Consolidated Financial Statements, Supplementary Information and Report of Independent Certified Public Accountants

Saint John Vianney Center

June 30, 2017 and 2016

Contents

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Report of Independent Certified Public Accountants

The Board of Directors
Saint John Vianney Center
Downingtown, Pennsylvania

Report on the financial statements

We have audited the accompanying consolidated financial statements of Saint John Vianney Center, which comprise the consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint John Vianney Center as of June 30, 2017 and 2016, and the results of its operations and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating balance sheets as of June 30, 2017 and 2016 and the consolidating statements of operations and changes in net assets for the years then ended are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania

October 31, 2017

Saint John Vianney Center

CONSOLIDATED BALANCE SHEETS

June 30,

	2017	2016
ASSETS		
Current		
Cash and cash equivalents	$ 20,201	$ 1,500
Patient accounts receivable		
Residents	1,164,216	1,135,214
Outpatient	35,506	10,984
Allowance for doubtful accounts	(32,847)	(97,318)
Net patient accounts receivable	1,166,875	1,048,880
Other receivables	-	2,531
Prepaid expenses	136,754	96,711
Related party receivables	4,510,645	5,202,180
Total current assets	5,834,475	6,351,802
Investments	1,125,829	2,954,948
Property, plant and equipment, net	2,401,518	2,433,294
Total assets	$ 9,361,822	$ 11,740,044
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	$ 235,872	$ 260,187
Accrued salaries	303,897	329,186
Accrued expenses	76,874	63,947
Related party payables	1,411,172	1,456,323
Total current liabilities	2,027,815	2,109,643
Total liabilities	2,027,815	2,109,643
Net assets		
Unrestricted net assets	7,315,306	9,630,401
Temporarily restricted net assets	18,701	-
Total net assets	7,334,007	9,630,401
Total liabilities and net assets	$ 9,361,822	$ 11,740,044

The accompanying notes are an integral part of these consolidated financial statements.

Saint John Vianney Center

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30,

	2017	2016
Operating revenues:		
Net resident revenue, net of contractual allowances	$ 8,682,317	$ 10,325,161
Recovery of bad debt	64,470	35,176
Net resident revenue, net of bad debt	8,746,787	10,360,337
Contribution of rental at fair value	744,372	744,372
Other operating revenue	252,428	306,120
Total operating revenues	9,743,587	11,410,829
Operating expenses:		
Administration	1,265,519	1,250,070
Annex program	241,135	286,447
Chapel	207,739	163,287
Community counseling	201,561	301,952
Consultation and education services	500,751	511,302
Depreciation	269,746	260,919
Dietary	547,965	580,031
Fringe benefits	1,033,594	1,073,473
Housekeeping	97,796	95,074
Nurse administration	570,605	594,925
Outpatient services	194,439	194,040
Plant operation and maintenance	730,117	651,248
Professional care	2,495,114	2,496,699
Recreation	66,009	67,489
Rent expense	744,372	744,372
Social services	198,057	146,094
Total operating expenses	9,364,519	9,417,422
Operating income	379,068	1,993,407
Nonoperating revenue, gains and losses:		
Contributions and bequests	79,531	20,880
Interest and investment income	30,453	44,402
Realized loss on sale of investments	(37,697)	(2,286)
Unrealized gain (loss) in fair market value of investments	233,550	(91,397)
Nonoperating revenue, gains and losses, net	305,837	(28,401)
Excess of revenues over expenses	684,905	1,965,006
Other changes in net assets		
Distribution to Archdiocese of Philadelphia (Note G)	(3,000,000)	-
(Decrease) increase in unrestricted net assets	(2,315,095)	1,965,006
Change in temporarily restricted net assets		
Contribution revenue	18,701	-
Increase in temporarily restricted net assets	18,701	-
(Decrease) increase in net assets	(2,296,394)	1,965,006
Net assets		
Beginning of year	9,630,401	7,665,395
End of year	$ 7,334,007	$ 9,630,401

