at June 30, 2018) or the bank offered rate. This line of credit has no formal maturity; however, borrowings are due on demand if the bank requests repayment or cancellation.

No public debt is held by Catholic Charities.

7. LEASES

Catholic Charities leases office space under conditional operating leases that generally contain rent escalation provisions. Rent expense under the leases is recognized based on straight-line amortization of total rent over the term of the lease. Rent expense of $5,778,364 and $5,726,640 was incurred for the years ended June 30, 2019 and 2018, respectively. Rent expense is included in Occupancy in the Combined Statement of Functional Expenses. Future minimum lease payments as of June 30, 2019, are as follows:

Years Ending June 30	
2020	$ 5,273,779
2021	3,819,094
2022	2,931,842
2023	1,101,249
2024	496,330
Thereafter	7,392,736
Total	$21,015,030

Catholic Charities leases certain equipment under capital leases. The total obligation at June 30, 2019 and 2018 was $669,463 and $707,330, respectively. The current portion of $256,772 and $342,339 is classified as current portion of deferred revenue and other liabilities as of June 30, 2019, and 2018, respectively. The long-term obligation of $412,690 and $364,991 is classified as other liabilities as of June 30, 2019 and 2018, respectively. The net book value of equipment leased under capital leases is $584,400 and $688,169 as of June 30, 2019 and 2018, respectively. Future lease payments as of June 30, 2019 are as follows:

Years Ending June 30	
2020	$ 427,791
2021	282,957
2022	81,164
2023	35,565
2024	13,355
Total	840,832
Less fees and interest	(171,370)
Capital lease obligation—net	$ 669,462

8. REFUNDABLE GRANT ADVANCES

Under the terms of the federally funded program, Catholic Charities received certain HUD Supportive Housing for the Elderly (Section 202) grant advances and Affordable Housing Project Loans. Three Residences (Roseland Manor, Hayes Manor, and St. Brendan Apartments) received additional grant advances from HUD under the Green Retrofit Program for Multifamily Housing. The grant advances were funded by the American Recovery and Reinvestment Act of 2009 and were utilized for energy and green retrofit investments in the properties. As a condition for receiving these grant advances, the 40 year term was extended by 15 years.

On September 29, 2017, Cooke's Manor was notified that the refundable grant advance of $500,000 through Federal Home Loan Bank is no longer required to be repaid. This is included within Other Revenue in the Combined Statement of Activities for the year ended June 30, 2019.

Total advances as of June 30, 2019 and 2018, are as follows:

Project	**2019**	**2018**	**End of Commitment**
Matthew Manor	$ 4,015,901	$ 4,015,901	December 2035
Tolton Manor	5,514,800	5,514,800	July 2036
Frances Manor	4,822,997	4,822,997	April 2037
Lawrence Manor	8,215,354	8,215,354	October 2039
Bernardin Manor	13,990,100	13,990,100	June 2040
St. Ailbe Faith Apartments	6,836,400	6,836,400	July 2040
St. Sabina Elders Village	6,727,600	6,727,600	September 2040
St. Ailbe Hope Apartments	813,900	813,900	March 2041
Ozanam Village Apartments	5,151,900	5,151,900	May 2041
St. Ailbe Love Apartments	6,300,300	6,300,300	February 2042
St. Peter Claver Courts	7,748,942	7,748,942	March 2043
Bishop Goedert Residence	9,592,300	9,592,300	December 2044
St. Vincent De Paul Residence	10,891,000	10,891,000	November 2045
Donald W. Kent Residence	8,975,400	8,975,400	January 2046
Pope John Paul II Residence	2,253,000	2,253,000	September 2046
Roseland Manor	912,093	912,093	March 2047
St. Francis of Assisi Residence	11,319,300	11,319,300	November 2047
Hayes Manor	631,227	631,227	June 2048
St. Brendan Apartments	8,827,641	8,827,641	July 2060
All Saints Residence	7,017,100	7,017,100	November 2052
Porta Coeli Residence	14,355,768	14,355,768	November 2054
Total HUD grant advances	144,913,023	144,913,023	
Affordable housing project loans	9,481,885	9,481,885	Various through 2060
Total refundable grant advances	$154,394,908	$154,394,908	

9. RETIREMENT BENEFITS

Pension Benefits—Eligible employees of Catholic Charities and Holy Family Villa participate in a noncontributory pension plan administered by the Benefits Committee, a committee of the Board of Directors of Catholic Charities, the plan's sponsor, which covers substantially all lay employees.

The plan provides annual retirement benefits (over and above normal social security benefits) equal to 1.125% of average earnings within the last five years of service multiplied by the number of years of full-time service up to 15 years, plus 1.5% of average earnings, as defined above, multiplied by the number of years of service in excess of 15 years. Plan assets consist primarily of equity securities, mutual funds, commingled funds, fixed income securities, and other investments held at fair value.

As of June 30, 2019, the assumptions used reflect mortality projections for the measurement of the pension benefits that reflect longevity improvements of plan participants, resulting in an increase to future pension expense and to the benefit obligation. In addition, the discount rate used reflects current market conditions.

Effective July 1, 2016, the plan was amended and no employees hired after June 30, 2016 will be eligible to participate in the plan.

Effective July 1, 2019, employees with less than 20 years of credited service in the pension plan will not accrue any additional benefits after that date. Employees with more than 20 years of credited service will continue to accrue benefits under the pension plan. This amendment triggered a pension curtailment which required a re-measurement of the plan's obligation as of October 31, 2017. The re-measurement resulted in a decrease in the obligation by $7,275,560 primarily due to the impact of the curtailment as of June 30, 2018. In addition, effective July 1, 2018, the plan was amended so that participants who are re-hired are no longer be eligible to continue to participate in the plan. There was no material impact of this amendment on the plan.

Postretirement Benefits—Catholic Charities offers certain medical and dental benefits for eligible retired employees with a cap equal to $400 per month for retirees with single coverage and $600 per month for retirees with family coverage.

The postretirement benefit liability of $20,017,283 and $21,952,216 at June 30, 2019 and 2018, respectively, includes an unrecognized prior-service gain of $3,645,710 and $7,927,390, respectively, due to the plan changes in prior years which reduced the monthly caps and modified the requirement that continuous coverage in the active employee medical plan is necessary to qualify for medical benefits in retirement.

For the years ended June 30, 2019 and 2018, plan measures of the benefit obligation and net periodic postretirement benefit cost are actuarially equivalent and include Medicare Part D subsidies. However, future obligations have not been reduced for anticipated subsidy collections because the amount is difficult to determine and management believes the effect is not material.

Retirement Savings Plan—Catholic Charities has a defined contribution plan under Internal Revenue Code Section 403(b) covering all new employees hired after July 1, 2002, as well as employees hired before July 1, 2002, who have opted out of the postretirement medical and dental benefit policy. For eligible employees, Catholic Charities contributes 1% of each individual participant's compensation, plus a matching contribution of up to 1.5% of the individual participant's compensation. For eligible employees hired after July 1, 2016 and effective January 1, 2019 for all eligible employees, Catholic Charities contributes a percentage of each employee's individual compensation plus a matching contribution up to 2% and 7%, respectively, based on the employee's age and years of credited service. Total employer contribution expense for the years ended June 30, 2019 and 2018, was $1,223,881 and $958,871, respectively.

