Financial Statements and Report of
Independent Certified Public Accountants

Archdiocese of Philadelphia -
Office for Financial Services

June 30, 2018 and 2017

Contents

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Report of Independent Certified Public Accountants

To the Archbishop of Philadelphia
Archdiocese of Philadelphia

Report on the financial statements

We have audited the accompanying financial statements of the Archdiocese of Philadelphia - Office for Financial Services ("OFS"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to OFS' preparation and fair presentation of the 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 OFS' 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Archdiocese of Philadelphia - Office for Financial Services as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter
We draw attention to Note A to the financial statements, which describes the legal structure of OFS within the Archdiocese of Philadelphia. Our opinion is not modified with respect to this matter.

Supplementary information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the combining statement of financial position and combining statement of activities and changes in net assets as of and for the year ended June 30, 2018 is presented for purposes of additional analysis, rather than to present the financial position and changes in net assets of the individual organizations, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania

October 29, 2018

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS	2018	2017
Cash and cash equivalents	$ 68,761,638	$ 30,625,048
Due from Archdiocesan entities, net (Note C)		
Assessments and other amounts due, less allowance for doubtful accounts of $33,765,249 and $35,208,119 at June 30, 2018 and 2017, respectively	2,279,892	3,279,044
Loans receivable, less allowance for doubtful accounts of $9,092,767 and $9,408,265 at June 30, 2018 and 2017, respectively	24,977,558	36,943,727
Notes receivable from related parties	1,095,000	1,095,000
Interest receivable from related parties	892,807	908,564
Other related party receivables	2,236,244	1,208,584
Other accounts receivable (Note D)	2,083,798	-
Prepaid expenses	1,934,101	1,609,458
Real estate and physical plant held for sale (Note B)	3,359,021	3,768,945
Investments (Note E)	54,167,818	90,137,715
Beneficial interest in supporting charitable trusts (Note B)	2,241,841	2,182,463
Real estate and physical plant, less accumulated depreciation of $33,785,273 and $31,968,352 at June 30, 2018 and 2017, respectively (Note B)	18,185,781	18,459,166
Total assets	$ 182,215,499	$ 190,217,714
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 4,244,923	$ 5,005,869
Accrued expenses and other payables (Note G)	25,351,725	41,337,399
Deferred revenue (Note B)	1,450,071	843,928
Deposits - parishes, institutions and related organizations (Note M)	61,836,894	81,241,856
Note payable (Note I)	700,000	-
Total liabilities	93,583,613	128,429,052
Net assets		
Unrestricted	48,983,788	24,733,565
Temporarily restricted	12,597,073	11,202,566
Permanently restricted	27,051,025	25,852,531
Total net assets	88,631,886	61,788,662
Total liabilities and net assets	$ 182,215,499	$ 190,217,714

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2018

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, losses and other support				
Parish assessments	$ 21,912,118	$ -	$ -	$ 21,912,118
Contributions from related parties (Note M)	811,904	-	-	811,904
Collections, bequests and donations	1,003,202	1,682,604	-	2,685,806
Tuition income	57,393	-	-	57,393
Investment income	506,251	108,317	296,810	911,378
Interest income	1,672,791	36,836	-	1,709,627
Fees for services	1,971,586	-	-	1,971,586
Intradiocesan income	2,695,735	-	-	2,695,735
Other income (Note O)	4,579,896	-	-	4,579,896
Net assets released from restrictions (Notes P and Q)	1,379,610	(293,197)	(1,086,413)	-
Net realized and unrealized appreciation on investments and beneficial interest in supporting charitable trusts	669,557	518,479	1,988,097	3,176,133
Premium income from Archdiocesan insurance programs	65,818,928	-	-	65,818,928
Total revenues, gains, losses and other support	103,078,971	2,053,039	1,198,494	106,330,504
Expenses				
Subsidies	1,186,021	-	-	1,186,021
Salaries and wages	10,011,731	-	-	10,011,731
Payroll taxes and fringe benefits	4,662,390	-	-	4,662,390
Purchased services	8,850,706	-	-	8,850,706
Intradiocesan expenses	26,221	-	-	26,221
Support expense	4,584,557	-	-	4,584,557
Interparochial assistance (Note M)	1,812,738	-	-	1,812,738
Depreciation expense	1,816,922	-	-	1,816,922
Interest expense (Note M)	1,049,976	-	-	1,049,976
Withdrawals	449,373	-	-	449,373
Insurance program expenses	48,168,474	-	-	48,168,474
Total expenses	82,619,109	-	-	82,619,109
Change in net assets before other items	20,459,862	2,053,039	1,198,494	23,711,395
Other items				
Net gain on real estate transactions	3,131,829	-	-	3,131,829
Reclassification of net assets	658,532	(658,532)	-	-
Change in net assets	24,250,223	1,394,507	1,198,494	26,843,224
Net assets				
Beginning of year	24,733,565	11,202,566	25,852,531	61,788,662
End of year	$ 48,983,788	$ 12,597,073	$ 27,051,025	$ 88,631,886

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2017

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, losses and other support				
Parish assessments	$ 19,152,200	$ -	$ -	$ 19,152,200
Contributions from related parties (Note M)	492,455	-	-	492,455
Collections, bequests and donations	1,716,713	304,446	-	2,021,159
Tuition income	86,503	-	-	86,503
Investment income	1,085,744	111,692	336,007	1,533,443
Interest income	1,326,381	36,238	-	1,362,619
Fees for services	2,259,150	-	-	2,259,150
Intradiocesan income	2,675,066	-	-	2,675,066
Other income (Note O)	5,094,473	-	-	5,094,473
Net assets released from restrictions (Notes P and Q)	6,008,919	(4,913,107)	(1,095,812)	-
Net realized and unrealized appreciation on investments and beneficial interest in supporting charitable trusts	1,057,207	859,601	3,070,774	4,987,582
Premium income from Archdiocesan insurance programs	66,559,720	-	-	66,559,720
Total revenues, gains, losses and other support	107,514,531	(3,601,130)	2,310,969	106,224,370
Expenses				
Subsidies	1,210,847	-	-	1,210,847
Salaries and wages	9,937,726	-	-	9,937,726
Payroll taxes and fringe benefits	4,989,513	-	-	4,989,513
Purchased services	9,952,087	-	-	9,952,087
Intradiocesan expenses	72,342	-	-	72,342
Support expense	3,594,865	-	-	3,594,865
Interparochial assistance (Note M)	1,844,611	-	-	1,844,611
Depreciation expense	1,540,827	-	-	1,540,827
Interest expense (Note M)	1,365,312	-	-	1,365,312
Withdrawals	681,260	-	-	681,260
Insurance program expenses	70,923,812	-	-	70,923,812
Total expenses	106,113,202	-	-	106,113,202
Change in net assets before other items	1,401,329	(3,601,130)	2,310,969	111,168
Other items				
Net loss on real estate transactions	(171,153)	-	-	(171,153)
Non-recurring contribution to pension plans (Note L)	(6,232,141)	-	-	(6,232,141)
Change in net assets	(5,001,965)	(3,601,130)	2,310,969	(6,292,126)
Net assets				
Beginning of year	29,735,530	14,803,696	23,541,562	68,080,788
End of year	$ 24,733,565	$ 11,202,566	$ 25,852,531	$ 61,788,662

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

STATEMENTS OF CASH FLOWS

Year ended June 30,

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 26,843,224	$ (6,292,126)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net (gain) loss on real estate transactions	(3,131,829)	171,153
Depreciation expense	1,816,922	1,540,827
Bad debt recovery	(1,574,190)	(1,391,227)
Net unrealized appreciation on investments	(2,557,808)	(4,271,926)
Net realized (gain) loss on investments	(558,947)	167,272
Net appreciation in beneficial interest in supporting charitable trusts	(59,378)	(153,193)
Changes in assets and liabilities		
Due from Archdiocesan entities	1,245,941	2,288,328
Other accounts receivable	(2,083,798)	-
Prepaid expenses	(324,643)	152,394
Accounts payable	(760,946)	1,105,287
Accrued expenses and other payables	(16,985,674)	1,072,072
Deferred revenue	606,143	253,934
Net cash provided by (used in) operating activities	2,475,016	(5,357,205)
Cash flows from investing activities		
Capital expenditures	(1,543,537)	(5,028,166)
Proceeds from sales of real estate and physical plant	4,541,753	1,551,219
Purchase of investments	(53,820,308)	(2,669,673)
Proceeds from sale of investments	92,906,961	44,903,673
Loans made to parishes	-	(258,552)
Proceeds from sale of loans (Note A)	7,933,752	-
Repayment of loans	4,347,915	5,863,815
Net cash provided by investing activities	54,366,536	44,362,316
Cash flows from financing activities		
Proceeds from issuance of promissory note (Note I)	700,000	-
Change in deposits - parishes, institutions and related organizations	(19,404,962)	(46,055,128)
Net cash used in financing activities	(18,704,962)	(46,055,128)
Net increase (decrease) in cash and cash equivalents	38,136,590	(7,050,017)
Cash and cash equivalents		
Beginning of year	30,625,048	37,675,065
End of year	$ 68,761,638	$ 30,625,048
Non-cash investing and financing activity		
Payment on note receivable from related parties based on assumption of deposit liability - Office of Catholic Education	$ -	$ 2,767,858
Payments on loans receivable based on assumption of deposit liability - other	$ -	$ 366,637