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended June 30,

	2017	2016
Cash flows from operating activities		
(Decrease) increase in net assets	$ (2,296,394)	$ 1,965,006
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Recovery of bad debt	(64,470)	(35,176)
Unrealized (gain) loss in fair market value of investments	(233,550)	91,397
Realized loss on sale of investments	37,697	2,286
Depreciation	269,746	260,919
Changes in working capital which provided or (used) cash		
Accounts receivable	(53,525)	505,590
Other receivables	2,531	(2,531)
Related party receivables	691,535	(2,504,812)
Prepaid expenses	(40,043)	(24,733)
Accounts payable	(24,315)	35,787
Accrued salaries	(25,289)	23,851
Accrued expenses	12,927	(97,916)
Related party payable	(45,151)	132,907
Net cash (used in) provided by operating activities	(1,768,301)	352,575
Cash flows from investing activities		
Purchase of property, plant and equipment	(237,970)	(316,979)
Purchases of investment securities	(5,021,662)	(375,857)
Proceeds from sale of investment securities	7,046,634	340,261
Net cash provided by (used in) investing activities	1,787,002	(352,575)
Net increase in cash and cash equivalents	18,701	-
Cash and cash equivalents		
Beginning of year	1,500	1,500
End of year	$ 20,201	$ 1,500

The accompanying notes are an integral part of these consolidated financial statements.

NOTE A - NATURE OF OPERATIONS AND PRINCIPLES OF CONSOLIDATION

Saint John Vianney Center (the "Center") provides inpatient and outpatient psychological care to priests and religious personnel and bills the respective insurance companies, religious orders or diocese. The Center is a corporation whose members consist of the following: the Archbishop of Philadelphia, the Moderator of the Curia and the Secretary for Clergy.

The Center is the sole corporate member of Catholic Clinical Consultants ("CCC"). CCC provides behavioral health management and clinical services to skilled nursing facilities, adult day care programs, assisted living facilities and other community based programs. The financial statements consolidate CCC into the Center (collectively referred to as the "Organization").

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Organization's net assets and its revenues, expenses, gains and losses are classified into three categories, based on the existence or absence of donor-imposed restrictions. The categories are permanently restricted, temporarily restricted and unrestricted net assets.

Unrestricted net assets are free of donor-imposed restrictions.

Temporarily restricted net assets include gifts, pledges, trusts, remainder interests, income and appreciation, for which donor-imposed restrictions have not been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, and/or time restrictions imposed by donors or implied by the nature of the gift.

Permanently restricted net assets include gifts, pledges, trusts and remainder interests, which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

As of June 30, 2017 and 2016, there were no permanently restricted net assets.

2. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates include the allocation of functional expenses, fair value of investment securities, useful lives of property, plant and equipment and the allowance for doubtful accounts on patient accounts receivable. Actual results could differ from those estimates.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Cash and Cash Equivalents

The Organization considers investments in highly liquid securities, authorized by management, purchased with a maturity of three months or less from the date purchased to be cash equivalents. The Organization maintains cash balances with financial institutions that at times may exceed Federal Deposit Insurance Corporation limits. Management does not believe the credit risk related to these deposits to be significant.

4. Pledges/Contributions

Unconditional promises to give (pledges) are recorded as receivables and revenues at fair value at the date the promise is received within the appropriate net asset category. Donor-restricted gifts which are received and either spent or deemed spent within the same year are reported as unrestricted revenues and expenses. Gifts of long-lived assets are reported at fair value as unrestricted revenue. Gifts specified for the acquisition or construction of long-lived assets are reported as unrestricted net assets when the assets are placed in service.

5. Resident Service Revenues and Allowances

Resident service revenue is accounted for at various established rates according to patient classification as the services are provided.

The Organization provides an allowance for doubtful accounts for estimated losses resulting from the unwillingness or inability of residents to make payments for services. The allowance is determined by analyzing historical data and trends. Accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and the Organization ceases collection efforts. Write-offs have been consistent with management's expectations.

