

Consolidated Financial Statements and  
Report of Independent Certified Public  
Accountants

**Catholic Housing and Community Services of  
the Archdiocese of Philadelphia**

June 30, 2019 and 2018

**Contents**

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Consolidated balance sheets	5
Consolidated statements of operations and changes in net assets	7
Consolidated statements of cash flows	9
Notes to consolidated financial statements	10
Supplementary information	
Consolidating balance sheet	30
Consolidating statement of operations and changes in net assets	32

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Catholic Housing and Community Services of the Archdiocese of Philadelphia

We have audited the accompanying consolidated financial statements of Catholic Housing and Community Services of the Archdiocese of Philadelphia, which comprise the consolidated balance sheets as of June 30, 2019 and 2018, 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 Catholic Housing and Community Services of the Archdiocese of Philadelphia as of June 30, 2019 and 2018, 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.

**Other matter***Supplementary information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating balance sheet and statement of operations and changes net assets as of and for the year ended June 30, 2019 are presented for purposes of additional analysis and are 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit 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. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Philadelphia, Pennsylvania  
May 20, 2020

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**CONSOLIDATED BALANCE SHEETS**

**June 30,**

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 11,519,292	\$ 7,594,759
Accounts receivable	43,401	36,240
Other receivables	1,284,149	1,136,898
Related party receivables	2,654,546	2,835,837
Prepaid expenses	450,070	382,293
Related party loans receivable - current portion	871,232	1,110,808
	<hr/>	<hr/>
Total current assets	16,822,690	13,096,835
	<hr/>	<hr/>
<b>Investments</b>		
Without donor restrictions	2,692,277	2,555,998
With donor restrictions	4,485,867	4,220,822
	<hr/>	<hr/>
Total investments	7,178,144	6,776,820
	<hr/>	<hr/>
Property, plant and equipment, net	45,596,027	47,166,218
Beneficial interest in trusts	1,476,112	1,640,595
Reserve and escrow accounts	1,801,699	1,825,356
Amortizable costs	262,130	323,654
Related party loans receivable	40,152,404	41,308,316
	<hr/>	<hr/>
Total assets	\$ 113,289,206	\$ 112,137,794
	<hr/> <hr/>	<hr/> <hr/>

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

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**CONSOLIDATED BALANCE SHEETS - CONTINUED**

**June 30,**

<b>LIABILITIES AND NET ASSETS</b>	<b>2019</b>	<b>2018</b>
<b>Current liabilities</b>		
Accounts payable	\$ 111,031	\$ 132,859
Accrued salaries	601,608	539,480
Accrued expenses	402,111	396,009
Benevolent care liability - current portion	116,092	192,629
Related party payables	5,399,291	5,179,585
Deferred revenue	142,686	90,869
Total current liabilities	6,772,819	6,531,431
Benevolent care liability	132,316	365,618
Resident funds escrow accounts	84,832	80,293
Accrued mortgage interest	5,167,077	4,501,457
Mortgages payable	9,546,857	9,546,857
Total liabilities	21,703,901	21,025,656
<b>Net assets</b>		
Without donor restrictions		
Parent	52,325,778	50,970,001
Non-controlling interest	22,986,347	23,969,520
Total net assets without donor restrictions	75,312,125	74,939,521
With donor restrictions	16,273,180	16,172,617
Total net assets	91,585,305	91,112,138
Total liabilities and net assets	\$ 113,289,206	\$ 112,137,794