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

NOTE A - ORGANIZATION

The Archdiocese of Philadelphia (the "Archdiocese") was proclaimed a Catholic diocese in 1808 and raised to an Archdiocese in 1875. The Archdiocese oversees the activities of the Roman Catholic Church (the "Church") for the five counties of Philadelphia, Bucks, Chester, Delaware and Montgomery in the southeastern part of the Commonwealth of Pennsylvania and is operated in accordance with the provisions of the 1983 Code of Canon Law, as amended, of the Church. The Archdiocese of Philadelphia - Office for Financial Services ("OFS") provides programs and services to the parishes, schools and other related ecclesiastical entities in the territory of the Archdiocese. OFS is considered to be a component of the Archdiocese of Philadelphia and not a separate legal entity.

The accompanying financial statements include the following funds which operate under the auspices of OFS:

General Fund - Includes the accounts of separate ministry departments of the Archdiocese. The fund also includes all of the OFS unrestricted and donor-restricted resources available for support of the Archdiocesan operations including:

- Resources invested in plant facilities (land, property and equipment).
- Interparochial Cooperation Commission ("IPCC") to provide support for the benefit of financially struggling parishes.
- Assisted living support for retired priests residing in the Villa St. Joseph and Regina Coeli residences.

Custodian Fund - Includes funds received, via special collections, and held by the Archdiocese for the beneficiaries of those special collections. All collected funds received are remitted to the beneficiary or used solely to support the individual mandate of the specific special collection. OFS does not have variance power as it relates to these funds and as such records a related payable at the time of receipt.

Archdiocese of Philadelphia Risk Insurance Trust ("Risk Insurance Trust") - Represents the risk management program of the Archdiocese, including property, general liability, workers' compensation and auto insurance policies covering substantially all participating Archdiocesan entities, as well as the management and administration of the program and all related claims.

Archdiocese of Philadelphia Welfare Benefits Trust ("Welfare Benefits Trust") - Represents the medical benefits program of the Archdiocese, including health, dental prescription and vision insurance coverages for substantially all participating Archdiocesan entities, as well as the management and administration of the program.

Archdiocese of Philadelphia Deposit and Loan Program Trust Fund ("Deposit and Loan Program Trust") - Represents a cooperative deposit and lending program established primarily for the benefit of the parishes and other Archdiocesan entities. This trust replaced the existing Trust and Loan Fund as of September 1, 2014, at which time the assets and liabilities of the Trust and Loan Fund were assigned to and assumed by the Deposit and Loan Program Trust. Effective February 17, 2017, the Trustees of the Deposit and Loan Program Trust instituted a moratorium on accepting deposits, opening new accounts and making new loans under the program. This moratorium remains in effect.

(Continued)

NOTE A - ORGANIZATION - Continued

Additionally, during the year ended June 30, 2017, the Trustees implemented a distribution from the Deposit and Loan Program Trust of parish cemetery perpetual care funds and endowment funds so that these balances could be more appropriately invested. Cash distributions, equal to 20% of depositor balances, were also made to each depositor. All depositor accounts with balances less than $12,500 were fully distributed to depositors during June 2018. Further, during the year ended June 30, 2018, cash distributions, equal to 17.5% of remaining balances, were also made to each remaining depositor.

On May 31, 2018, the Deposit and Loan Program Trust sold six loans with a principal balance of $7,943,485 to the Archdiocese of Philadelphia Priests' Retirement Benefits Funding Trust. The loans were priced, as of the transaction date, by an independent financial firm at a price of $7,933,752, reflecting a slight discount. The interest rates on the loans range from 4% to 5%, and maturity dates range from 2021 to 2041. The Archdiocese has guaranteed the full and complete performance of all covenants, obligations, and the full payment of all amounts required to be paid for the six loans sold. All of the sold loans remain current with their required payments subsequent to the transaction date.

The accompanying financial statements do not include the assets, liabilities or activities of the more than 200 parishes located in the territory of the Archdiocese, except for parish deposits maintained in the Deposit and Loan Program Trust and other receivables set forth in the accompanying financial statements. The parishes are separate canonical operating entities distinct from the offices and funds included herein. The parishes maintain separate accounts and their respective assets in their own names, and carry out their own programs. Other ecclesiastical entities and organizations, which are related to, but operated separately and distinctly from OFS, are also not included in the accompanying financial statements.

The excluded financial reporting entities include, but are not limited to, the following:

- Archdiocese of Philadelphia Office of Catholic Education - Diocesan High Schools ("OCE")
- Archdiocese of Philadelphia Office of Catholic Education - Administration Account ("OCE")
- Archdiocese of Philadelphia Office of Catholic Education - Schools of Special Education ("SPED")
- The Philadelphia Theological Seminary of St. Charles Borromeo (a Pennsylvania civil corporation; a.k.a. St. Charles Borromeo Seminary)
- Catholic Housing and Community Services ("CHCS") of the Archdiocese of Philadelphia, previously Catholic Health Care Services, a Pennsylvania civil corporation
- Catholic Social Services (a Pennsylvania civil corporation) and affiliated nonprofit organizations
- Catholic Charities of the Archdiocese of Philadelphia (a Pennsylvania civil corporation; a.k.a. Catholic Charities Appeal of the Archdiocese of Philadelphia)
- Heritage of Faith - Vision of Hope (a Pennsylvania civil corporation; "HOF~VOH")
- The Archdiocese of Philadelphia - Office of Catholic Cemeteries ("Cemeteries Office")
- The Archdiocese of Philadelphia - Philadelphia Catholic Cemeteries LLC
- Archdiocese of Philadelphia Cemetery Permanent Lot Care Fund Irrevocable Trust

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

2. Financial Statement Presentation

Information regarding the financial position and activities of OFS is reported according to three classes of net assets based on the existence or absence of donor-imposed restrictions as follows: unrestricted, temporarily restricted and permanently restricted 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.

3. Cash and Cash Equivalents

OFS considers all unrestricted highly liquid investments with an original maturity of three months or less, and which are not held as components of its respective investment portfolio, to be cash equivalents. At June 30, 2018, OFS has cash balances on deposit with financial institutions that exceeded the balance insured by the Federal Deposit Insurance Corporation ("FDIC") of $250,000. OFS has not experienced any losses in such accounts and does not believe it is subject to significant credit risk.

4. Due from/to Archdiocesan Entities

Assessments and other amounts due:
The balance includes outstanding amounts due from Archdiocesan entities (parishes and other related ecclesiastical entities) related to:

- Parish Assessments: An assessment is levied on parishes and certain other Archdiocesan entities to: fund the work of the Archbishop and the operations and support functions of the pastoral center; subsidize the IPCC parishes; and maintain the apostolic ministries and programs shared by the whole local Church.

- Risk Insurance: Risk insurance billings for property, general liability, workers' compensation, and auto and disability insurance coverage provided to parishes and other Archdiocesan entities by the Risk Insurance Trust.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- Medical Benefits: Billings for health, dental, prescription and vision provided to parishes and other Archdiocesan entities by the Welfare Benefits Trust.

Loans Receivable:
The Deposit and Loan Program Trust no longer makes new loans to parishes and other Archdiocesan entities. (See Note A). The Deposit and Loan Program Trust maintains the existing loan balances. Loans are due in varying amounts over terms not more than 25 years. The loans to parishes bear interest using the simple interest rate method on principal amounts outstanding. Except in arrangements which have been specifically negotiated, at both June 30, 2018 and 2017, the variable interest rate on outstanding loans is 4.50%. Specifically negotiated rates range from 2.00% to 3.25%.

Notes Receivable from Related Parties:
The notes receivable balance is comprised of notes that were due from OCE and St. John Neumann Place, L.P. ("SJNPLP"). The note due from OCE related to funds loaned by OFS in connection with the payoff of the Series 2001 and 2008 Revenue Bonds in June 2012. The OCE note was restructured in June 2014 and was paid in full in December 2016.