Net residential fees and net health care revenues for the years ended June 30, 2017 and 2016, net of contractual allowances and discounts (but before the provision for bad debt), recognized in the periods from these major payor sources based on primary insurance designation, are as follows:

Net resident revenue	Third-party payors	Self-pay	Total all payors
2017	$ 201,588	$ 8,480,729	$ 8,682,317
2016	$ 197,120	$10,128,041	$10,325,161

Deductibles and copayments under third-party payment programs within the third-party payor amounts above are the residents' responsibility, and the Organization considers these amounts in its determination of the provision for bad debt based on collection experience.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Organization records a significant provision for bad debt on the basis of its past experience and on its review of individual receivable accounts to evaluate the ability and willingness of residents to pay amounts due for the portion of their bill for which they are financially responsible. The Organization has not experienced significant changes in write-off trends for the years ended June 30, 2017 and 2016.

6. Investments

The Organization invests in two publicly traded SEI Catholic Values public mutual funds. The Catholic Values Equity Fund and the Catholic Values Fixed Income Fund ("Catholic Values Funds") provide Catholic institutions with high quality products that align with their core values, without sacrificing diversification or return potential. Specifically, the funds align with the investment directives set forth by the United States Conference of Catholic Bishops ("USCCB"). The Archdiocese of Philadelphia appointed SEI Private Trust Company to act as custodian (the "Custodian") of the Trustee Accounts. The investment in the Trustee Accounts and other investments are reported at fair value.

Realized gains and losses are reported to the participant monthly. Gains and losses created at the participant level due to sales are recorded in the specific participant accounts. Unrealized gains and losses are included in the consolidated statement of operations and changes in net assets as net appreciation or depreciation in the fair value of investments.

7. Property, Plant and Equipment

Property, plant and equipment are carried at cost. Expenditures for major renewals and betterments are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Recovery periods are based on the following ranges of useful lives:

Land improvements	5 - 20 years
Building improvements	5 - 40 years
Furniture and fixtures	3 - 20 years

8. Long-Lived Assets

The Organization continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the Organization uses an estimate of the related undiscounted operating income over the remaining life of the long-lived asset in measuring whether the long-lived asset is recoverable. The impairment loss on these assets is measured as the excess of the carrying amount of the asset over its fair value. Fair value is based on market prices where available, or discounted cash flows. Management believes that no revision to the remaining useful lives or write-down of long-lived assets were required at June 30, 2017 and 2016.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Excess of Revenues over Expenses

The consolidated statements of operations and changes in net assets include the excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, included permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

10. Charity Care

At times, the Organization provides care to patients who meet certain criteria designed by its Board of Directors without charge or at amounts less than its established rates. The Organization does not pursue collection of amounts determined to qualify as charity care, and establishes reserves for these amounts. Accordingly, such amounts are not reported as revenue in the accompanying consolidated statements of operations and changes in net assets. Charity care reduced revenue by $234,878 and $63,257 for the years ended June 30, 2017 and 2016, respectively.

11. Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, to improve financial reporting by creating common revenue recognition guidance. The core principle of this guidance is that an entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services at the date the performance obligation has occurred. ASU 2014-09 is effective for periods beginning after December 15, 2017. An entity will apply this update using either a full retrospective application, which applies the standard to each prior period presented, or under the modified retrospective application, in which an entity recognizes the cumulative effect of initially applying the new standard as an adjustment to the opening statement of financial position at the date of initial application. The Organization has not determined the impact of ASU 2014-09 at this time.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard intends to make certain improvements to the current reporting requirements for not-for-profit entities including: (1) the presentation for two classes of net assets at the end of the period, rather than the currently required three classes, as well as the annual change in each of the two classes; (2) the removal of the requirement to present or disclose the indirect method (reconciliation) when using the direct method for the statement of cash flows; and (3) the requirement to provide various enhanced disclosures relating to various not-for-profit specific topics. The new standard is effective for annual financial statements beginning after December 15, 2017. The Organization has not determined the impact of the new standard at this time.

12. Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements. The reclassifications had no impact on total net assets or the change in net assets.