Catholic Charities uses a June 30 measurement date for its pension and postretirement obligations. Summary information for pension and postretirement benefits as of June 30, 2019 and 2018, is as follows:

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Change in benefit obligation:				
Benefit obligation—beginning of year	$141,194,421	$171,599,295	$ 21,952,216	$ 23,049,883
Service cost	4,469,297	5,378,851	260,500	272,794
Interest cost	6,037,463	6,241,190	795,828	853,173
Actuarial losses/(gains)	15,174,214	(24,495,226)	(1,899,089)	(917,209)
Benefits paid	(5,403,019)	(10,254,129)	(1,926,116)	(1,954,633)
Medicare Part D subsidy	-	-	177,339	30,507
Participant contributions	-	-	656,605	617,701
Curtailments	-	(7,275,560)	-	-
Plan amendments	-	-	-	-
Benefit obligation—end of year	161,472,376	141,194,421	20,017,283	21,952,216
Change in plan assets:				
Fair value of plan assets—beginning of year	80,938,008	80,052,229	-	-
Actual return on plan assets	3,641,281	5,893,447	-	-
Employer contributions	3,901,806	5,246,461	1,092,172	1,306,425
Benefits paid	(5,403,019)	(10,254,129)	(1,926,116)	(1,954,633)
Participant contributions	-	-	656,605	617,701
Medicare Part D subsidy	-	-	177,339	30,507
Fair value of plan assets—end of year	83,078,076	80,938,008	-	-
Funded status—end of year	(78,394,300)	(60,256,413)	(20,017,283)	(21,952,216)
Net accrued benefit cost	$ (78,394,300)	$ (60,256,413)	$(20,017,283)	$(21,952,216)

The accumulated pension obligation as of June 30, 2019 and 2018 was $152,337,559 and $133,399,688, respectively.

The components of net periodic benefit cost for the years ended June 30, 2019 and 2018, are as follows:

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Components of net periodic benefit cost:				
Service cost	$ 4,469,297	$ 5,378,851	$ 260,500	$ 272,794
Interest cost	6,037,463	6,241,190	795,828	853,173
Expected return on plan assets	(6,382,148)	(6,547,574)	-	-
Amortization of unrecognized net loss	174,065	1,649,079	-	-
Amortization of unrecognized prior service credit	(485,849)	(613,429)	(952,131)	(988,636)
Curtailments	-	(2,207,101)	(199,289)	-
Total net periodic benefit cost	$ 3,812,828	$ 3,901,016	$ (95,092)	$ 137,331

The pension plan and postretirement benefit plan accumulated losses and prior-service credits not yet recognized as a component of periodic pension and postretirement expense, but accumulated in net assets without donor restrictions as of June 30, 2019 and 2018, are as follows:

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Unrecognized actuarial loss (gain)	$31,248,758	$13,507,742	$ (3,645,710)	$(1,945,910)
Unrecognized prior service credit	(421,131)	(906,980)	(6,975,259)	(7,927,390)
Total accumulated in net assets without donor restrictions	$30,827,627	$12,600,762	$(10,620,969)	$(9,873,300)

An estimated $77,379 in prior service credit will be included as components of periodic pension expense in 2020. An estimated $1,670,997 in amortization of actuarial loss will be included as components of periodic postretirement expense in 2020.

The pension and postretirement benefit items not yet recognized as a component of periodic pension and postretirement expense, but included as a separate charge to net assets during 2019 and 2018, are as follows:

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Actuarial loss (gain) arising during the period	$17,915,081	$(23,841,099)	$(1,699,800)	$(917,209)
Reclassification adjustment for recognition of prior service cost (credit)	311,784	(6,104,109)	952,131	988,636
Total recognized as a separate decrease (increase) to net assets without donor restrictions	$18,226,865	$(29,945,208)	$ (747,669)	$ 71,427

Actuarial assumptions for the pension and postretirement benefits as of June 30, 2019 and 2018, are as follows:

	Pension Benefits		Postretirement Benefits	
	2019	**2018**	**2019**	**2018**
Weighted-average assumptions:				
Discount rate—benefit obligation	3.63 %	4.16 %	3.43 %	4.10 %
Discount rate—benefit cost	4.16	3.87	0.04	3.70
Expected return on plan assets	8.00	8.00	-	-
Rate of compensation increase	3.50	3.50	-	-

For the year ending June 30, 2019, Catholic Charities expects to contribute $2,082,643 to its pension plan and to pay $1,332,485 for health care premiums on behalf of the retirees covered under its postretirement benefit policy.

The benefit payments, which reflect expected future services, as appropriate, are expected to be paid as of June 30, 2019, as follows:

Years Ending June 30	**Pension Benefits**	**Postretirement Benefits**
2020	$ 6,519,457	$ 1,332,485
2021	6,736,194	1,318,394
2022	6,906,208	1,303,074
2023	7,051,217	1,292,246
2024	7,215,551	1,283,339
Thereafter	38,711,295	6,091,610
Total	$73,139,922	$12,621,148

Pension Plan Assets—The primary return objectives of the plan are a) the preservation of principal, b) to earn a competitive total return consistent with prudent levels of risk, and c) to create a stream of investment returns to ensure the systematic and adequate funding of actuarially determined benefits through contributions from Catholic Charities and professional management of the pension plan assets.

This is accomplished through diversification of assets in accordance with the investment policy. Periodic rebalancing occurs after the end of each calendar quarter, as required by the policy.

The target allocations for plan assets are 33% domestic equity securities or mutual funds, 21.5% international equity mutual funds, 15% fixed income securities or mutual funds, 10.5% hedge fund of funds, 10% commercial real estate, 5% low volatility global core equity and 5% mezzanine private equity.

Short-term investments include invested cash, money market mutual funds, and certificates of deposit, and are generally categorized in Level 1 of the fair value hierarchy.

Domestic equity securities include investments in large-cap and mid-cap companies located in the United States. Equity securities are valued based on quoted prices from an exchange. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Mutual funds are valued based on the net asset value (NAV) as computed once per day based on the quoted market prices of the securities in the fund's portfolio and are generally categorized in Level 1 of the fair value hierarchy.

Fixed income securities are comprised of U.S. Treasuries, U.S. government agency securities, and corporate bonds. U.S. Treasuries are valued using quoted market prices for similar securities and, accordingly, are categorized in Level 2 of the fair value hierarchy. U.S. government agency securities are comprised of noncallable agency-issued debt securities and are generally valued using quoted market prices. Actively traded noncallable agency-issued debt securities are categorized in Level 2 of the fair value hierarchy. The fair value of corporate bond securities is estimated using recently executed transactions, market price quotations (where observable), or bond spreads. If the spread data does not reference the issuer, then data that references a comparable issuer are used. These corporate bonds are generally categorized in Level 2 of the fair value hierarchy.