The note due from SJNPLP represents a second mortgage due to OFS for property acquired by SJNPLP, used to create affordable housing which qualifies for federal low-income housing tax credits. The 30-year mortgage bears interest at 6.25% compounded annually through December 2036.

Interest Receivable from Related Parties:
The interest receivable balance consists of interest accrued on notes receivable, as well as loans receivable due from parishes and other Archdiocesan entities as part of the Deposit and Loan Program Trust.

Other Related Party Receivables:
Other related party receivables consist of amounts due to OFS from parishes and other related ecclesiastical entities for inter-diocesan charges due for rent, utilities and various other items that have been paid by OFS on behalf of a separate Archdiocesan entity.

5. Allowance for Doubtful Accounts

OFS provides for an allowance for doubtful accounts when information available indicates that it is probable that a receivable has been impaired. The allowance for doubtful accounts is provided based upon management's judgments including such factors as prior collection history, economic condition of the counterparty and type of receivable. The amount of expected impairment is based on management's best estimate.

6. Prepaid Expenses

Prepaid expenses consist primarily of amounts in the Risk Insurance Trust. The Risk Insurance Trust pays risk insurance premiums for coverage obtained on behalf of parishes and other Archdiocesan entities at the beginning of the respective policy periods. This cost is amortized over the respective policy period.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Investments

SEI, a provider of institutional asset management services, created two publicly traded Catholic Values mutual funds: the Catholic Values Equity Fund and the Catholic Values Fixed Income Fund ("Catholic Values Funds"), which provide Catholic institutions with high quality investment products that align with their core values, without sacrificing diversification or return potential. Specifically, the Catholic Values Funds align with the investment directives set forth by the United States Conference of Catholic Bishops ("USCCB"). The Archdiocese appointed SEI Private Trust Company to act as custodian (the "Custodian") of the investments, which consist of certain cash and securities and are more fully described in Notes E and F. Investment allocation decisions are the responsibility of the applicable Archdiocesan entity's board or finance council.

Investments are reported at fair value. Realized gains and losses are reported to the participating entities monthly. Gains and losses realized by the participating entities as a result of sales are recorded in their specific accounts. Unrealized gains and losses are included in the statement of activities and changes in net assets as net appreciation or depreciation in the fair value of investments.

8. Charitable Gift Annuities

The Archdiocese is responsible for processing the annuity payments for charitable gift annuities. These assets are included in the investments in the Catholic Values Funds described above at June 30, 2018 and 2017. Periodic annuity payments are made to the donor or their beneficiaries until death. Upon receipt of the assets, a liability is recorded at the present value of the estimated future payments to be distributed over the donor's and/or other beneficiaries' expected life, based on the GAM-2000 Mortality Tables and discount rates set when the annuity agreement is established, which range between 3.08% and 6.17%. The liability at June 30, 2018 and 2017 was $390,263 and $402,646, respectively, and is classified in accrued expenses and other payables on the statements of financial position.

9. Beneficial Interest in Supporting Charitable Trusts

The Archdiocese is the sole beneficiary of the income of individual trusts established by Anthony P. Falcone, held in perpetuity by a third party, and William P. Mulvihill, also held in perpetuity by a third party. The supporting charitable trusts require the income to be paid to the Archdiocese. The beneficial interest in the supporting charitable trusts is recorded at the fair value of the assets. At June 30, 2018 and 2017, the allocable fair value of the net assets of the trusts was as follows:

	2018	2017
Anthony P. Falcone	$ 1,352,710	$ 1,303,495
William P. Mulvihill	889,131	878,968
	$ 2,241,841	$ 2,182,463

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The underlying investments of the beneficial interest in the supporting charitable trusts consist of government obligations, corporate obligations, mutual funds and equity securities. OFS receives statements from each of the trustees, which detail the fair value of each investment in the supporting charitable trusts.

10. Real Estate and Physical Plant

Land, buildings, building improvements and equipment are capitalized at cost, or their fair market value if donated. Depreciation for fixed assets is computed on a straight-line basis over the estimated useful lives, which are as follows:

Buildings	30 years
Building improvements	15 - 20 years
Equipment	3 - 15 years

The legal title of certain real estate and improvements is held in the name of the Archdiocese in trust for the exclusive benefit and charitable use of parishes or related ecclesiastical entities within the territory of the Archdiocese. The Archdiocese has legal title, but does not have any proprietary, equitable or beneficial interest in any such real property and improvements. Each parish or related ecclesiastical entity is a separate juridical person and is the owner and holder of the proprietary, beneficial and equitable interest in its personal and real property and related improvements which, in all events, is subject to the provisions of canon law. Accordingly, such real property and improvements and any other assets and associated liabilities of the parishes within the territory of the Archdiocese are not included in the accompanying financial statements. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flows from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value. No impairment losses were recognized for the years ended June 30, 2018 and 2017.

Real estate and physical plant and accumulated depreciation at June 30, 2018 and 2017 consist of:

	2018	2017
Land	$ 1,058,767	$ 1,058,767
Buildings	39,279,046	39,355,617
Building improvements	8,240,076	7,661,084
Equipment	2,466,587	2,352,050
Construction in progress	926,579	-
	51,971,055	50,427,518
Accumulated depreciation	(33,785,274)	(31,968,352)
Real estate and physical plant, net	$ 18,185,781	$ 18,459,166

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Depreciation expense of $1,816,922 and $1,540,827 was incurred for the years ended June 30, 2018 and 2017, respectively.

11. Real Estate and Physical Plant Held for Sale

OFS has certain buildings and properties no longer in use which are being marketed for sale as of June 30, 2018 and 2017. The carrying value of assets held for sale previously classified under real estate and physical plant, net, consists of the following at June 30, 2018 and 2017:

	2018	2017
Land	$ 45,639	$ 45,639
Buildings	3,313,382	3,723,306
Real estate and physical plant held for sale	$ 3,359,021	$ 3,768,945

12. Conditional Asset Retirement Obligation

OFS has recognized the cost associated with the eventual remediation and abatement of asbestos and other regulated substances located within the construction of OFS' real estate and physical plant. The estimated cost of the abatement was determined by a third-party firm that conducted a survey for asbestos identification and prepared contractor estimates for the cost of potential remediation consistent with management's future remediation plans. As of June 30, 2018 and 2017, the conditional asset retirement liability is $335,342 and $322,444, respectively. Included in the balance at June 30, 2018 and 2017 is $12,898 and $12,402, respectively, for the accretion of interest and $-0- of new liabilities related to conditional asset retirement obligations recognized during each of the years ended June 30, 2018 and 2017.

OFS considers a conditional asset retirement an obligation that includes a legal obligation associated with the retirement of a tangible long-lived asset in which the timing and/or method of settling the obligation is conditional on a future event that may or may not be within the control of OFS. Recognition of a liability is required for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated, even if conditional on a future event. The Archdiocese records the fair value of a liability for a legal obligation associated with an asset retirement in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement obligation is capitalized.

13. Self-Insurance Reserves

Risk Insurance Trust

The statements of financial position include liabilities with respect to self-insured general liability, property liability and auto liability claims as of June 30, 2018 and 2017. These obligations represent an estimate of the expected ultimate cost for these claims, less amounts paid to date. The Risk Insurance Trust estimates the required reserves for such claims on a non-discounted basis utilizing an actuarial method that is based upon various assumptions which include, but are not limited to, historical loss experience and projected loss development factors.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The required liability is also subject to adjustment in the future based upon the changes in claims experience, including changes in the number of incidents and changes in the ultimate cost per incidents. Actual amounts ultimately paid could differ from these estimates. Self-insurance reserves are included in the accrued expenses and other payables caption on the statements of financial position. Effective July 1, 2016, the workers' compensation program, which is included in the Risk Insurance Trust, was converted to a fully insured program, and workers' compensation claims incurred after that date will not require loss reserves. The liability for self-insured workers' compensation claims will be reduced over time as those claims incurred prior to July 1, 2016 are settled.

Welfare Benefits Trust
The statements of financial position include self-insurance liabilities with respect to the medical insurance program as of June 30, 2018 and 2017. These obligations represent an estimate of the expected ultimate cost for claims incurred but not paid ("IBNP"). The Welfare Benefits Trust estimates the required reserves for such claims on a non-discounted basis utilizing a development method which assumes that the progression of claim payment follows runoff patterns that are assumed to remain stable over time. The results, produced by the development method, were adjusted for months where the data was deemed noncredible. These adjustments were made using the projection method, which is based on the change in costs per exposure unit over time. The medical estimate is based on historical incurred and paid claims data for the 48-month periods ended June 30, 2018 and 2017. Self-insurance reserves are included in the accrued expenses and other payables caption on the statements of financial position.