NOTE C - INVESTMENTS

Investments held at SEI are reported at fair value and consist of the following:

Catholic Values Equity Fund (or "fund") - Invests in common stocks and is managed by SEI. The fund is valued at the closing price of the traded fund.

Catholic Values Fixed Income Fund (or "fund") - Invests in mutual funds, corporate obligations, United States Treasury obligations and municipal obligations and is managed by SEI. The fund is valued at the closing price of the traded fund.

The total investments of the Organization at June 30, 2017 and 2016 are detailed as follows:

	2017	2016
Catholic Values Equity Fund	$ 811,869	$ 2,075,363
Catholic Values Fixed Income Fund	313,960	879,585
Total ownership	$ 1,125,829	$ 2,954,948

NOTE D - PROPERTY, PLANT AND EQUIPMENT

	June 30,	
	2017	2016
Land improvements	$ 283,706	$ 281,705
Building and improvements	4,982,774	4,805,400
Furniture and equipment	1,571,426	1,511,882
Construction in progress	-	949
	6,837,906	6,599,936
Accumulated depreciation	(4,436,388)	(4,166,642)
Property, plant and equipment, net	$ 2,401,518	$ 2,433,294

Depreciation expense was $269,746 and $260,919 for the years ended June 30, 2017 and 2016, respectively.

The land on which the Organization is located is owned by the Archdiocese of Philadelphia. The Organization occupies this land and does not make a rental payment to the Archdiocese of Philadelphia for its use. The cost of this land is not reflected in the consolidated financial statements of the Organization. Rent expense and contribution revenue have been recorded at the estimated fair market value and have been reported in the consolidated statements of operations and changes in net assets.

NOTE E - EMPLOYEE BENEFIT PLANS

1. Lay Employees' Retirement Plan - frozen effective June 30, 2014

Through June 30, 2014, the eligible lay employees of the Organization were covered under the Archdiocese of Philadelphia Lay Employees' Retirement Plan ("LERP"), which is a defined benefit pension plan covering substantially all lay employees of the Archdiocese of Philadelphia, based on age and service requirements.

The LERP is administered by the Trustees of the LERP. The Organization made annual contributions to the LERP at an average rate of 4.95% and 4.00% of the salaries of eligible employees for the years ended June 30, 2017 and 2016, respectively. The amount expensed by the Organization for contributions to the LERP was $109,698 and $99,406 for the years ended June 30, 2017 and 2016, respectively. Separate accounts for vested benefits and pension fund assets are not maintained for each institution.

On November 5, 2013, the Archdiocese of Philadelphia Office for Financial Services ("OFS") announced that it would freeze the LERP effective June 30, 2014. All current employees at the time of the announced freeze retained benefits they had earned and continued to accrue benefits through the effective date. After the effective date, accrued pension benefits under the plan do not increase for current employees for additional service or increases in pay after the freeze date.

2. Archdiocese of Philadelphia 403(b) Retirement Plan

Effective July 1, 2014, the Archdiocese of Philadelphia established a 403(b) defined contribution plan. Under the 403(b) plan, and subject to statutory limits, all employees at least 18 years of age are immediately eligible to make voluntary deferred salary contributions into the 403(b) plan.

Employer contributions, which cover employees meeting the eligibility requirements below, are discretionary. The following are the eligibility requirements for the employer contributions:

Grandfathered Employees - Any employee who was accruing benefits as an active participant in the Plan as of its freeze date of June 30, 2014 is a grandfathered employee and will be eligible to receive employer contributions beginning with the first payroll on or after July 1, 2014. A grandfathered 10-month employee will be eligible to receive employer contributions beginning with the first payroll on or after September 1, 2014.

Non-Grandfathered Employees - Non-grandfathered employees are eligible to receive the employer contribution beginning with the first payroll coinciding with or immediately following the completion of 1,000 hours of service during the 18-month period beginning July 1, 2014 through December 31, 2015. The employee must also have attained at least 18 years of age to be eligible. For a non-grandfathered employee hired prior to July 1, 2014 who does not meet the eligibility requirements for an employer contribution in the time frame described above, the period for determining whether or not one meets the 1,000 hour service requirement will shift to the calendar year beginning January 1, 2016.