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

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Year ended June 30, 2019

	<b>Net assets without donor restrictions</b>	<b>Net assets with donor restrictions</b>	<b>Total</b>
<b>Operating revenues</b>			
Housing programs	\$ 1,982,189	\$ -	\$ 1,982,189
Management fees	3,466,907	-	3,466,907
Community programs	3,341,356	-	3,341,356
Other operating revenue	290,740	-	290,740
Distributions from beneficial interest in trusts	87,675	-	87,675
	<u>9,168,867</u>	<u>-</u>	<u>9,168,867</u>
Total operating revenues			
	<u>9,168,867</u>	<u>-</u>	<u>9,168,867</u>
<b>Operating expenses</b>			
Salaries and benefits	6,186,081	-	6,186,081
Administrative and general	1,673,572	-	1,673,572
Occupancy	1,517,656	-	1,517,656
Depreciation and amortization	1,644,314	-	1,644,314
Loan interest and fees	676,910	-	676,910
Direct expenses of care	646,847	-	646,847
	<u>12,345,380</u>	<u>-</u>	<u>12,345,380</u>
Total operating expenses			
	<u>12,345,380</u>	<u>-</u>	<u>12,345,380</u>
Operating loss	<u>(3,176,513)</u>	<u>-</u>	<u>(3,176,513)</u>
<b>Nonoperating revenues (expenses)</b>			
Contributions and bequests	23,082	-	23,082
Capital contribution to related party	(19,049)	-	(19,049)
Gain on sale of fixed assets	710,697	-	710,697
Investment return, net	1,855,348	265,046	2,120,394
Change in fair value of benevolent care liability	150,000	-	150,000
Change in fair value of beneficial interest in trusts	-	(164,483)	(164,483)
	<u>2,720,078</u>	<u>100,563</u>	<u>2,820,641</u>
Total nonoperating revenues			
	<u>2,720,078</u>	<u>100,563</u>	<u>2,820,641</u>
(Deficiency in) excess of revenues over expenses	<u>(456,435)</u>	<u>100,563</u>	<u>(355,872)</u>
Loss attributable to non-controlling interest	<u>(1,812,212)</u>	<u>-</u>	<u>(1,812,212)</u>
Excess of revenues over expenses attributable to parent	1,355,777	100,563	1,456,340
<b>Other changes in net assets</b>			
Capital contributions from limited partners	829,039	-	829,039
Change in non-controlling interest	(1,812,212)	-	(1,812,212)
	<u>372,604</u>	<u>100,563</u>	<u>473,167</u>
Change in net assets			
	<u>372,604</u>	<u>100,563</u>	<u>473,167</u>
<b>Net assets</b>			
Beginning of year	<u>74,939,521</u>	<u>16,172,617</u>	<u>91,112,138</u>
End of year	<u>\$ 75,312,125</u>	<u>\$ 16,273,180</u>	<u>\$ 91,585,305</u>

The accompanying notes are an integral part of this consolidated financial statement.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - CONTINUED**

Year ended June 30, 2018

	<b>Net assets without donor restrictions</b>	<b>Net assets with donor restrictions</b>	<b>Total</b>
<b>Operating revenues</b>			
Housing programs	\$ 1,851,271	\$ -	\$ 1,851,271
Management fees	3,824,849	-	3,824,849
Community programs	3,312,936	-	3,312,936
Other operating revenue	226,000	-	226,000
Distributions from beneficial interest in trusts	37,284	-	37,284
	<hr/>	<hr/>	<hr/>
Total operating revenues	9,252,340	-	9,252,340
	<hr/>	<hr/>	<hr/>
<b>Operating expenses</b>			
Salaries and benefits	6,448,462	-	6,448,462
Administrative and general	1,723,132	-	1,723,132
Occupancy	1,571,711	-	1,571,711
Depreciation and amortization	1,585,279	-	1,585,279
Loan interest and fees	693,845	-	693,845
Direct expenses of care	646,099	-	646,099
	<hr/>	<hr/>	<hr/>
Total operating expenses	12,668,528	-	12,668,528
	<hr/>	<hr/>	<hr/>
Operating loss	(3,416,188)	-	(3,416,188)
	<hr/>	<hr/>	<hr/>
<b>Nonoperating revenues (expenses)</b>			
Contributions and bequests	73,773	100,000	173,773
Capital contribution to related party	(259,853)	-	(259,853)
Loss on sale of fixed assets	(3,773)	-	(3,773)
Investment return, net	1,767,555	367,953	2,135,508
Change in fair value of beneficial interest in trusts	-	(29,244)	(29,244)
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	1,577,702	438,709	2,016,411
	<hr/>	<hr/>	<hr/>
(Deficiency in) excess of revenues over expenses	(1,838,486)	438,709	(1,399,777)
	<hr/>	<hr/>	<hr/>
Loss attributable to non-controlling interest	(1,734,309)	-	(1,734,309)
	<hr/>	<hr/>	<hr/>
(Deficiency in) excess of revenues over expenses attributable to parent	(104,177)	438,709	334,532
	<hr/>	<hr/>	<hr/>
<b>Other changes in net assets</b>			
Capital contributions from limited partners	19,785,877	-	19,785,877
Change in non-controlling interest	(1,734,309)	-	(1,734,309)
	<hr/>	<hr/>	<hr/>
<b>Change in net assets</b>	17,947,391	438,709	18,386,100
	<hr/>	<hr/>	<hr/>
<b>Net assets</b>			
<b>Beginning of year</b>	56,992,130	15,733,908	72,726,038
	<hr/>	<hr/>	<hr/>
<b>End of year</b>	\$ 74,939,521	\$ 16,172,617	\$ 91,112,138
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this consolidated financial statement.