Marketable alternative equity investments are comprised of investments in a hedge fund of funds. These investments are valued utilizing the NAVs provided by the investments' underlying investment funds as a practical expedient, without adjustments, when the NAVs of the investment funds are calculated in accordance with generally accepted accounting principles. The NAVs developed by external investment managers are accepted or adjusted through a valuation review performed by management. For the years ended June 30, 2019 and 2018, management made no such valuation adjustments.

Real estate alternative investments are comprised of investments in real estate funds. These investments are valued utilizing the NAVs provided by the investments' underlying investment funds as a practical expedient, without adjustments, when the NAVs of the investment funds are calculated in accordance with generally accepted accounting principles. The NAVs developed by external investment managers are accepted or adjusted through a valuation review performed by management. For the years ended June 30, 2019 and 2018, management made no such valuation adjustments.

Fair value of investments in certain commingled funds and private partnerships that utilize a net asset value (NAV) per share or that report capital account balances on an equivalent pro-rata basis is estimated, as a practical expedient, to equal the reported NAV for such shares or reported partner's capital balance, as applicable. These investments consist of funds holding primarily publicly traded equity and fixed income securities as well as private partnerships holding equity stakes in public and non-public companies where fund or partnership interests or shares/units are not publicly quoted or traded.

The following fair value hierarchy table presents information about Catholic Charities pension plan investments measured at fair value as of June 30, 2019 and 2018:

	2019	2018
Level 1—quoted prices in active markets for identical securities:		
Short-term investments	$ 1,205,075	$ 1,502,248
Domestic equity securities	8,182,017	7,428,678
Mutual funds—domestic equity	5,992,252	5,557,019
Mutual funds—international strategy	11,719,348	12,192,404
Mutual funds—domestic fixed income strategy	2,865,979	2,773,691
Subtotal	29,964,671	29,454,040
Level 2—significant other observable inputs—Fixed income securities:		
U.S. treasuries	2,004,471	2,095,450
U.S. government agencies	858,406	863,733
Corporate	4,169,747	3,654,311
Subtotal	7,032,624	6,613,494
Investments measured at NAV:		
Commingled funds	21,732,805	26,379,782
Marketable alternative equity	14,139,277	8,675,283
Real estate	10,208,699	9,815,409
Subtotal	46,080,781	44,870,474
Total fair value of plan assets	$ 83,078,076	$ 80,938,008

10. ENDOWMENT NET ASSETS

Catholic Charities endowment net assets consist of approximately 43 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets with donor restrictions which are perpetual in nature or temporary in nature are classified and reported based on the existence or absence of donor-imposed restrictions.

Catholic Charities has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor contributed the funds with restrictions that are perpetual in nature, absent explicit donor stipulations to the contrary. As a result of this interpretation, Catholic Charities classifies as net assets with donor restrictions which are perpetual in nature (a) the original value of gifts, (b) the original value of subsequent gifts, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted fund that is not classified as net assets with donor restrictions perpetual in nature is classified as temporary in nature until those amounts are appropriated for expenditure by the organization 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 funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment net asset composition by type of fund as of June 30, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Temporary in nature	$ -	$2,056,145	$ 2,056,145
Perpetual in nature	-	6,540,550	6,540,550
Split-interest trust agreements	-	652,889	652,889
Underwater endowment funds	-	(112,932)	(112,932)
Board-designated endowment funds	65,463,281	-	65,463,281
Total endowment funds	$65,463,281	$9,136,652	$74,599,933

Endowment net asset composition by type of fund as of June 30, 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Temporary in nature	$ -	$2,091,656	$ 2,091,656
Perpetual in nature	-	6,504,013	6,504,013
Split-interest trust agreements	-	834,942	834,942
Underwater endowment funds	(161,539)	-	(161,539)
Board-designated endowment funds	65,328,666	-	65,328,666
Total endowment funds	$65,167,127	$9,430,611	$74,597,738

Changes in endowment net assets for the year ended June 30, 2019, are as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Temporary in Nature	Perpetual in Nature	Endowment Funding Below Corpus	Total
Endowment net assets—beginning of year	$65,167,127	$2,091,656	$7,338,955	$ -	$74,597,738
Investment income—net	3,092,999	60,537	31,305	(112,932)	3,071,909
Contributions and other additions	421,772	-	251	-	422,023
Appropriation of endowment assets for expenditures	(3,218,617)	(96,048)	(177,072)	-	(3,491,737)
Endowment net assets—end of year	$65,463,281	$2,056,145	$7,193,439	$(112,932)	$74,599,933

Changes in endowment net assets for the year ended June 30, 2018, are as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Temporary in Nature	Perpetual in Nature	Total
Endowment net assets—beginning of year	$51,984,026	$2,199,116	$7,169,564	$61,352,706
Investment return—net	4,558,155	(17,994)	81,094	4,621,255
Contributions and other additions	9,761,089	-	88,297	9,849,386
Appropriation of endowment assets for expenditures	(1,136,143)	(89,466)	-	(1,225,609)
Endowment net assets—end of year	$65,167,127	$2,091,656	$7,338,955	$74,597,738

Endowment Funding Below Corpus—From time to time, the fair value of assets associated with donor restrictions perpetual in nature may fall below the level that the donor or UPMIFA requires Catholic Charities to retain as a fund of perpetual duration. As of June 30, 2019 and 2018, the fair value of underwater funds was $6,427,618 and $5,945,792, respectively. In accordance with GAAP, deficiencies of this nature are reported as net assets with donor restrictions and were $112,932 as of June 30, 2019. As of June 30, 2018, these deficiencies were reported as net assets without donor restrictions and were $161,539. These deficiencies resulted from unfavorable investment performance due to unfavorable market conditions for the investments supporting net assets with donor restrictions perpetual in nature during fiscal year 2019 and 2018.

Return Objectives and Risk Parameters—Catholic Charities has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted endowments that Catholic Charities must hold in perpetuity or for a donor-specified period(s), as well as

Board-designated funds. Under this policy, the Board-designated endowment assets are invested in a manner that is intended to produce a return that exceeds the level of inflation as measured by the Consumer Price Index (CPI) by at least 5% on a rolling three-year basis. Catholic Charities expects its Board-designated endowment funds, over time, to provide an average rate of return of approximately 5% annually, plus CPI, which is in excess of inflation. Actual returns in any given year may vary from this amount. Donor restricted endowments are invested in fixed-income securities and cash equivalents or as the donor specifically requests.

Strategies Employed for Achieving Objectives—To satisfy its long term rate-of-return objectives, Catholic Charities relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy—Catholic Charities has a policy of appropriating endowment distributions each year of up to 5% of a rolling three-year average of its Board-designated endowment fund's average fair value. In establishing this policy, Catholic Charities considered the long-term expected return on its Board-designated endowment. Accordingly, over the long term, Catholic Charities expects the current spending policy to allow its endowment to grow on average at a rate equal to or higher than CPI. This is consistent with the organization's objective to maintain the fair value of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. Donor-restricted endowments are spent in accordance with the donors' wishes and distributions are made annually to the programs and activities of Catholic Charities for the purposes, which conform to the donors' stated intentions.