(Continued)

NOTE E - EMPLOYEE BENEFIT PLANS - Continued

Vesting - Vesting in employer contributions to a 403(b) plan account will be immediate for any grandfathered employee who has completed 12 months of service as of June 30, 2014. Vesting in employer contributions for all other employees will take place after the completion of 12 months of service.

The Organization's contribution rate was 4.5% of base salary for eligible employees for the years ended June 30, 2017 and 2016. The contributions into the 403(b) plan totaled $131,707 and $116,494 for the years ended June 30, 2017 and 2016, respectively.

NOTE F - INCOME TAXES

The Organization is a nonprofit organization which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its consolidated financial statements include material uncertain tax positions. As of June 30, 2017, the Organization's tax years ended June 30, 2014 through June 30, 2016 for federal tax jurisdiction remain open to examination.

NOTE G - RELATED PARTY TRANSACTIONS

The Organization is covered under various insurance, retirement and other plans of the Archdiocese of Philadelphia. The transactions with the Archdiocese of Philadelphia and affiliates charged to expense are as follows for the years ended:

	June 30, 2017	June 30, 2016
Management fee	$ 630,828	$ 581,985
Pension	241,405	215,900
Distribution to Archdiocese of Philadelphia	3,000,000	-
Insurance	106,968	228,304
	$ 3,979,201	$ 1,026,189

The Board of Directors of the Organization adopted a resolution at a meeting held on October 13, 2016, approving the contribution and authorizing the transfer of $3 million from the assets of the Organization to the Archdiocese of Philadelphia, to be used for the purpose of funding the LERP and the Priests' Pension Plan and Ancillary Retirement Benefits Trust of the Archdiocese of Philadelphia.

(Continued)

NOTE G - RELATED PARTY TRANSACTIONS - Continued

For the years ended June 30, 2017 and 2016, the Organization recorded in other operating revenue and received $241,135 and $286,447, respectively, from the Archdiocese of Philadelphia to fund the Annex portion of the Serenity and Transparency Program.

Due from (to) related parties are as follows:

	June 30, 2017	June 30, 2016
Due from Catholic Health Care Services	$ 4,510,645	$ 5,187,305
Due from the Archdiocese of Philadelphia	-	14,875
	$ 4,510,645	$ 5,202,180
Due to Catholic Health Care Services	$ (1,308,801)	$ (1,396,522)
Due to the Archdiocese of Philadelphia	(102,371)	(59,801)
	$ (1,411,172)	$ (1,456,323)

NOTE H - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities as of the measurement date.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

(Continued)

NOTE H - FAIR VALUE MEASUREMENTS - Continued

Fair value calculations may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables present the fair values of the underlying investments held by the Organization by level within the fair value hierarchy, as of June 30, 2017 and 2016:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
2017				
Assets				
Investment in SEI				
Catholic Values Equity Fund	$ 811,869	$ -	$ -	$ 811,869
Catholic Values Fixed Income Fund	313,960	-	-	313,960
Total	$ 1,125,829	$ -	$ -	$ 1,125,829

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
2016				
Assets				
Investment in SEI				
Catholic Values Equity Fund	$ 2,075,363	$ -	$ -	$ 2,075,363
Catholic Values Fixed Income Fund	879,585	-	-	879,585
Total	$ 2,954,948	$ -	$ -	$ 2,954,948

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2017 and 2016:

	2017	2016
Chapel project	$ 18,701	$ -
	$ 18,701	$ -

NOTE J - FUNCTIONAL EXPENSES

The Organization provides a variety of services, as described in Note A. Expenses related to providing these services are as follows:

	Year ended June 30,	
	2017	2016
Behavioral health services	$ 6,848,403	$ 6,903,012
Administrative	2,516,116	2,514,410
	$ 9,364,519	$ 9,417,422