**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year ended June 30,

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 473,167	\$ 18,386,100
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Realized and unrealized gains on investments	(269,474)	(326,764)
Depreciation and amortization	1,644,314	1,585,279
Gain on sale of fixed assets	(710,697)	-
Capital contributions from limited partners	(829,039)	(19,785,877)
Change in fair value of benevolent care liability	(150,000)	-
Change in fair value of beneficial interest in trusts	164,483	29,244
Distributions from beneficial interest in trusts	(87,675)	(37,284)
Changes in assets and liabilities		
Accounts receivable	(7,161)	(6,558)
Reserve and escrow accounts	23,657	(140,098)
Related party receivables	181,291	(791,849)
Other receivables	(147,251)	(433,056)
Prepaid expenses	(67,777)	130,248
Accounts payable	(21,828)	143,902
Accrued salaries	62,128	49,132
Accrued expenses	6,102	(471,028)
Related party payables	219,706	427,677
Resident funds escrow accounts	4,539	10,972
Benevolent care liability	(159,839)	(256,319)
Accrued mortgage interest	665,620	535,211
Deferred revenue	51,817	(48,310)
	<u>1,046,083</u>	<u>(999,378)</u>
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash flows from investing activities</b>		
Capital expenditures	(669,004)	(4,251,018)
Purchase of investment securities	(1,151,958)	(5,177,659)
Proceeds from sale of investment securities	1,020,108	2,600,349
Distributions from beneficial interest in trusts	87,675	37,284
Proceeds from sale of fixed assets	1,367,102	-
Payments received on related party loan	1,395,488	804,568
	<u>2,049,411</u>	<u>(5,986,476)</u>
<b>Net cash provided by (used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Capital contributions from limited partners	829,039	19,785,877
Cash paid for amortizable costs	-	(165,539)
Repayment of mortgage payable	-	(14,848,819)
	<u>829,039</u>	<u>4,771,519</u>
<b>Net cash provided by financing activities</b>		
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>3,924,533</u>	<u>(2,214,335)</u>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>7,594,759</u>	<u>9,809,094</u>
End of year	<u>\$ 11,519,292</u>	<u>\$ 7,594,759</u>
Supplemental disclosure of cash flow information		
Cash paid for interest, net of amount capitalized	<u>\$ -</u>	<u>\$ 161,214</u>

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

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

**NOTE A - NATURE OF OPERATIONS**

Catholic Housing and Community Services of the Archdiocese of Philadelphia (“Catholic Housing and Community Services”) is a nonprofit corporation whose members consist of the following: the Archbishop of Philadelphia, the Moderator of the Curia, and the Secretary for Clergy. Catholic Housing and Community Services provides support and services for seniors in Philadelphia and surrounding counties. These services include in-home support, parish- based support programs, geriatric care management, adult day care and senior housing communities.

Catholic Housing and Community Services is the developer of the following entities under the Pennsylvania Housing Finance Agency’s Low-Income Housing Tax Credit (“LIHTC”) program:

- St. John Neumann Place LP was organized as a for-profit limited partnership under the laws of the Commonwealth of Pennsylvania to develop, construct, and maintain rental housing for low-income seniors. The project consists of 75 units of rehabilitated housing located in Philadelphia, Pennsylvania. The project qualifies for the low-income tax credit established by the Tax Reform Act of 1986. St. John Neumann Place Inc., a nonprofit corporation, entered into a partnership joint venture (St. John Neumann Place LP) for the project as the general partner and owns 0.01% interest of the partnership. St. John Neumann Place LP is a controlled entity.
- St. Francis Villa Senior Housing LP was organized as a for-profit limited partnership under the laws of the Commonwealth of Pennsylvania to develop, construct, and maintain rental housing for low-income seniors. The project consists of 40 units of housing located in Philadelphia, Pennsylvania. The project qualifies for the low-income credit established by the Tax Reform Act of 1986. St. Francis Villa Inc., a nonprofit corporation, entered into a partnership joint venture (St. Francis Villa Senior Housing LP) for the project as the general partner and owns 0.01% interest of the partnership. St. Francis Villa Senior Housing LP is a controlled entity.
- St. John Neumann Place II LP was organized as a for-profit limited partnership under the laws of the Commonwealth of Pennsylvania to develop, construct, and maintain rental housing for low-income seniors. The project consists of 52 units of rehabilitated housing located in Philadelphia, Pennsylvania. The project qualifies for the low-income tax credit established by the Tax Reform Act of 1986. St. John Neumann Place II Inc., a nonprofit corporation, entered into a partnership joint venture (St. John Neumann Place II LP) for the project as the general partner and owns 0.01% interest of the partnership. St. John Neumann Place II LP is a controlled entity.
- St. Rita Place Senior Housing LP was organized as a for-profit limited partnership under the laws of the Commonwealth of Pennsylvania to develop, construct, and maintain rental housing for low-income seniors.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE A - NATURE OF OPERATIONS - Continued**

In addition, Catholic Housing and Community Services is the sponsor of the following organization under the United States Department of Housing and Urban Development (“HUD”) Section 202 Supportive Housing for the Elderly program:

- Nativity BVM Place (“Nativity”) was organized as a nonprofit corporation under the laws of the Commonwealth of Pennsylvania to develop, construct and maintain housing facilities for elderly persons. Nativity consists of 63 units located in Philadelphia, Pennsylvania. Tenants began moving into the units in December 2015. Nativity is operating under Section 202 of the National Housing Act of 1959, which provides housing for elderly and disabled persons. Nativity is primarily financed under HUD’s Section 202 capital advance program. The project is regulated by HUD with respect to rental charges, operating expenses and operating methods. The by-laws of Nativity require the directors to be either members of Catholic Housing and Community Services or nonmembers who have the approval of the Board of Directors of Catholic Housing and Community Services. For this reason, the entity is considered to be controlled by Catholic Housing and Community Services.

Catholic Housing and Community Services manages Villa Saint Joseph, a personal care facility, and St. John Vianney Center, a residential facility providing behavioral health treatment and outpatient behavioral health management and clinical services, both of which are owned by the Archdiocese of Philadelphia. Catholic Housing and Community Services receives an annual fee for administrative support services from these entities in exchange for management services rendered.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Recently Adopted Accounting Pronouncement***

Effective July 1, 2018, Catholic Social Services adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. This standard makes 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 previously required three classes, as well as the annual change in each of the two classes; (2) information about liquidity and the availability of resources; and (3) addresses the lack of consistency with expenses and investment return. Catholic Social Services’ financial statements have been adjusted to reflect the new requirements. The standard has been applied retrospectively to all years presented, except for functional expenses which is only presented for 2019.

***Principles of Consolidation***

The consolidated financial statements include the accounts of Catholic Housing and Community Services and its controlled entities, which are collectively referred to as “CHCS.”

For consolidated for-profit entities in which the ownership is less than 100%, the outside ownership interests are shown as non-controlling interests. All significant intercompany accounts and transactions have been eliminated.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

***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 presents its financial statements in accordance with the guidance set forth by the Financial Accounting Standards Board ("FASB") in regards to *Financial Statements of Not-for-Profit Entities* and *Health Care Entities*. Accordingly, the Organization's net assets and its revenues, expenses, gains and losses are classified into two categories, based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions are free of donor-imposed restrictions.

Net assets with donor restrictions include gifts, pledges, trusts, remainder interests, income and appreciation, for which donor-imposed restrictions have not been met, or which are required to be perpetually retained. 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.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These significant estimates include the useful lives of depreciable assets, allocation of functional expenses, valuation of the benevolent care liability, and the fair values of investments, including those investments held in beneficial interest in trusts. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

CHCS 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. CHCS maintains cash balances with financial institutions that at times may exceed Federal Depository Insurance Corporation limits. Management does not believe the credit risk related to these deposits to be significant.

***Reserve and Escrow Accounts***

Reserve and escrow accounts represent cash separately restricted for operational reserves or restricted pursuant to terms of debt agreements.