11. FAIR VALUE MEASUREMENT

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy is used in selecting inputs, with the highest priority given to Level 1, as these are the most transparent or reliable.

Level 1—Quoted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable in active markets.

Level 3—Valuations derived from valuation techniques in which one or more significant inputs are not observable.

Investments Measured at Net Asset Value—Investments that establish fair value using the net asset value per share (NAV) or its equivalent as a practical expedient

Catholic Charities attempts to establish fair value as an exit price in an orderly transaction consistent with normal settlement market conventions. Catholic Charities is responsible for the valuation process and seeks to obtain quoted market prices for all securities. When quoted market prices in active markets are not available, Catholic Charities uses independent pricing services to establish fair value.

Catholic Charities attempts to establish fair value as an exit price in an orderly transaction consistent with normal settlement market conventions. Catholic Charities is responsible for the valuation process and seeks to obtain quoted market prices for all securities. When quoted market prices in active markets are not available, Catholic Charities uses independent pricing services to establish fair value.

On May 1, 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* ("ASU 2015-07"). ASU 2015-07 addresses the diversity in practice related to how certain investments measured at net asset value with future redemption dates are categorized. The amendments in this ASU remove the requirement to categorize investments for which fair values are measured using the net asset value per share practical expedient. It also limits disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. ASU 2015-07 was adopted retrospectively effective July 1, 2017.

Assets Measured at Fair Value—Assets measured at fair value on a recurring basis as of June 30, 2019, are as follows:

	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Short-term investments	$ 553,542	$ -	$ -	$ -	$ 553,542
Equity securities	153,500	-	-	-	153,500
Mutual funds—equity strategy	22,781,027	-	-	-	22,781,027
Mutual funds—fixed income strategy	28,670,259	-	-	-	28,670,259
Fixed income securities:					
U.S. Treasuries	-	177,444	-	-	177,444
U.S. government agencies	-	838,972	-	-	838,972
Commingled fund	-	-	-	28,362,268	28,362,268
Marketable alternative equity	-	-	-	4,403,819	4,403,819
Real estate	-	-	-	5,895,831	5,895,831
Private equity	-	-	-	2,519,892	2,519,892
Subtotal	52,158,328	1,016,416	-	41,181,810	94,356,554
Split-interest trust agreements	-	-	652,889	-	652,889
Total	$52,158,328	$1,016,416	$652,889	$41,181,810	$95,009,443

Assets measured at fair value on a recurring basis as of June 30, 2018, are as follows:

	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Short-term investments	$ 277,890	$ -	$ -	$ -	$ 277,890
Equity securities	151,055	-	-	-	151,055
Mutual funds—equity strategy	23,075,578	-	-	-	23,075,578
Mutual funds—fixed income strategy	29,328,198	-	-	-	29,328,198
Fixed income securities:					
U.S. Treasuries	-	1,183,219	-	-	1,183,219
U.S. government agencies	-	844,841	-	-	844,841
Corporate	-	50,078	-	-	50,078
Commingled fund	-	-	-	28,559,673	28,559,673
Marketable alternative equity	-	-	-	4,637,690	4,637,690
Real estate	-	-	-	5,515,635	5,515,635
Private equity	-	-	-	1,922,388	1,922,388
Subtotal	52,832,721	2,078,138	-	40,635,386	95,546,245
Split-interest trust agreements	-	-	834,942	-	834,942
Total	$52,832,721	$2,078,138	$834,942	$40,635,386	$96,381,187

A reconciliation for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3), and changes in unrealized gains or losses recorded in change in net assets for the years ended June 30, 2019 and 2018, for Level 3 assets is as follows:

	2019	2018
Beginning of year	$ 834,942	$ 753,848
Realized and unrealized (loss) gain—net	(182,053)	81,094
End of year	$ 652,889	$ 834,942
The amount of total (losses) gains for the year included in changes in net assets attributable to the change in unrealized (loss) gain relating to assets still held at June 30	$ (182,053)	$ 81,094

The following section describes the valuation methodologies used to measure different financial instruments at fair value, including an indication of the level in the fair value hierarchy in which the instrument is generally classified. Catholic Charities uses prices and inputs that are current as of the measurement date, obtained through a third-party custodian from independent pricing services.

Short-term investments include invested cash, money market mutual funds, and certificates of deposit, and are generally categorized in Level 1 of the fair value hierarchy.

Equity securities are valued based on quoted prices from an exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy.

Mutual funds are valued based on the NAV as computed once per day based on the quoted market prices of the securities in the fund's portfolio and are generally categorized in Level 1 of the fair value hierarchy.

Fixed income securities are composed of U.S. Treasuries, U.S. government agency securities, and corporate bonds. U.S. Treasuries are valued using quoted market prices of similar securities and, accordingly, are categorized in Level 2 of the fair value hierarchy. U.S. government agency securities are composed of noncallable agency issued debt securities and are generally valued using quoted market prices. Actively traded noncallable agency issued debt securities are categorized in Level 2 of the fair value hierarchy. The fair value of corporate bond securities is estimated using recently executed transactions, market price quotations (where observable), or bond spreads. If the spread data does not reference the issuer, then data that reference a comparable issuer are used. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy.

Fair value of investments in certain commingled funds, private partnerships and other investments that utilize NAV per share or that report capital account balances on an equivalent pro-rata basis is estimated, as a practical expedient, to equal the reported NAV for such shares or reported partner's capital balance, as applicable. These investments consist of funds holding primarily publicly traded equity and fixed income securities as well as private partnerships holding equity stakes in public and non-public companies where fund or partnership interests or shares/units are not publicly quoted or traded.

Marketable alternative equity investments are composed of investments in a fund of funds and hedge funds. These investments are valued utilizing the NAVs provided by the investments' underlying investment funds as a practical expedient, without adjustments, when the NAVs of the investment funds are calculated in accordance with generally accepted accounting principles. The NAVs developed by external investment managers are accepted or adjusted through a valuation review performed by management. For the years ended June 30, 2019 and 2018, management made no such valuation adjustments.

Fixed income alternative investments are composed of hedge funds that invest in bonds. These investments are valued utilizing the NAVs provided by the investments' underlying investment funds as a practical expedient, without adjustments, when the NAVs of the investment funds are calculated in accordance with generally accepted accounting principles. The NAVs developed by external investment managers are accepted or adjusted through a valuation review performed by management. For the years ended June 30, 2019 and 2018, management made no such valuation adjustments.

Real estate alternative investments are comprised of investments in diversified real estate funds. These investments are valued utilizing the NAVs provided by the investments' underlying investment funds as a practical expedient, without adjustments, when the NAVs of the investment funds are calculated in accordance with generally accepted accounting principles. The NAVs developed by external investment managers are accepted or adjusted through a valuation review performed by management. For the years ended June 30, 2019 and 2018, management made no such valuation adjustments.

Private equity investments are comprised of investments in limited partnerships and private equity funds. These investments are valued utilizing the NAVs provided by the investments' underlying investment funds as a practical expedient, without adjustments, when the NAVs of the investment funds are calculated in accordance with generally accepted accounting principles. The NAVs developed by external investment managers are accepted or adjusted through a valuation review performed by management. For the years ended June 30, 2019 and 2018, management made no such valuation adjustments.