14. Deferred Revenue

Deferred revenue primarily consists of $1,261,655 and $755,328 at June 30, 2018 and 2017, respectively, for medical insurance invoices billed by the Welfare Benefits Trust in June for the July coverage period. The revenue associated with these billings was recognized in July. Other amounts included in deferred revenue totaled $188,416 and $88,600 at June 30, 2018 and 2017, respectively.

15. Revenue, Gains, Losses and Other Support

Parish Assessments
Parishes within the territory of the Archdiocese are assessed a fee to help support the mission of the Church in Philadelphia and the four surrounding counties as permitted by canon law. The annual parish assessment for the year ended June 30, 2018 was based upon 12.25% of the parish operating income for the fiscal year ended June 30, 2016. Included within the 12.25% is a provision for an allocation to OCE of $1,200,000. For the year ended June 30, 2017, the OFS assessment rate was based upon 10.5% of the parish operating income for the year ended June 30, 2015. Operating income includes Sunday collections, other parish collections, church socials and donations, interest, dividends, rental income and net cemetery income.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pledges/Contributions, Collections, Bequests and Donations
Unconditional promises to give (i.e., 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 that are received and either spent or deemed spent within the same year are reported as unrestricted revenues. Gifts of long-lived assets received without donor restrictions 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.

Classification of Gifts
OFS reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Premium Income from Archdiocesan Insurance Program
The Risk Insurance Trust acts on behalf of participating Archdiocesan entities and parishes to procure adequate insurance coverage. The costs of the premiums and related expenses are billed to the participating entities. Unpaid insurance billings are included in amounts due from Archdiocesan entities.

16. Income Tax Status

The Archdiocese is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code through its inclusion in the USCCB group ruling and listing in the Official Catholic Directory. The Archdiocese follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or not recognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Archdiocese does not believe its financial statements include any material uncertain tax positions. Any interest and penalties, if applicable, would be recorded in support expenses.

17. Use of Estimates

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

18. Liquidity

Management believes that the existing liquidity position is adequate to meet current needs. To address long-term liquidity needs, management has taken steps to reduce OFS operating costs. Further actions, including asset sales, have been and will continue to be undertaken to further strengthen liquidity and the statement of financial position.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

19. Reclassifications

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

20. New Accounting Pronouncements

Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue (Topic 606): Revenue from Contracts with Customers*, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts, whether or not written, with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of ASU 2014-09 is that an entity should recognize revenue when it transfers 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 by applying five steps listed in the guidance. ASU 2014-09 also requires disclosure of both quantitative and qualitative information that enables users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from customers. The new guidance is effective for fiscal years beginning after December 15, 2018. Entities have the option of using either a full retrospective or a modified retrospective approach. Early adoption is permitted. OFS has not yet determined the effect the adoption of ASU 2014-09 may have on the financial statements.

ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, 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. OFS is evaluating the pronouncement at this time.

ASU No. 2018-08, *Not-for-profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, intends to clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendment provides (1) a framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction, including how to evaluate whether a resource provider is receiving commensurate value in an exchange transaction, and (2) guidance to assist entities in determining whether a contribution is either conditional or unconditional. Guidance applies to both recipients and resource providers. For contributions received, the new standard is effective for annual financial statements beginning after December 15, 2018. For transactions in which OFS serves as resource provider, the new standard is effective for annual financial statements beginning after December 15, 2019. OFS has not determined the impact of the new standard at this time.

NOTE C - DUE FROM ARCHDIOCESAN ENTITIES, NET

A summary of the various receivable balances held by OFS due from Archdiocesan entities at June 30, 2018 and 2017 is presented as follows:

Assessments and other amounts due:

	2018	2017
Assessments due from parishes	$ 14,681,997	$ 16,226,374
Risk and medical insurance premiums due from Archdiocesan entities and parishes	21,363,144	22,260,789
	36,045,141	38,487,163
Allowance for doubtful accounts	(33,765,249)	(35,208,119)
Assessments and other amounts due, less allowance for doubtful accounts	$ 2,279,892	$ 3,279,044

Loans receivable:

The Archdiocese maintains a centralized lending program through its Deposit and Loan Program Trust. The loans receivable consist of loans made by the Deposit and Loan Program Trust to parishes and other Archdiocesan entities (see Notes A and B). The amount due from parishes and other Archdiocesan entities at June 30, 2018 and 2017 is as follows:

	2018	2017
Loans receivable, principally due from parishes	$ 34,070,325	$ 46,351,992
Less: allowance for doubtful accounts	(9,092,767)	(9,408,265)
Loans receivable, net of allowance for doubtful accounts	$ 24,977,558	$ 36,943,727

Credit quality of loans receivable:

Prior to the moratorium described in Note A regarding the Deposit and Loan Program Trust, OFS received loan requests from parishes and other Archdiocesan entities. These loans, when approved, were made through the Deposit and Loan Program Trust. All loan requests were subject to a due diligence review of the requesting parish's ability to support future loan payments. This review was performed by the Office for Parish Service and Support. Upon completion of this due diligence, the loan request was presented to the College of Counselors for approval.

(Continued)

NOTE C - DUE FROM ARCHDIOCESAN ENTITIES, NET - Continued

Allowances for doubtful accounts are established for all loans to parishes and other Archdiocesan entities based upon prior collection experience and current factors specific to each entity that, in management's opinion, may influence the entities' ability to repay the loan. All loan balances deemed to be impaired are adjusted to the net realizable value at the time this determination is established.

	2018	2017
Gross loans receivable	$ 34,070,325	$ 46,351,992
Less: allowance for doubtful accounts:		
Beginning of year	(9,408,265)	(9,867,986)
Decreases to allowance	315,498	459,721
End of year	(9,092,767)	(9,408,265)
Loans receivable, net	$ 24,977,558	$ 36,943,727

Notes receivable from related parties:

	2018	2017
SJNPLP, bears interest at 6.25%, due in 2036	$ 2,860,000	$ 2,860,000
Allowance for doubtful accounts	(1,765,000)	(1,765,000)
Notes receivable from related parties, net of allowance for doubtful accounts	$ 1,095,000	$ 1,095,000

Note receivable due from OCE:

In June 2012, OCE entered into a term note agreement totaling $3,000,000 with OFS. The term note carried a fixed interest rate of 4% per annum and was amortized over 30 years commencing on June 1, 2012. During December 2016, OCE paid off the term note in full.

(Continued)

NOTE C - DUE FROM ARCHDIOCESAN ENTITIES, NET - Continued

Deposit and Loan Program Trust promissory note:

On May 31, 2012, the Archdiocese of Philadelphia created a promissory note to the Deposit and Loan Program Trust of the Archdiocese. On May 20, 2013, the promissory note was amended to increase the note to $82,000,000. The balance of this promissory note at June 30, 2018 and 2017 was $32,100,393 and $41,689,805, respectively. The promissory note is collateralized by specific pledged real estate assets as documented in the May 31, 2012 promissory note, as amended. As pledged assets are sold or monetized, net proceeds from the transactions are used to fulfill the obligation acknowledged via the promissory note. If a transaction for any of the pledged properties results in net proceeds in excess of $20 million, the Archdiocese has discretion to use the excess for another purpose so long as the value for remaining pledged properties is at least equal to the remaining obligation.

During the year ended June 30, 2018, the Archdiocese used $9,589,412 from a combination of cash on hand and proceeds from the sale of pledged properties and other amounts received related to pledged properties to further pay down this promissory note. The promissory note is recorded as an asset and liability on the financial statements of the Deposit and Loan Program Trust and General Fund, respectively, and is eliminated within the OFS statements of financial position at June 30, 2018 and 2017.