***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 of Philadelphia 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 D and P. Investment allocation decisions are the responsibility of the finance committee.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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 statements of operations and changes as component of investment return, net.

***Property, Plant and Equipment***

Property, plant and equipment are stated at cost. Expenditures for major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Donated assets are recorded at fair value at the date of donation. Upon sale, or retirement of depreciable property, the cost and related accumulated depreciation are removed from the related accounts, and resulting gains or losses are retired in operations.

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

Land improvements	5 - 20 years
Buildings	20 - 40 years
Building improvements	5 - 25 years
Furniture and equipment	3 - 20 years

***Long-Lived Assets***

CHCS 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, CHCS 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, 2019 and 2018.

***Amortizable Costs***

Amortizable costs consist of costs related to the St. John Neumann Place LP project development, the St. Francis Villa Senior Housing LP project development, and the St. John Neumann Place II LP project development, and are being amortized using the straight-line method over their related useful lives. Amortization expense was \$61,524 and \$61,562 for the years ended June 30, 2019 and 2018, respectively.

***Pledges/Contributions***

CHCS reports gifts of cash and other assets as restricted support if they are received with a donor stipulation that limits the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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 constructions of long-lived assets are reported as unrestricted net assets when the assets are placed in service.

***(Deficiency in) Excess of Revenues over Expenses***

The consolidated statements of operations and changes in net assets include the (deficiency in) excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from the (deficiency in) excess of revenues over expenses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services, non-controlling interest and capital contributions.

***Reclassifications***

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

***Developer Fee Income***

As the general partner of the LIHTC partnerships and as the sponsor of Nativity, CHCS provides development and management services to the entities in exchange for a specified developer fee. The developer fee income and related capital asset are eliminated in consolidation. Below is a summary of developer fees by entity:

- St. John Neumann Place LP - This developer fee totaled \$1,395,573, \$630,938 of which is deferred and will be paid to CHCS as cash flow permits. The deferred developer's fee will accrue interest at 8% per annum, and shall be paid no later than the 15th anniversary of completion of construction.
- St. Francis Villa Senior Housing LP - This developer fee totaled \$1,231,356, of which \$36,724 is deferred and will be paid to CHCS as cash flow permits. The deferred developer's fee will accrue interest at 6% per annum, and shall be paid no later than the 13th anniversary of completion of construction.
- St. John Neumann Place II LP - This developer fee totaled \$1,401,181, of which \$85,484 is deferred and will be paid to CHCS as cash flow permits. The deferred developer fee will accrue interest at 8% per annum, and shall be paid no later than the 15th anniversary of completion of construction.
- Nativity - This developer fee totaled \$261,803, of which \$65,579 is deferred and will be paid to CHCS as cash flow permits.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

***Liquidity and Availability of Resources***

Financial assets available for general expenditure, all of which are classified as net assets without donor restrictions, within one year of the consolidated balance sheet date consist of the following:

	June 30,	
	2019	2018
Assets available to management		
Cash and cash equivalents	\$ 11,519,292	\$ 7,594,759
Accounts receivable	43,401	36,240
Other receivables	1,284,149	1,136,898
Related party receivables	2,654,546	2,835,837
Investments without donor restrictions	2,692,277	2,555,998
Assets available to management	18,193,665	14,159,732
Liabilities to be settled within one year		
Accounts payable	(111,031)	(132,859)
Accrued salaries	(601,608)	(539,480)
Accrued expenses	(402,111)	(396,009)
Benevolent care liability - current portion	(116,092)	(192,629)
Related party payables	(5,399,291)	(5,179,585)
Assets available to management less liabilities to be settled within one year	\$ 11,563,532	\$ 7,719,170

CHCS provides cash management services for various entities, which includes payments of operating expenses. The cash activity is recorded through related party receivables and payables which are settled periodically.

***Pending Accounting Pronouncements***

FASB 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. CHCS is evaluating the effect the adoption of ASU 2014-09 may have on the consolidated financial statements.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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 CHCS serves as resource provider, the new standard is effective for annual consolidated financial statements beginning after December 15, 2019. CHCS is evaluating the impact of the new standard at this time.