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events for the year ended June 30, 2017, the date of the consolidated financial statements, through October 31, 2017, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Saint John Vianney Center

CONSOLIDATING BALANCE SHEET

June 30, 2017

ASSETS	Saint John Vianney Center	Catholic Clinical Consultants	Eliminations	Consolidated total
Current				
Cash and cash equivalents	$ 20,201	$ -	$ -	$ 20,201
Patient accounts receivable				
Residents	1,164,216	-	-	1,164,216
Outpatient	35,506	-	-	35,506
Allowance for doubtful accounts	(32,847)	-	-	(32,847)
Net patient accounts receivable	1,166,875	-	-	1,166,875
Prepaid expenses	136,754	-	-	136,754
Related party receivables	4,513,442	-	(2,797)	4,510,645
Total current assets	5,837,272	-	(2,797)	5,834,475
Investments	1,125,829	-	-	1,125,829
Property, plant and equipment, net	2,400,811	707	-	2,401,518
Total assets	$ 9,363,912	$ 707	$ (2,797)	$ 9,361,822
LIABILITIES AND NET ASSETS				
Current				
Accounts payable	$ 235,872	$ -	$ -	$ 235,872
Accrued salaries	293,890	10,007	-	303,897
Accrued expenses	76,784	90	-	76,874
Related party payables	74,776	1,339,193	(2,797)	1,411,172
Total current liabilities	681,322	1,349,290	(2,797)	2,027,815
Total liabilities	681,322	1,349,290	(2,797)	2,027,815
Net assets				
Unrestricted net assets	8,663,889	(1,348,583)	-	7,315,306
Temporarily restricted net assets	18,701	-	-	18,701
Total net assets	8,682,590	(1,348,583)	-	7,334,007
Total liabilities and net assets	$ 9,363,912	$ 707	$ (2,797)	$ 9,361,822

Saint John Vianney Center

CONSOLIDATING BALANCE SHEET

June 30, 2016

ASSETS	Saint John Vianney Center	Catholic Clinical Consultants	Eliminations	Consolidated total
Current				
Cash and cash equivalents	$ 1,500	$ -	$ -	$ 1,500
Patient accounts receivable				
Residents	1,099,693	35,521	-	1,135,214
Outpatient	10,984	-	-	10,984
Allowance for doubtful accounts	(97,318)	-	-	(97,318)
Net patient accounts receivable	1,013,359	35,521	-	1,048,880
Other receivables	2,531	-	-	2,531
Prepaid expenses	94,925	1,786	-	96,711
Related party receivables	5,202,180	28,171	(28,171)	5,202,180
Total current assets	6,314,495	65,478	(28,171)	6,351,802
Investments	2,954,948	-	-	2,954,948
Property, plant and equipment, net	2,432,587	707	-	2,433,294
Total assets	$ 11,702,030	$ 66,185	$ (28,171)	$ 11,740,044
LIABILITIES AND NET ASSETS				
Current				
Accounts payable	$ 258,635	$ 1,552	$ -	$ 260,187
Accrued salaries	313,702	15,484	-	329,186
Accrued expenses	57,601	6,346	-	63,947
Related party payables	87,973	1,396,521	(28,171)	1,456,323
Total current liabilities	717,911	1,419,903	(28,171)	2,109,643
Total liabilities	717,911	1,419,903	(28,171)	2,109,643
Unrestricted net assets	10,984,119	(1,353,718)	-	9,630,401
Total net assets	10,984,119	(1,353,718)	-	9,630,401
Total liabilities and net assets	$ 11,702,030	$ 66,185	$ (28,171)	$ 11,740,044