Interest receivable from related parties:

	2018	2017
Note receivable from SJNPLP	$ 2,892,362	$ 2,563,101
Deposit and Loan Program Trust	2,010,910	1,911,084
	4,903,272	4,474,185
Allowance for doubtful accounts	(4,010,465)	(3,565,621)
Interest receivable from related parties, net of allowance for doubtful accounts	$ 892,807	$ 908,564

Other related party receivables:

OFS maintains receivable balances due from other related Archdiocesan entities. The balance of other related party receivables at June 30, 2018 and 2017 is comprised of:

	2018	2017
Archdiocesan payroll receivable	$ 34,145	$ 429,691
Newman Center construction reimbursement	1,627,343	-
Property sale proceeds	-	401,652
Intra-diocesan charges for utilities and other items, net	230,081	237,449
Other	344,675	139,792
Total other related party receivables	$ 2,236,244	$ 1,208,584

NOTE D - OTHER ACCOUNTS RECEIVABLE

OFS maintains receivable balances due from non-Archdiocesan entities. The balance of other accounts receivable at June 30, 2018 and 2017 is comprised of:

	2018	2017
Insurance receivable for paid costs	$ 2,083,798	$ -
Total other accounts receivable	$ 2,083,798	$ -

NOTE E - INVESTMENTS

The total investments of OFS at June 30, 2018 and 2017 are detailed as follows:

	2018	2017
Investment in SEI Catholic Values Funds	$ 52,325,799	$ 88,302,193
Investment in the Trust of Josephine Nalle Unitrust	1,625,585	1,622,579
Mutual funds	216,434	212,943
Total investments	$ 54,167,818	$ 90,137,715

Investment in SEI Catholic Values Funds

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

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

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

Cash Plus (or "fund") - Investments are liquid in nature and invested in short duration U.S. government bonds.

(Continued)

NOTE E - INVESTMENTS - Continued

At June 30, 2018, OFS' investments are summarized and classified as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Investment in SEI Catholic Values Funds	$ 18,399,892	$ 9,132,229	$ 24,793,678	$ 52,325,799
Investment in the Trust of Josephine Nalle Unitrust	-	1,625,585	-	1,625,585
Mutual funds	-	216,434	-	216,434
	$ 18,399,892	$ 10,974,248	$ 24,793,678	$ 54,167,818

At June 30, 2017, OFS' investments are summarized and classified as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Investment in SEI Catholic Values Funds	$ 55,940,337	$ 8,707,295	$ 23,654,561	$ 88,302,193
Investment in the Trust of Josephine Nalle Unitrust	-	1,622,579	-	1,622,579
Mutual funds	-	212,943	-	212,943
	$ 55,940,337	$ 10,542,817	$ 23,654,561	$ 90,137,715

NOTE F - FAIR VALUE MEASUREMENTS

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 Inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

(Continued)

NOTE F - FAIR VALUE MEASUREMENTS - Continued

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.

Fair value calculations may not be indicative of net realizable value or reflective of future fair values. Furthermore, although OFS 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 table presents the fair values of the investments held by OFS by level within the fair value hierarchy, as of June 30, 2018:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant inputs supported by little or no market activity (Level 3)	Total fair value
Assets				
Investments				
Investment in SEI Catholic Values Funds	$ 52,325,799	$ -	$ -	$ 52,325,799
Investment in the Trust of Josephine Nalle Unitrust	-	-	1,625,585	1,625,585
Mutual funds	216,434	-	-	216,434
Beneficial interest in supporting charitable trusts	-	-	2,241,841	2,241,841
Total assets at June 30, 2018	$ 52,542,233	$ -	$ 3,867,426	$ 56,409,659

(Continued)

NOTE F - FAIR VALUE MEASUREMENTS - Continued

The following table presents the fair values of the investments held by OFS by level within the fair value hierarchy, as of June 30, 2017:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant inputs supported by little or no market activity (Level 3)	Total fair value
Assets				
Investments				
Investment in SEI Catholic Values Funds	$ 88,302,193	$ -	$ -	$ 88,302,193
Investment in the Trust of Josephine Nalle Unitrust	-	-	1,622,579	1,622,579
Mutual funds	212,943	-	-	212,943
Beneficial interest in supporting charitable trusts	-	-	2,182,463	2,182,463
Total assets at June 30, 2017	$ 88,515,136	$ -	$ 3,805,042	$ 92,320,178

The following table presents assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2018 and 2017:

	Level 3
Balance, June 30, 2016	$ 3,578,320
Change in fair value of assets	512,237
Distributions received from trusts	(285,515)
Balance, June 30, 2017	3,805,042
Change in fair value of assets	343,746
Distributions received from trusts	(281,362)
Balance, June 30, 2018	$ 3,867,426

NOTE G - ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables are comprised of the following at June 30, 2018 and 2017:

	2018	2017
Self-insurance reserves (see Note J)	$ 18,079,819	$ 36,563,015
IBNP reserve Welfare Benefits Trust	3,230,000	3,036,000
Newman Center construction accrual	1,053,069	-
Conditional asset retirement obligation	335,342	322,444
Charitable gift annuities	390,263	402,646
Accrued legal and professional fees	756,484	613,434
Other	1,506,748	399,860
	$ 25,351,725	$ 41,337,399

NOTE H - LINE OF CREDIT

The Archdiocese has an unsecured line of credit with PNC Bank for the 12 months ending January 31, 2019, which allows for borrowings up to $3,000,000 at an interest rate equal to the Daily LIBOR plus 150 basis points. The interest rate at June 30, 2018 was 3.4%. In addition, the Archdiocese is required to pay a commitment fee of 15 basis points per annum on the average daily balance of the line of credit that was not disbursed and not cancelled during the previous quarter. There were no borrowings on the line of credit during the year ended June 30, 2018.

NOTE I - PROMISSORY NOTE AND SECURITY AGREEMENT

On May 18, 2018, the Archdiocese of Philadelphia (the "Borrower") entered into a $3,000,000 promissory and mortgage security agreement (the "Note") with EM Chestnut Venture, LLC. The Note transaction relates to the sale of the Newman Center property providing ministry to the Drexel University and University of Pennsylvania communities. The Newman Center ministry will be relocated to the adjacent Saint Agatha - Saint James parish campus. The proceeds from the Note will be used to commence construction of the new Newman Center to serve the university and parish communities. The Note is secured by Archdiocesan property located at 3714-3722 Chestnut Street, Philadelphia, Pennsylvania. The terms of the Note allow the Borrower to be advanced funds in increments of $100,000, with the aggregate principal amount outstanding on the loan not to exceed $3,000,000. Interest accrues at 3% per annum. At June 30, 2018, the amount outstanding on the Note was $700,000.

Subsequently, on September 18, 2018, EM Chestnut Venture, LLC and the Archdiocese closed on the sale of the Newman Center property. At settlement, the Archdiocese paid in full the outstanding principal balance and accrued interest on the promissory note totaling $2,009,000.

NOTE J - COMMITMENTS AND CONTINGENCIES

Claims Related to Clergy Abuse

Historically, a number of lawsuits have been brought against the Archdiocese seeking compensatory damages, punitive damages and other types of relief relating to alleged sexual abuse by clergy. The claims against the Archdiocese are typically centered on alleged negligence by the Archdiocese as the supervisor of the accused priest. Most of the cases have been dismissed by Pennsylvania courts, or dismissed by the plaintiff on advice of counsel, because the claims are barred by the applicable statute of limitations.

Currently the Archdiocese is a defendant in three cases alleging that the plaintiff was sexually abused by a priest as a child, and the Archdiocese acted negligently as the supervisor of the accused priest. The first such case was filed in Atlantic County, New Jersey in May 2016. This case is barred by the applicable statute of limitations in Pennsylvania, and the plaintiff filed in New Jersey trying to avoid the application of Pennsylvania law. The second case was filed in Ontario, Canada in August 2016. Like the first case, this case is barred by Pennsylvania law, and the plaintiff filed in Canada to try to avoid the application of Pennsylvania law. Discovery is ongoing in both of these cases. The third case was filed in the Court of Common Pleas of Philadelphia County in September 2018. The case filed in Philadelphia was initiated by a Writ of Summons. There is no complaint yet filed or served so that the Archdiocese can identify the specific allegations. The Archdiocese intends to vigorously defend itself in all three of these pending civil lawsuits.

In August 2018, the Pennsylvania Office of the Attorney General issued a grand jury report detailing the results of a two-year investigation into sexual abuse of children within six dioceses of the Catholic Church in Pennsylvania. The six dioceses subject to this grand jury investigation were all Pennsylvania dioceses other than the Archdiocese of Philadelphia and the Diocese of Altoona-Johnstown, both of which were subject to earlier grand jury investigations.

In response to the grand jury report, in September 2018 the Pennsylvania House of Representatives passed a bill providing for a "window." This type of legislation is also sometimes referred to as a "reviver" of claims because presently barred claims are revived and made live claims again. Under the bill passed by the House, victims of abuse whose claims are presently barred by the applicable statute of limitations would have two years to commence civil litigation. In October 2018, the Pennsylvania State Senate considered an alternative to the House's bill. The amendment considered by the Senate would have taken a number of steps to protect minors, such as fortified reporting obligations and repealed the statute of limitations going forward. However, the Senate was not in favor of creating a window or reviving claims, which the Senate has previously deemed unconstitutional under State law, and instead it evaluated establishing a program, or fund, to provide compensation to abuse survivors whose civil claims are barred by the current statute of limitations. The Pennsylvania House and Senate did not reach agreement on legislation.