Split-interest trust agreements are valued as an annuity in perpetuity and generally categorized in Level 3 of the fair value hierarchy.

The unfunded commitments, redemption frequency, and redemption notice period of investments held at NAV or its equivalent as of June 30, 2019 and 2018, are as follows:

	2019				
	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**	**Lockup or Gate**
Commingled fund	$28,362,268	$ -	Daily	1 day	n/a
Investments measured at NAV:					
Marketable alternative equity	4,403,819	-	Quarterly	>90 days	n/a
Real estate	5,895,831	-	Quarterly	>90 days	2–6 years
Private equity	2,519,892	6,099,371	Quarterly	>90 days	3–5 years
Total	$41,181,810	$6,099,371			

	2018				
	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**	**Lockup or Gate**
Commingled fund	$28,559,673	$ -	Daily	1 day	n/a
Investments measured at NAV:					
Marketable alternative equity	4,637,690	-	Quarterly	>90 days	n/a
Real estate	5,515,635	-	Quarterly	>90 days	2–6 years
Private equity	1,922,388	7,420,321	Quarterly	>90 days	3–5 years
Total	$40,635,386	$7,420,321			

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of current assets, trusteed funds and current liabilities approximate their fair value, as they are short term in nature. The carrying value of gift annuities payable approximates fair value as of June 30, 2019 and 2018.

13. NONCASH ASSISTANCE

During the years ended June 30, 2019 and 2018, Catholic Charities received certain food commodities with a value of $2,704,597 and $2,884,640, respectively, under the terms of the federally funded programs whereby Catholic Charities acts as a distributor. The receipt and subsequent distribution of these commodities are not shown as revenues or expenditures in the combined financial statements of Catholic Charities.

Catholic Charities recorded program-related in-kind donations of gifts in the amount of $1,424,333 and $1,265,520 during the years ended June 30, 2019 and 2018, respectively, which it distributed to the families it serves.

14. CONCENTRATION OF RISK

A significant portion of the funding for several of the programs is received from federal, state, or local governmental agencies. Fees and grants from these governmental agencies represent approximately 76% of total revenues and support for the years ended June 30, 2019 and 2018.

Major Funder—Catholic Charities' largest government funder is the State of Illinois, who accounted for approximately 66% and 69% of the fees and grants from government agencies for the years ended June 30, 2019 and 2018, respectively. The funds received from the State of Illinois originate both from the federal government and the State of Illinois. The funds originating with the State of Illinois represented approximately 43% and 31% of the total amount of fees and grants from government agencies for the years ended June 30, 2019 and 2018, respectively. The loss of, or significant adverse change in, the relationship between the Catholic Charities and the State of Illinois could have a material effect on Catholic Charities' programs and financial results.

The State of Illinois also accounted for 63% and 67% of Catholic Charities' program receivables at June 30, 2019 and 2018, respectively. Although Catholic Charities is directly affected by the financial condition of its funders, management does not believe significant credit risks exist at this time.

15. COMMITMENTS AND CONTINGENCIES

Catholic Charities participates in a self-insurance program managed by the Archdiocesan Pastoral Center—Catholic Bishop of Chicago. In the event that Catholic Charities withdraws from participation in the program, amounts may be payable to the Archdiocesan Pastoral Center for residual liabilities relating to historical claims experience or for claims incurred but not yet reported.

Catholic Charities is occasionally party to lawsuits and claims arising out of the conduct of its business. While the ultimate results of lawsuits or other proceedings against Catholic Charities cannot be predicted with certainty, management of Catholic Charities is of the opinion that the liabilities resulting from these contingencies are not material in relationship to the combined financial condition of Catholic Charities.

In September 2016, Cooke's Manor LLC ("Cooke's Manor") closed an inpatient substance abuse treatment program that primarily served veterans. As part of the closure of this program, management has accrued $88,601 for closing costs as of June 30, 2019. Management has estimated that closure of the program will be completed by March 31, 2020. Cooke's Manor currently has a lease for the property which expires November 16, 2036. The maximum remaining payments under this lease total $837,133. In addition, Cooke's Manor has a note payable to Illinois Housing Development Authority which has an outstanding balances of $734,200 as of June 30, 2019. As of June 30, 2019, Cooke's Manor has $192,078 in funds held by the Illinois Housing Development Authority.

16. TRANSACTIONS WITH RELATED PARTIES

Catholic Charities provides certain goods and services to various affiliated entities. A summary of the amounts due (to) from related parties, as of June 30, 2019 and 2018, is as follows:

St. Leo Residence LLC was formed in April 2003 for the purpose of constructing and operating a 141-unit residential apartment building located at 7750 South Emerald, Chicago, Illinois. CCHDC is a controlling entity of the general partner of the limited partnership. As such, CCHDC has guaranteed to fund any operating deficits up to $195,000 or reduced income tax benefits incurred by the limited partner during the duration of the partnership agreement. CCHDC has agreed to create and maintain required reserves totaling $556,000, which was funded to the project at the conclusion of the development phase.

As of June 30, 2019 and 2018, CCHDC provided funding of $526,476 in exchange for an equity ownership of .01% and a loan receivable of $4,145,692, both of which are included in the combined statements of financial position. Future equity contributions of $65,000 in total are expected to be made in subsequent periods. In addition, for the years ended June 30, 2019 and 2018, CCHDC and Catholic Charities collectively provided operating funding of $452,280 and $799,081, respectively, and received reimbursement of $386,810 and $851,595, respectively. As of June 30, 2019 and 2018, the net balance due from St. Leo Residence LLC was $908,553 and $831,271, respectively. This amount is included in the combined statements of financial position as due from affiliates.

Cortland Manor LLC was formed in May 2001 for the purpose of rehabilitating and operating a 22-unit residential apartment building located at 1900 North Karlov Chicago, Illinois. CCHDC was a controlling entity of the managing member of the limited liability company and had guaranteed to cover any operating deficits up to $150,000 or reduced income tax benefits incurred by the limited partner during the duration of the operating agreement. CCHDC agreed to create and maintain required reserves totaling $170,000, which was funded to the project at the conclusion of the development phase.

As of June 30, 2018, CCHDC had provided funding to the Cortland Manor LLC of $105,734 in exchange for an equity ownership of .01% and a loan receivable of $1,289,158, both of which are included in the combined statements of financial position as of June 30, 2018. Effective January 1, 2019, CCHDC acquired the remaining 99.99% membership interest. See Note 18 for accounting for the acquisition of Cortland Manor LLC.

For the six months and year ended December 31, 2018 and June, 30 2018, Catholic Charities provided operating funding of $408,675 and $934,994, respectively, and received reimbursement of $168,474 and $226,053, respectively. As of June 30, 2019 and 2018, the net balance due from Cortland Manor LLC was $0 and $3,806,193, respectively, and this receivable included a reserve for doubtful accounts of $3,806,193 as of June 30, 2018. The net amount is included in the combined statements of financial position.