Saint John Vianney Center

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30, 2017

	Saint John Vianney Center	Catholic Clinical Consultants	Consolidated total
Operating revenues:			
Net resident revenue, net of contractual allowances	$ 8,485,259	$ 197,058	$ 8,682,317
Recovery of bad debt	64,470	-	64,470
Net resident revenue, net of bad debt	8,549,729	197,058	8,746,787
Contribution of rental at fair value	744,372	-	744,372
Other operating revenue	252,428	-	252,428
Total operating revenues	9,546,529	197,058	9,743,587
Operating expenses:			
Administration	1,265,519	-	1,265,519
Annex program	241,135	-	241,135
Chapel	207,739	-	207,739
Counseling services	-	201,561	201,561
Consultation and education services	500,751	-	500,751
Depreciation	269,746	-	269,746
Dietary	547,965	-	547,965
Fringe benefits	986,771	46,823	1,033,594
Housekeeping	97,796	-	97,796
Nurse administration	570,605	-	570,605
Outpatient services	194,439	-	194,439
Plant operation and maintenance	730,117	-	730,117
Professional care	2,495,114	-	2,495,114
Recreation	66,009	-	66,009
Rent expense	744,372	-	744,372
Social services	198,057	-	198,057
Total operating expenses	9,116,135	248,384	9,364,519
Operating income (loss)	430,394	(51,326)	379,068
Nonoperating revenue, gains and losses:			
Contributions and bequests	23,070	56,461	79,531
Interest and investment income	30,453	-	30,453
Realized loss on sale of investments	(37,697)	-	(37,697)
Unrealized gain in fair market value of investments	233,550	-	233,550
Nonoperating revenue, gains and losses, net	249,376	56,461	305,837
Excess of revenues over expenses	679,770	5,135	684,905
Other changes in net assets			
Distribution to Archdiocese of Philadelphia	(3,000,000)	-	(3,000,000)
(Decrease) increase in unrestricted net assets	(2,320,230)	5,135	(2,315,095)
Change in temporarily restricted net assets			
Contribution revenue	18,701	-	18,701
Increase in temporarily restricted net assets	18,701	-	18,701
(Decrease) increase in net assets	(2,301,529)	5,135	(2,296,394)
Net assets			
Beginning of year	10,984,119	(1,353,718)	9,630,401
End of year	$ 8,682,590	$ (1,348,583)	$ 7,334,007

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30, 2016

	Saint John Vianney Center	Catholic Clinical Consultants	Consolidated total
Operating revenues:			
Net resident revenue, net of contractual allowances	$ 9,916,280	$ 408,881	$ 10,325,161
Recovery of bad debt	-	35,176	35,176
Net resident revenue, net of bad debt	9,916,280	444,057	10,360,337
Contribution of rental at fair value	744,372	-	744,372
Other operating revenue	306,120	-	306,120
Total operating revenues	10,966,772	444,057	11,410,829
Operating expenses:			
Administration	1,151,505	98,565	1,250,070
Annex program	286,447	-	286,447
Chapel	163,287	-	163,287
Counseling services	-	301,952	301,952
Consultation and education services	511,302	-	511,302
Depreciation	259,676	1,243	260,919
Dietary	580,031	-	580,031
Fringe benefits	940,213	133,260	1,073,473
Housekeeping	95,074	-	95,074
Nurse administration	594,925	-	594,925
Outpatient services	55,526	138,514	194,040
Plant operation and maintenance	651,248	-	651,248
Professional care	2,496,699	-	2,496,699
Recreation	67,489	-	67,489
Rent expense	744,372	-	744,372
Social services	146,094	-	146,094
Total operating expenses	8,743,888	673,534	9,417,422
Operating income (loss)	2,222,884	(229,477)	1,993,407
Nonoperating revenue, gains and losses:			
Contributions and bequests	20,880	-	20,880
Interest and investment income	44,402	-	44,402
Realized loss on sale of investments	(2,286)	-	(2,286)
Unrealized loss in fair market value of investments	(91,397)	-	(91,397)
Nonoperating revenue, gains and losses, net	(28,401)	-	(28,401)
Excess of (deficiency in) revenues over expenses	2,194,483	(229,477)	1,965,006
Increase (decrease) in net assets	2,194,483	(229,477)	1,965,006
Net assets			
Beginning of year	8,789,636	(1,124,241)	7,665,395
End of year	$ 10,984,119	$ (1,353,718)	$ 9,630,401