The Archdiocese of Philadelphia has an active program to help survivors of abuse. The Archdiocese is committed to furthering its efforts to help survivors by creating an independent, voluntary program to provide assistance and compensation for survivors of abuse whose cases are time-barred. The Archdiocese expects to commence this program shortly. While the ultimate payout from such a program cannot be reasonably estimated currently, management of the Archdiocese expects the amount required to be in excess of available liquidity, meaning borrowing and sales of assets will be necessary to fund the program.

(Continued)

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

On October 9, 2018, the Archdiocese of Philadelphia received a subpoena issued by a federal grand jury, which requires the production of certain documents. The Archdiocese is in the process of reviewing this subpoena and will cooperate with the United States Department of Justice in this matter.

Reserves

Self-Insurance - The principal insurance policies providing Property and General Liability coverage have a deductible of $50,000 and a self-insured retention ("SIR") of $250,000 per occurrence, respectively. In addition, the former has an annual aggregate deductible of $2,500,000. There are certain special policies with lower per claim deductibles or SIR's and some policies with guaranteed cost, first dollar coverage.

The estimated ultimate claims cost is calculated as of June 30, 2018 and 2017 and considers incurred and paid losses and retention amounts to determine loss development factors. The estimated reserve liability is comprised of both a limited case outstanding reserve and estimated development.

Effective July 1, 2016, the workers' compensation program, which is included in the Risk Insurance Trust, was converted to a fully insured program, and workers' compensation claims incurred after that date will not require loss reserves. The liability for self-insured workers' compensation claims will be reduced over time as those claims incurred prior to July 1, 2016 are settled. The workers' compensation and auto obligations are collateralized with surety bonds in favor of the Commonwealth of Pennsylvania.

Other

The Archdiocese is involved in numerous other legal proceedings arising out of and incidental to its operations. In management's opinion, the ultimate liability which may arise from these other legal proceedings would not have a material adverse effect on the financial statements of OFS. In addition, the Archdiocese believes that if liability were established, it would have adequate insurance coverage to meet the resulting obligations.

Under the Archdiocese of Philadelphia's Priest Student Loan Policy, priests are reimbursed for payments made toward student debt incurred for their studies at St. Charles Borromeo Seminary. The reimbursements are contingent upon loan payments being made by the priest and are limited annually to a maximum repayment amount predetermined by the Archdiocese. The Archdiocese assumes no liability related to the outstanding balances on these loans until payment is made by the priests. Upon payment, the Archdiocese assumes the liability. The reimbursement cost is split evenly between the Archdiocese and St. Charles Borromeo Seminary. During the years ended June 30, 2018 and 2017, the combined reimbursement totaled $123,934 and $111,062, respectively. As of June 30, 2018 and 2017, the potential combined outstanding Priest Student Loans totaled $626,608 and $701,978, respectively.

NOTE K - CONCENTRATION OF RISK INCLUDING CREDIT RISK

Cash, cash equivalents and investments are exposed to various risks, such as interest rate, market volatility and credit. To minimize such risks, the Archdiocese has a diversified investment portfolio managed by several independent investment managers in a variety of asset classes. The Archdiocese regularly evaluates its investments including performance thereof. The Archdiocese maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Archdiocese's cash accounts were placed with high credit quality financial institutions. However, due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year. It is reasonably possible that changes in investments will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements. Credit risk with respect to related party receivables originates from the activities of related parties within the Archdiocese such as parishes, which are supported primarily by Catholic parishioners of the Philadelphia area. Related party receivables include accounts receivable from Archdiocesan parishes and loans provided to parties and other related organizations.

NOTE L - PENSION PLANS

The Archdiocese of Philadelphia Lay Employees' Retirement Plan ("LERP"), the Archdiocese of Philadelphia 403(b) retirement plan and the priests' retirement plans are distinct and autonomous benefit plans separately administered by the Archdiocese in trust for each of the plans' beneficiaries and are not part of these financial statements. The plans are funded by contributions from the various participating entities, including parishes. The plans' administrator is OFS.

In December 2016, non-recurring contributions of $30,000,000 and $14,000,000 were made to the LERP and priests' retirement plans, respectively. These contributions were funded by the following entities:

Archdiocesan Entity	Contribution
Catholic Health Care Services	$ 32,000,000
Saint John Vianney Center	3,000,000
Cemeteries Office	2,767,859
Office for Financial Services	6,232,141
Total contributions	$ 44,000,000

These financial statements include only the contribution that was made by OFS (that is, the $6,232,141 reflected above). This contribution is shown as the non-recurring contribution to pension plans on the statement of activities and changes in net assets for the year ended June 30, 2017.

(Continued)

NOTE L - PENSION PLANS - Continued

1. Priests' Retirement Plans

For financial reporting purposes within these financial statements, the priests' retirement plans are accounted for as multiemployer plans. Expenses are recognized as contributions are made in accordance with established provisions followed by all parishes and participating entities within the territory of the Archdiocese. The recurring contributions by OFS to the priests' retirement plans totaled $223,725 and $694,148, respectively, for the years ended June 30, 2018 and 2017.

The actuarially determined present value of accumulated plan benefits at June 30, 2018 and 2017 for priests' pension, retiree health insurance, retiree auto insurance and life insurance totaled approximately $101,700,000 and $114,300,000, respectively. At June 30, 2018 and 2017, the net assets available to provide for these benefits totaled approximately $112,000,000 and $106,800,000, respectively.

2. Lay Employees' Retirement Plan ("LERP") - Frozen Effective June 30, 2014

Through June 30, 2014, the eligible lay employees of OFS were covered under the LERP, which is a defined benefit pension plan that covered substantially all lay employees, once age and service requirements were met, of the Archdiocese, its related ecclesiastical entities, institutions and parishes. For financial reporting purposes within these financial statements, the LERP is accounted for as a multiemployer plan. On June 30, 2014, the Archdiocese froze the LERP. All active employees as of the freeze date retained benefits they had earned through June 30, 2014. After the date of the freeze, accrued pension benefits do not increase for additional service or increases in pay. The plan is administered by the trustees of the plan.

OFS made annual contributions to the plan at an average rate of 5.9% of the salaries of eligible employees for the years ended June 30, 2018 and 2017. The recurring contributions by OFS were $392,823 and $385,305 respectively, for the years ended June 30, 2018 and 2017.

Estimates of the actuarially determined present value of accumulated plan benefits at June 30, 2018 totaled approximately $602,400,000. The actuarially determined present value of accumulated plan benefits at June 30, 2017 totaled approximately $621,900,000. At June 30, 2018 and 2017, the assets available to provide for these benefits totaled approximately $521,500,000 and $510,700,000, respectively.

3. Archdiocese of Philadelphia 403(b) Retirement Plan

Effective July 1, 2014, the Archdiocese 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 LERP as of its freeze date of June 30, 2014 is a grandfathered employee and is eligible to receive employer contributions.

(Continued)

NOTE L - PENSION PLANS - Continued

Non-Grandfathered Employees - Non-grandfathered employees are eligible to receive the employer contributions generally upon completion of 1,000 hours of service in the relevant measurement period.

Vesting in employer contributions is immediate for grandfathered employees who have 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.

During the years ended June 30, 2018 and 2017, the employer contribution rate was 4.5% of base salary for eligible employees. The contributions by OFS into the 403(b) plan totaled $314,068 and $305,429 for the years ended June 30, 2018 and 2017, respectively.

NOTE M - RELATED PARTY AMOUNTS AND TRANSACTIONS

OFS entered into transactions with the following related parties:

During the years ended June 30, 2018 and 2017, OFS recorded $1,205,293 and $1,468,372, respectively, in contributed rent related to the use of facilities owned by OFS but used without charge by Catholic Social Services/CHCS.

All parish assessments, Risk Insurance Trust billings and collections and other Archdiocesan entities' billings and collections are performed by Porter & Curtis, a commercial insurance broker and risk management services provider located in Media, Pennsylvania. All billings and collections associated with the Welfare Benefits trust medical benefits program are performed by Independence Blue Cross. Billings and collections of loans are performed by OFS on behalf of the Deposit and Loan Program Trust.