17. RESIDUAL RECEIPT RECAPTURE

Residual receipts are generated through the operation of senior and disabled residences which are funded by HUD. At the end of the fiscal year, surplus cash is determined by subtracting certain liabilities from available unrestricted cash. The funds may be released from the reserve only with the written approval from HUD. Any residual receipts generated which are in excess of $250 per unit are required to be repaid to HUD. The amount expected to be repaid to HUD is $323,750 and $370,589 as of June 30, 2019 and 2018, respectively. Residual receipts recapture expense of $6,625 and $15,138 generated during fiscal year 2019 and 2018, respectively, is reflected as an adjustment to fees and grants from governmental agencies.

Residual receipts are included within other liabilities and the current portion of deferred revenue and other liabilities in the combined statements of financial position and are expected to be repaid to HUD as follows:

Years Ending June 30	
2020	$ 6,625
2021	311,329
2022	4,501
Thereafter	1,295
Total	$323,750

18. ACQUISITION

As of January 2019, CCHDC acquired the remaining 99.99% ownership of Cortland Manor LLC in exchange for $1. The fair value of the net assets acquired were $2,098,779. An inherent contribution of $2,098,779 was recorded in the Statement of Activities and Changes in Net Assets. The inherent contribution is presented in the Statement of Activities and Changes in Net Assets net of the writeoff of the $1,289,158 loan receivable from CCHDC to Cortland Manor LLC. The results of operations beginning January 1, 2019 for Cortland Manor LLC are included in the combined financial statements of Catholic Charities.

19. SUBSEQUENT EVENTS

Effective November 30, 2019, Catholic Charities closed three sites which provided Head Start services. Revenue and expenses for this program were $5,336,757 and $5,749,688 for the year ended June 30, 2019. The net book value of fixed assets at these sites was $81,601 at June 30, 2019.

Effective October 17, 2019 and November 6, 2019, respectively, a third party assumed the remaining obligation under the enhanced use lease and mortgage relating to Cooke's Manor LLC. See Note 15 for additional disclosures regarding the obligations outstanding as of June 30, 2019.

Management has evaluated all subsequent events through December 18, 2019, which is the date the combined financial statements were available to be issued, and concluded no additional subsequent events have occurred that would require recognition that have not already been recognized or that require disclosure that have not already been disclosed.

* * * * * *

SUPPLEMENTAL INFORMATION

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

	Catholic Charities of the Archdiocese of Chicago	Catholic Charities Housing Development Corporation	Cortland Manor	Federally Assisted Residences	Options for Housing: Homelessness Prevention Call Center	Options for Housing: Cooke's Manor, LLC	Options for Housing: Other	St. Joseph Carondelet	Social Enterprise Initiatives	Holy Family Villa	House of the Good Shepherd	Peace Corner	Eliminating Entries	Total
ASSETS														
CURRENT ASSETS:														
Cash and cash equivalents	$ 21,582,030	$ 6,362	$ 28,051	$ 1,206,564	$ 114,484	$ 7,944	$(49,682)	$ -	$ -	$ 96,333	$ 214,623	$ 54,002	$ -	$ 23,260,711
Receivables—net	17,791,829	-	299,466	908,129	262,476	-	850	-	-	1,624,778	101,696	30,694	-	21,019,918
Prepaid and other assets	1,544,882	45,619	3,081	88,811	25	-	771	-	-	25,185	39,332	238	-	1,747,944
Due from affiliates—net	4,251,282	17,783,650	-	-	-	-	-	34,784	-	-	1,047,590	-	(21,120,911)	1,996,395
Total current assets	45,170,023	17,835,631	330,598	2,203,504	376,985	7,944	(48,061)	34,784	-	1,746,296	1,403,241	84,934	(21,120,911)	48,024,968
INVESTMENTS	94,163,193	526,475	-	-	-	-	-	-	-	193,362	-	-	-	94,883,030
LONG-TERM RECEIVABLES	76,157	6,739,870	-	-	-	-	-	-	-	-	-	-	(2,594,178)	4,221,849
OTHER NONCURRENT ASSETS	701,174	-	299,554	11,967,874	-	192,078	-	-	-	308,165	-	-	-	13,468,845
LAND, BUILDINGS, AND EQUIPMENT—Net	23,248,217	268,257	2,284,705	132,159,184	2,714	-	58,901	-	-	16,268,575	154,261	1,533,743	-	175,978,557
TOTAL	$163,358,764	$25,370,233	$2,914,857	$146,330,562	$ 379,699	$ 200,022	$ 10,840	$34,784	$ -	$18,516,398	$1,557,502	$1,618,677	$(23,715,089)	$336,577,249
LIABILITIES AND NET ASSETS (DEFICIT)														
CURRENT LIABILITIES:														
Accounts payable and accrued compensation	$ 12,259,908	$ 515,322	$ 77,432	$ 1,392,302	$ 12,480	$ 90,200	$ 6,287	$ -	$ -	$ 886,359	$ 326,227	$ 19,348	$ -	$ 15,585,865
Interest payable	39,913	26,664	-	31,314	-	-	-	-	-	-	-	-	-	97,891
Due to governmental agencies	2,561,272	-	-	-	-	-	-	-	-	-	-	1,629	-	2,562,901
Due to affiliates—net	-	-	451,850	5,248,953	2,322,336	1,408,230	27,026	-	433,754	13,513,512	154,846	154,582	(23,715,089)	-
Current portion of other liabilities	1,049,897	-	-	6,625	-	-	-	-	-	2,495	-	-	-	1,059,017
Current portion of long-term debt	129,777	-	-	191,667	-	1,200	-	-	-	-	-	-	-	322,644
Total current liabilities	16,040,767	541,986	529,282	6,870,861	2,334,816	1,499,630	33,313	-	433,754	14,402,366	481,073	175,559	(23,715,089)	19,628,318
OTHER NONCURRENT LIABILITIES	1,871,842	-	-	748,882	-	-	1,580	-	-	240,592	599	-	-	2,863,495
RETIREMENT BENEFITS LIABILITIES (Current and noncurrent)	98,411,583	-	-	-	-	-	-	-	-	-	-	-	-	98,411,583
REFUNDABLE GRANT ADVANCES	-	934,629	-	153,460,279	-	-	-	-	-	-	-	-	-	154,394,908
LONG-TERM DEBT—Less current portion	2,433,115	10,026,556	730,762	6,593,639	-	733,000	-	-	-	-	-	-	-	20,517,072
Total liabilities	118,757,307	11,503,171	1,260,044	167,673,661	2,334,816	2,232,630	34,893	-	433,754	14,642,958	481,672	175,559	(23,715,089)	295,815,376
NET ASSETS (DEFICIT)	44,601,457	13,867,062	1,654,813	(21,343,099)	(1,955,117)	(2,032,608)	(24,053)	34,784	(433,754)	3,873,440	1,075,830	1,443,118	-	40,761,873
TOTAL	$163,358,764	$25,370,233	$2,914,857	$146,330,562	$ 379,699	$ 200,022	$ 10,840	$34,784	$ -	$18,516,398	$1,557,502	$1,618,677	$(23,715,089)	$336,577,249