	2018		2017	
	Billed	Collected	Billed	Collected
Parish assessment	$ 21,912,218	$ 23,483,862	$ 19,152,200	$ 21,336,973
Risk Insurance Program [1]	18,719,152	19,345,579	19,753,495	20,294,177
Welfare Benefits Program [1]	49,220,839	49,379,762	49,067,503	49,510,974
Parish loans and interest	1,131,986	9,375,417	1,695,282	7,226,731

[1] These billed amounts are reflected on the statements of activities and changes in net assets under the caption, "Premium income from insurance programs." Amounts listed above exclude intercompany eliminations.

(Continued)

NOTE M - RELATED PARTY AMOUNTS AND TRANSACTIONS - Continued

Archdiocesan parishes and agencies have funds on deposit in the Deposit and Loan Program Trust. Funds on deposit totaled $61,836,894 and $81,241,856 as of June 30, 2018 and 2017, respectively. Deposited funds earned an interest rate of 1.25% for the years ended June 30, 2018 and 2017. Interest paid on the deposited funds amounted to $1,038,003 and $1,352,910 during the years ended June 30, 2018 and 2017, respectively. Total interest expense for the years ended June 30, 2018 and 2017 was as follows:

	2018	2017
Interest paid on deposits	$ 1,038,003	$ 1,352,910
Interest accretion on conditional asset retirement obligation	11,973	12,402
	$ 1,049,976	$ 1,365,312

Loans were historically made to parishes and other Archdiocesan entities through the Deposit and Loan Program Trust (see Notes A, B and C). Except in arrangements which have been specifically negotiated, the interest rate was generally 4.5%. Interest earned on these loans amounted to $1,325,903 and $1,283,438 for the years ended June 30, 2018 and 2017, respectively.

OFS received funds from certain Archdiocesan offices, agencies and related ecclesiastical organizations, which are reflected as contributions on the statements of activities and changes in net assets. For the years ended June 30, such funds amounted to:

	2018	2017
Heritage of Faith ~ Vision of Hope	$ 241,266	$ 236,186
Saint John Vianney Center	250,000	-
Other	320,638	256,269
	$ 811,904	$ 492,455

Certain parishes, for a variety of reasons, which are struggling financially as they minister to the needs of their parishioners, receive assistance through the IPCC. This subsidy is used by the parishes to meet operating expenses, fund parish programs and carry out capital improvements. OFS provided subsidized support for IPCC parishes. This support is reflected as "interparochial assistance" in the accompanying statements of activities and changes in net assets.

	2018	2017
Assessment	$ 1,001,453	$ 746,616
Priests' retirement	11,400	106,440
Priests' health insurance	35,184	41,333
Risk insurance	90,880	265,030
General and extraordinary subsidy	673,821	685,192
	$ 1,812,738	$ 1,844,611

NOTE N - SELF-INSURED UNEMPLOYMENT COMPENSATION

Prior to the year ended June 30, 2015, the unemployment compensation for various parties within the Archdiocese was funded by two self-insured funds. The two funds were the PA Unemployment Comp - School Fund and the PA Unemployment Comp - Lay Employee Fund. During the year ended June 30, 2016, the two funds were pooled together to provide a pooled insurance fund that manages the unemployment compensation process for Special Education Schools, Parish Schools, select non-Archdiocesan schools, OFS, the Cemeteries Office, St. Charles Borromeo Seminary, and the administrative offices within the Office of Catholic Education ("Members").

The Pennsylvania Catholic Conference ("PACC") handles the claims administration and billings for the fund. Twice yearly, in February and May, PACC bills the Members. The funds collected by PACC from the billings are deposited to a bank account maintained by PACC. On a monthly basis, PACC processes claims and then electronically remits payments to the state. For the years ended June 30, 2018 and 2017, the School and Lay Employees Members were billed $700,679 and $818,069, respectively, and incurred claims totaling $530,258 and $695,109, respectively.

NOTE O - OTHER INCOME

Other income recognized by OFS is comprised of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Allocations from the Catholic Charities Appeal	$ 3,051,370	$ 3,054,769
Rental income	1,322,415	1,558,780
Other	206,111	480,924
	$ 4,579,896	$ 5,094,473

NOTE P - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2018 and 2017:

	2018	2017
Archdiocesan ministries support	$ 4,007,778	$ 4,406,996
Retired priest and religious support	6,966,469	6,643,104
Renovations	1,622,826	152,466
	$ 12,597,073	$ 11,202,566

(Continued)

NOTE P - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS - Continued

Permanently restricted net assets at June 30, 2018 and 2017 are restricted to:

	2018	2017
Investments to be held in perpetuity, the income from which is expendable to support operations of OFS (reported as other operating income)		
Archdiocesan ministries support	$ 24,489,158	$ 23,388,198
Archdiocesan operations support	2,549,057	2,452,284
Educational assistance	12,810	12,049
	$ 27,051,025	$ 25,852,531

NOTE Q - NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended June 30, 2018 and 2017, net assets were released from donor restrictions by incurring expenses satisfying the specific restricted purpose related to retired priest and religious support, as well as the other purposes listed in Note P, including the Archive Center facility, in the amount of $1,379,610 and $6,008,919, respectively.

NOTE R - ENDOWMENTS

OFS' endowments consist of donor-restricted endowment funds established for a variety of purposes. The endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

1. Interpretation of Relevant Law

In accordance with Commonwealth of Pennsylvania Act 141, OFS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified in permanently restricted net assets. Pennsylvania law permits the Archdiocese to release a percentage, which is elected annually, of the market value of its endowment funds into unrestricted income. The spending rate percentage, between 2% and 7%, is applied to the three-year average of the market value of the endowment funds' assets.

(Continued)

NOTE R - ENDOWMENTS - Continued

2. Return Objectives and Risk Parameters

OFS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of plus 3% over the consumer price index while assuming a moderate level of investment risk. OFS expects its endowment funds, over time, to provide an average rate of return of between 6% and 7% annually. Actual returns in any given year may vary from that amount.

3. Spending Policy

In accordance with state law, net realized and unrealized gains on permanently restricted investments are included as permanently restricted net assets, even absent donor restrictions on the use of gains. Commonwealth of Pennsylvania law permits OFS to adopt a spending policy for endowment earnings, subject to certain limitations. OFS follows the total return concept of endowment investment and spending. Under this concept, a prudent amount of appreciation earned on the investments may be spent in the event that the interest and dividends earned are insufficient to meet that period's spending rate. The Archdiocese's spending policy for the years ended June 30, 2018 and 2017 allowed for a 5% draw of the three-year average market value of the permanently restricted endowments, estates and trusts.

As of June 30, 2018 and 2017, $27,051,025 and $25,852,531, respectively, in donor-restricted endowment funds were recorded within permanently restricted net assets.

Changes in endowment net assets for the years ended June 30, 2018 and 2017:

2018	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 25,852,531	$ 25,852,531
Investment income	-	-	296,810	296,810
Net appreciation (realized and unrealized gains)	-	-	1,988,097	1,988,097
Total investment return	-	-	2,284,907	2,284,907
Appropriation of endowment assets for expenditure	-	-	(1,086,413)	(1,086,413)
	$ -	$ -	$ 27,051,025	$ 27,051,025

(Continued)

NOTE R - ENDOWMENTS - Continued

2017	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 23,541,562	$ 23,541,562
Investment income	-	-	336,007	336,007
Net appreciation (realized and unrealized gains)	-	-	3,070,774	3,070,774
Total investment return	-	-	3,406,781	3,406,781
Appropriation of endowment assets for expenditure	-	-	(1,095,812)	(1,095,812)
	$ -	$ -	$ 25,852,531	$ 25,852,531

NOTE S - SUBSEQUENT EVENTS

OFS has evaluated, through October 29, 2018, the date the financial statements were available to be issued, all subsequent events or transactions that may require recognition in the financial statements. OFS is not aware of any subsequent events which would require recognition or disclosure in the financial statements, except for the event detailed in Note J and the following:

As discussed in Note I, on September 18, 2018, the Archdiocese and EM Chestnut Venture, LLC, closed on the sale of the Newman Center property providing ministry to the Drexel University and University of Pennsylvania communities. The gross sale proceeds, including a $150,000 credit to the Archdiocese to assist with the cost of future parking, was $18,850,000. After closing costs, which were primarily real estate transfer taxes, and the payoff of the promissory note totaling $2,009,000 discussed in Note I, the Archdiocese received net proceeds of approximately $16,400,000. The expected disposition of these funds is as follows (note that amounts are rounded):