See accompanying independent auditors' report.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2019

	Catholic Charities of the Archdiocese of Chicago	Catholic Charities Housing Development Corporation	Cortland Manor	Federally Assisted Residences	Options for Housing: Homelessness Prevention Call Center	Options for Housing: Cooke's Manor, LLC	Options for Housing: Other	St. Joseph Carondelet	Social Enterprise Initiatives	Holy Family Villa	House of the Good Shepherd	Peace Corner	Eliminating Entries	Total
REVENUE:														
Fees and grants from governmental agencies	$116,212,213	$ -	$ 355,319	$ 13,597,400	$ 746,749	$ -	$ -	$ -	$ -	$ 7,777,337	$ 40,720	$ 139,233	$ -	$138,868,971
Program service fees	10,428,249	77,982	141,752	5,395,966	383	-	19,525	-	71	5,442,182	7,968	700	(1,658,819)	19,855,959
Contributions	23,267,211	325	-	543	49,996	-	-	-	-	202,932	1,064,033	83,383	(158,344)	24,510,079
United Way	1,421,881	-	-	-	-	-	-	-	-	-	2,452	-	-	1,424,333
Other expenses	(200,790)	(105,734)	-	-	-	-	-	-	-	-	(290,000)	-	-	(596,524)
Investment income	4,083,887	(7,210)	-	5,000	-	-	-	-	-	5,472	83,446	-	-	4,170,595
Inherent contribution	-	-	2,098,779	-	-	-	-	-	-	-	-	-	(1,289,158)	809,621
Total revenue	155,212,651	(34,637)	2,595,850	18,998,909	797,128	-	19,525	-	71	13,427,923	908,619	223,316	(3,106,321)	189,043,034
EXPENSES:														
Salaries	66,490,325	16,681	222,428	3,207,585	532,865	-	-	-	-	6,823,654	330,096	170,280	-	77,793,914
Employee benefits/payroll taxes	20,906,753	29,058	92,557	1,288,712	204,389	-	-	-	(8)	1,675,685	114,257	29,060	-	24,340,463
Total salaries and related expenses	87,397,078	45,739	314,985	4,496,297	737,254	-	-	-	(8)	8,499,339	444,353	199,340	-	102,134,377
Food purchases	27,800,108	-	37,996	-	82	-	-	-	-	344,447		2,846	-	28,185,479
Specific assistance to individuals	12,322,180	-		-	7,153	-	-	-	-		27,495	11,480	-	12,368,308
Occupancy	8,647,083	22,169	62,532	4,159,704	68,667	-	12,002	-	3	516,428	73,628	44,947	(71)	13,607,092
Supplies	3,280,875	250	16,345	1,072,496	35,292	-	106	-	-	895,171	16,785	48,145	-	5,365,465
Professional fees and contract service payments	11,136,735	86,045	180,177	3,531,424	70,398	-	264	-	-	1,638,342	148,300	38,884	(328,104)	16,502,465
Telephone	1,698,216	5,991	4,797	194,639	32,142	-	-	-	-	41,283	14,637	9,784	-	2,001,489
Outside printing	557,162	-		303	101	-	-	-	-	5,194	13,966	5,006	-	581,732
Local transportation	1,721,810	417	1,988	55,503	1,530	-	-	-	-	10,708	7,215	6,228	-	1,805,399
Conferences, conventions, and meetings	1,944,334	834	1,415	1,358,616	437	-	-	-	-	49,554	146,205	1,310	(1,330,644)	2,172,061
Membership dues and subscriptions	133,693	10	983	28,242	791	-	-	-	-	33,041	22	385	-	197,167
Awards and grants	65,869	105		10,000	-	-	-	-	-	-	-	-	-	75,974
Interest and financing costs	129,646	265,192	3,750	382,594	-	-	-	-	-	59,227	-	-	-	840,409
Loss on disposal of land, building and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to affiliates	4,987	-	-	-	-	-	-	-	-	-	-	-	-	4,987
Distribution of in-kind gifts	1,209,124	-	-	-	-	-	-	-	-	-	158,344	-	(158,344)	1,209,124
Retirement benefit-related changes other than net periodic cost	17,479,196	-	-	-	-	-	-	-	-	-	-	-	-	17,479,196
Miscellaneous	2,530,370	1,302,829	192,881	34,895	428	88,601	-	-	297	73,246	6,945	472	(1,289,158)	2,941,806
Total expenses before depreciation and allocation of management and general expenses	178,058,466	1,729,581	817,849	15,324,713	954,275	88,601	12,372	-	292	12,165,980	1,057,895	368,827	(3,106,321)	207,472,530
Depreciation	2,414,948	8,297	48,573	3,228,157	1,053	-	6,536	-	-	722,999	39,653	56,766	-	6,526,982
Allocation of management and general expenses	(3,143,596)	150,414	74,615	1,601,149	82,589	-	1,635	-	25	1,114,107	82,018	37,044	-	-
Total expenses	177,329,818	1,888,292	941,037	20,154,019	1,037,917	88,601	20,543	-	317	14,003,086	1,179,566	462,637	(3,106,321)	213,999,512
CHANGE IN NET ASSETS (DEFICIT)	(22,117,167)	(1,922,929)	1,654,813	(1,155,110)	(240,789)	(88,601)	(1,018)	-	(246)	(575,163)	(270,947)	(239,321)	-	(24,956,478)
NET ASSETS (DEFICIT)—Beginning of year	66,718,624	15,752,191	-	(20,150,189)	(1,714,328)	(1,944,007)	(23,035)	34,784	(433,508)	4,448,603	1,346,777	1,682,439	-	65,718,351
REQUIRED DISTRIBUTION	-	37,800	-	(37,800)	-	-	-	-	-	-	-	-	-	-
NET ASSETS (DEFICIT)—End of year	$ 44,601,457	$13,867,062	$1,654,813	$(21,343,099)	$(1,955,117)	$(2,032,608)	$(24,053)	$34,784	$(433,754)	$ 3,873,440	$1,075,830	$1,443,118	$ -	$ 40,761,873

See accompanying independent auditors' report.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Catholic Charities of the Archdiocese of Chicago	Catholic Charities Housing Development Corporation	Cortland Manor	Options for Housing: Federally Assisted Residences	Options for Housing: Homelessness Prevention Call Center	Options for Housing: Cooke's Manor, LLC	Other	St. Joseph Carondelet	Social Enterprise Initiatives	Holy Family Villa	House of the Good Shepherd	Peace Corner	Eliminating Entries	Total
CASH FLOWS FROM OPERATING ACTIVITIES:														
(Decreases) increases in net assets (deficit)	$(22,117,167)	$(1,922,929)	$ 1,654,813	$(1,155,110)	$(240,789)	$ (88,601)	$ (1,018)	$ -	$ (246)	$(575,163)	$(270,947)	$(239,321)	$ -	$(24,956,478)
Adjustments to reconcile decreases (increases) in net assets (deficit) to net cash (used in) provided by operating activities:														
Retirement benefit changes other than net periodic cost	17,479,196	-	-	-	-	-	-	-	-	-	-	-	-	17,479,196
Bad debt expense	2,271,705	-	191,753	-	-	-	-	-	-	70,962	-	-	-	2,534,420
Forgiveness of loan receivable	-	1,289,158	-	-	-	-	-	-	-	-	-	-	-	1,289,158
Depreciation	2,414,948	8,297	48,573	3,228,157	1,053	-	6,536	-	-	722,999	39,653	56,766	-	6,526,982
Amortization of deferred debt issuance costs	-	5,112	683	-	-	-	-	-	-	-	-	-	-	5,795
Net realized gain on investments	(1,080,360)	-	-	-	-	-	-	-	-	(11)	-	-	-	(1,080,371)
Net unrealized gain on investments	(1,195,939)	-	-	-	-	-	-	-	-	(1,151)	-	-	-	(1,197,090)
Write off investment in Cortland Manor LLC	-	105,734	-	-	-	-	-	-	-	-	-	-	-	105,734
Loss on disposal of land, building and equipment	-	10,600	-	-	-	-	-	-	-	-	-	-	-	10,600
Change in fair value of split-interest trust agreements	182,053	-	-	-	-	-	-	-	-	-	-	-	-	182,053
Contributions restricted for permanent endowment	(251)	-	-	-	-	-	-	-	-	-	-	-	-	(251)
Contributed investments	(985,186)	-	-	-	-	-	-	-	-	-	-	-	-	(985,186)
Fair value of donated fixed assets	-	-	-	-	-	-	-	-	-	-	(33,877)	-	-	(33,877)
Inherent contribution	-	-	(2,098,779)	-	-	-	-	-	-	-	-	-	-	(2,098,779)
Actuarial gain on charitable gift annuities	(150,007)	-	-	-	-	-	-	-	-	-	-	-	-	(150,007)
Amortization of discount on note payable	80,331	-	-	-	-	-	-	-	-	-	-	-	-	80,331
Loss on interest rate swap	392,243	-	-	-	-	-	-	-	-	-	-	-	-	392,243
Changes in operating accounts:														
Receivables	2,892,838	-	(189,004)	1,798,214	109,464	-	(850)	-	2,774	138,499	54,124	(5,160)	-	4,800,899
Prepaid and other assets	(87,953)	37,003	772	(21,531)	16,204	69	(55)	-	-	1,135	(20,149)	(146)	-	(74,651)
Due (to) from affiliates	650,301	14,033	451,850	(1,934,526)	163,581	127,157	(14,372)	-	(8,095)	(117,852)	(100,850)	39,934	-	(728,839)
Accounts payable and accrued compensation	1,905,813	508,514	(46,297)	52,853	(7,130)	(31,044)	(1,785)	-	-	19,994	256,461	4,256	-	2,661,635
Accrued interest payable	(3,023)	-	(3,500)	(1,223)	-	-	-	-	-	-	-	-	-	(7,746)
Pension and postretirement benefits	(1,276,242)	-	-	-	-	-	-	-	-	-	-	-	-	(1,276,242)
Due to governmental agencies	(2,102,567)	-	-	-	-	-	-	-	-	-	-	749	-	(2,101,818)
Security deposits	-	-	-	(328)	-	-	-	-	-	(13,005)	(335)	-	-	(13,668)
Gift annuities payable	114,461	-	-	-	-	-	-	-	-	-	-	-	-	114,461
Other liabilities	(55,165)	(107,575)	-	(46,840)	-	-	-	-	-	(7,155)	(11,110)	-	-	(227,845)
Net cash (used in) provided by operating activities	(669,971)	(52,053)	10,864	1,919,666	42,383	7,581	(11,544)	-	(5,567)	239,252	(87,030)	(142,922)	-	1,250,659
CASH FLOWS FROM INVESTING ACTIVITIES:														
Land, buildings, and equipment purchased or constructed	(1,261,671)	-	(13,296)	(675,008)	-	-	-	-	-	(137,870)	(849)	-	-	(2,088,694)
Net purchases/sales of investments	4,456,648	-	-	-	-	-	-	-	-	(4,310)	-	-	-	4,452,338
Required minimum distribution from affiliate	-	37,800	-	-	-	-	-	-	-	-	-	-	(37,800)	-
Cash transferred from other entity	-	-	37,465	-	-	-	-	-	-	-	-	-	-	37,465
Changes in assets whose use is limited	(90)	-	(6,982)	(933,381)	-	(3,980)	-	-	-	(97,679)	-	-	-	(1,042,112)
Net cash provided by (used in) investing activities	3,194,887	37,800	17,187	(1,608,389)	-	(3,980)	-	-	-	(239,859)	(849)	-	(37,800)	1,358,997

(Continued)

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Catholic Charities of the Archdiocese of Chicago	Catholic Charities Housing Development Corporation	Cortland Manor	Options for Housing: Federally Assisted Residences	Options for Housing: Homelessness Prevention Call Center	Options for Housing: Cooke's Manor, LLC	Other	St. Joseph Carondelet	Social Enterprise Initiatives	Holy Family Villa	House of the Good Shepherd	Peace Corner	Eliminating Entries	Total
CASH FLOWS FROM FINANCING ACTIVITIES:														
Repayments of long-term debt	$ (200,000)	$ -	$ -	$ (176,416)	$ -	$ (1,200)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (377,616)
Repayments of capital lease obligations	(322,468)	-	-	-	-	-	-	-	-	-	-	-	-	(322,468)
Required minimum distribution to affiliate	-	-	-	(37,800)	-	-	-	-	-	-	-	-	37,800	-
Contributions restricted for permanent endowment	251	-	-	-	-	-	-	-	-	-	-	-	-	251
Net cash used in financing activities	(522,217)	-	-	(214,216)	-	(1,200)	-	-	-	-	-	-	37,800	(699,833)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,002,699	(14,253)	28,051	97,061	42,383	2,401	(11,544)	-	(5,567)	(607)	(87,879)	(142,922)	-	1,909,823
CASH AND CASH EQUIVALENTS—Beginning of year	19,579,331	20,615	-	1,109,503	72,101	5,543	(38,138)	-	5,567	96,940	302,502	196,924	-	21,350,888
CASH AND CASH EQUIVALENTS—End of year	$ 21,582,030	$ 6,362	$ 28,051	$ 1,206,564	$ 114,484	$ 7,944	$(49,682)	$ -	$ -	$ 96,333	$ 214,623	$ 54,002	$ -	$ 23,260,711
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:														
Cash paid for interest	$ 132,668	$ 265,192	$ 3,750	$ 383,818	$ -	$ -	$ -	$ -	$ -	$ 59,227	$ -	$ -	$ -	$ 844,655
Contributed investments	$ 985,186	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 985,186
Accounts payable for fixed asset additions	$ 561,517	$ -	$ -	$ 137,131	$ -	$ -	$ -	$ -	$ -	$ 22,910	$ -	$ -	$ -	$ 721,558
Fair value of donated fixed assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,877	$ -	$ -	$ 33,877
Fixed assets acquired with capital lease obligations	$ 242,132	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 242,132

See accompanying independent auditors' report. (Concluded)