Net proceeds received	$ 16,400,000
Amount set aside for remaining Newman Center construction costs at Saint Agatha-Saint James parish campus	(4,300,000)
Amount distributed as “quasi” endowment to Saint Agatha-Saint James parish to replace lost lease and parking income and to provide for additional parking	(6,800,000)
Amount set aside to repair the Saint Agatha-Saint James church façade	(1,100,000)
Other amounts, including approximately $400,000 related to early lease termination at former parish school which will be part of future Newman Center	(500,000)
Remaining proceeds retained by OFS	$ 3,700,000

SUPPLEMENTAL INFORMATION

Archdiocese of Philadelphia - Office for Financial Services

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2018

	Total General Fund	Deposit and Loan Program Trust	Risk Insurance Trust	Welfare Benefits Trust	Eliminations	OFS Total
Assets						
Cash and cash equivalents	$ 8,324,891	$ 13,889,649	$ 18,336,513	$ 28,210,585	$ -	$ 68,761,638
Due from Archdiocesan entities, net						
Assessments and other amounts due, less allowance for doubtful accounts of $33,765,249	623,674	-	1,201,221	454,997	-	2,279,892
Loans receivable, less allowance for doubtful accounts of $9,092,767	-	24,977,558	-	-	-	24,977,558
Notes receivable from related parties	1,095,000	32,100,393	-	-	(32,100,393)	1,095,000
Interest receivable from related parties	-	892,807	-	-	-	892,807
Other related party receivables	6,296,346	49,659	27,797	39,279	(4,176,837)	2,236,244
Other accounts receivable	-	-	2,083,798	-	-	2,083,798
Prepaid expenses	111,060	-	1,819,309	3,732	-	1,934,101
Real estate and physical plant held for sale	3,359,021	-	-	-	-	3,359,021
Investments	44,758,505	-	9,409,313	-	-	54,167,818
Beneficial interest in supporting charitable trusts	2,241,841	-	-	-	-	2,241,841
Real estate and physical plant, less accumulated depreciation of $33,785,273	18,185,781	-	-	-	-	18,185,781
Total assets	$ 84,996,119	$ 71,910,066	$ 32,877,951	$ 28,708,593	$ (36,277,230)	$ 182,215,499
Liabilities						
Accounts payable	$ 3,603,805	$ (10,558)	$ 285,765	$ 365,911	$ -	$ 4,244,923
Accrued expenses and other payables	3,705,160	15,872	18,314,122	3,316,571	-	25,351,725
Deferred revenue	188,416	-	-	1,261,655	-	1,450,071
Deposits - parishes, institutions and related organizations	-	66,013,731	-	-	(4,176,837)	61,836,894
Note payable	32,800,393	-	-	-	(32,100,393)	700,000
Total liabilities	40,297,774	66,019,045	18,599,887	4,944,137	(36,277,230)	93,583,613
Net assets						
Unrestricted	5,050,247	5,891,021	14,278,064	23,764,456	-	48,983,788
Temporarily restricted	12,597,073	-	-	-	-	12,597,073
Permanently restricted	27,051,025	-	-	-	-	27,051,025
Total net assets	44,698,345	5,891,021	14,278,064	23,764,456	-	88,631,886
Total liabilities and net assets	$ 84,996,119	$ 71,910,066	$ 32,877,951	$ 28,708,593	$ (36,277,230)	$ 182,215,499

Archdiocese of Philadelphia - Office for Financial Services

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2018

	Unrestricted						Temporarily restricted					Permanently restricted			
	Total General Fund	Deposit and Loan Program Trust	Risk Insurance Trust	Welfare Benefits Trust	Eliminations	Total	General Fund	Plant Fund	Estates & Trusts Fund	Villa St. Joseph	Total	General Fund	Estates & Trusts Fund	Total	Grand Total
Revenues, gains, losses and other support															
Parish assessments	$ 21,912,118	$ -	$ -	$ -	$ -	$ 21,912,118	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,912,118
Contributions from related parties	5,414,157	-	-	-	(4,602,253)	811,904	-	-	-	-	-	-	-	-	811,904
Collections, bequests and donations	2,076,194	-	-	-	(1,072,992)	1,003,202	-	-	59,778	1,622,826	1,682,604	-	-	-	2,685,806
Tuition income	57,393	-	-	-	-	57,393	-	-	-	-	-	-	-	-	57,393
Investment income	152,829	67,433	285,989	-	-	506,251	-	-	108,317	-	108,317	-	296,810	296,810	911,378
Interest income	116,450	1,325,903	164,527	88,386	(22,475)	1,672,791	-	-	36,836	-	36,836	-	-	-	1,709,627
Fees for services	1,971,586	-	-	-	-	1,971,586	-	-	-	-	-	-	-	-	1,971,586
Intradiocesan income	2,695,735	-	-	-	-	2,695,735	-	-	-	-	-	-	-	-	2,695,735
Other income	4,073,514	506,382	-	-	-	4,579,896	-	-	-	-	-	-	-	-	4,579,896
Net assets released from restrictions	1,379,610	-	-	-	-	1,379,610	-	-	(293,197)	-	(293,197)	-	(1,086,413)	(1,086,413)	-
Net realized and unrealized appreciation (depreciation) on investments and beneficial interest in supporting charitable trusts	386,914	(31,993)	314,636	-	-	669,557	5,279	-	513,200	-	518,479	59,377	1,928,720	1,988,097	3,176,133
Premium income from Archdiocesan insurance programs	-	-	18,719,152	49,220,839	(2,121,063)	65,818,928	-	-	-	-	-	-	-	-	65,818,928
Total revenues, gains, losses and other support	40,236,500	1,867,725	19,484,304	49,309,225	(7,818,783)	103,078,971	5,279	-	424,934	1,622,826	2,053,039	59,377	1,139,117	1,198,494	106,330,504
Expenses															
Subsidies	4,631,021	-	-	-	(3,445,000)	1,186,021	-	-	-	-	-	-	-	-	1,186,021
Salaries and wages	10,011,731	-	-	-	-	10,011,731	-	-	-	-	-	-	-	-	10,011,731
Payroll taxes and fringe benefits	6,733,484	-	-	-	(2,071,094)	4,662,390	-	-	-	-	-	-	-	-	4,662,390
Purchased services	9,072,847	111,828	-	-	(333,969)	8,850,706	-	-	-	-	-	-	-	-	8,850,706
Intradiocesan expenses	26,221	-	-	-	-	26,221	-	-	-	-	-	-	-	-	26,221
Support expense	4,782,417	(197,860)	-	-	-	4,584,557	-	-	-	-	-	-	-	-	4,584,557
Interparochial assistance	1,812,738	-	-	-	-	1,812,738	-	-	-	-	-	-	-	-	1,812,738
Depreciation expense	1,816,922	-	-	-	-	1,816,922	-	-	-	-	-	-	-	-	1,816,922
Interest expense	11,973	1,060,478	-	-	(22,475)	1,049,976	-	-	-	-	-	-	-	-	1,049,976
Withdrawals	2,395,618	-	-	-	(1,946,245)	449,373	-	-	-	-	-	-	-	-	449,373
Insurance program expenses	-	-	5,681,421	42,487,053	-	48,168,474	-	-	-	-	-	-	-	-	48,168,474
Total expenses	41,294,972	974,446	5,681,421	42,487,053	(7,818,783)	82,619,109	-	-	-	-	-	-	-	-	82,619,109
Change in net assets before other items	(1,058,472)	893,279	13,802,883	6,822,172	-	20,459,862	5,279	-	424,934	1,622,826	2,053,039	59,377	1,139,117	1,198,494	23,711,395
Other items															
Net gain on real estate transactions	3,131,829	-	-	-	-	3,131,829	-	-	-	-	-	-	-	-	3,131,829
Reclassification of net assets	658,532	-	-	-	-	658,532	-	(1,497,738)	839,206	-	(658,532)	-	-	-	-
Change in net assets	2,731,889	893,279	13,802,883	6,822,172	-	24,250,223	5,279	(1,497,738)	1,264,140	1,622,826	1,394,507	59,377	1,139,117	1,198,494	26,843,224
Net assets															
Beginning of year	2,318,358	4,997,742	475,181	16,942,284	-	24,733,565	2,180,584	1,497,738	7,524,244	-	11,202,566	2,204,219	23,648,312	25,852,531	61,788,662
End of year	$ 5,050,247	$ 5,891,021	$ 14,278,064	$ 23,764,456	$ -	$ 48,983,788	$ 2,185,863	$ -	$ 8,788,384	$ 1,622,826	$ 12,597,073	$ 2,263,596	$ 24,787,429	$ 27,051,025	$ 88,631,886