**NOTE C - BENEVOLENT CARE LIABILITY**

On November 3, 2014, Center Management Group acquired the operating assets and real property of the CHCS long-term care facilities. The agreement of sale stipulated that CHCS pay 50% of the monthly unpaid charges for the St. Mary Manor personal care residents, up to a total of \$1.5 million for each of the 7 years following the closing date. At June 30, 2019 and 2018, the consolidated financial statements reflect an estimated future liability of \$248,408 and \$558,247, respectively.

**NOTE D - 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.

*Liquidity Sub-Account (or "fund")* - Investments are liquid in nature and invested in short-duration U.S. government bonds.

Account holders have the option of six asset classifications in which to invest. The options include a short-duration U.S. government bond fund, a 100% fixed income bond fund and four equity funds with varying fixed income to equity mixes of 30/70, 50/50, 60/40 or 70/30. The Investment Committee of the Archdiocese of Philadelphia ("Investment Committee") has primary responsibility for determining fixed income to equity mix. The asset mix of the mutual funds is SEI's responsibility.



**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE D - INVESTMENTS - Continued**

At June 30, 2019 and 2018, CHCS's investments are summarized as follows:

<u>2019</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Catholic Values Equity Fund	\$ 1,741,994	\$ 3,237,864	\$ 4,979,858
Catholic Values Fixed Income Fund	675,500	1,248,003	1,923,503
Liquidity Sub-Account	274,783	-	274,783
	<hr/>	<hr/>	<hr/>
Investment in SEI Catholic Values Funds	<u>\$ 2,692,277</u>	<u>\$ 4,485,867</u>	<u>\$ 7,178,144</u>
<u>2018</u>			
Catholic Values Equity Fund	\$ 1,795,982	\$ 3,038,287	\$ 4,834,269
Catholic Values Fixed Income Fund	746,171	1,182,535	1,928,706
Liquidity Sub-Account	13,845	-	13,845
	<hr/>	<hr/>	<hr/>
Investment in SEI Catholic Values Funds	<u>\$ 2,555,998</u>	<u>\$ 4,220,822</u>	<u>\$ 6,776,820</u>

Investment return, net for investments is comprised of the following for the years ended June 30, 2019 and 2018:

	<u>2019</u>			<u>2018</u>		
	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Other revenue						
Interest and dividend income	\$ 1,777,309	\$ 73,611	\$ 1,850,920	\$ 1,759,424	\$ 49,320	\$ 1,808,744
Net realized gains	41,557	135,011	176,568	-	13,342	13,342
Change in unrealized net gains and losses on investments	36,482	56,424	92,906	8,131	305,291	313,422
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 1,885,348</u>	<u>\$ 265,046</u>	<u>\$ 2,120,394</u>	<u>\$ 1,767,555</u>	<u>\$ 367,953</u>	<u>\$ 2,135,508</u>

**NOTE E - BENEFICIAL INTEREST IN TRUSTS**

CHCS is the beneficiary of individual trusts held in perpetuity by third parties. The beneficial interest in the trusts is recorded at the fair value of the assets underlying the trusts. At June 30, 2019 and 2018, the allocable fair value of these trusts was \$1,476,112 and \$1,640,595, respectively, and is recorded as beneficial interest in trusts in the accompanying consolidated balance sheets.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE E - BENEFICIAL INTEREST IN TRUSTS - Continued**

***Winifred M. Santman Trust***

Wilmington Trust, the trustee for the Winifred M. Santman Trust, has questioned the interpretation of provisions in the Will of Winifred M. Santman concerning income shares for the beneficiary that has ceased to exist or no longer provides services. The beneficiary of the trust is St. John Neumann Nursing Home, which was one of the nursing homes owned and operated by CHCS until they were sold to Center Management Group LLC during November 2014. After legal review, Wilmington Trust has determined that another organization must succeed as beneficiary. Accordingly, CHCS recorded a loss of \$156,790 within the change in fair value of beneficial interest in trusts to reflect the removal of such beneficiary interests in trust.

**NOTE F - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment and accumulated depreciation at June 30, 2019 and 2018 consist of:

	2019	2018
Land	\$ 1,702,993	\$ 1,702,992
Land improvements	-	10,700
Buildings and improvements	49,858,721	50,047,698
Furniture and equipment	4,789,175	4,991,806
Construction in progress	315,668	276,784
	<u>56,666,557</u>	<u>57,029,980</u>
Accumulated depreciation	<u>(11,070,530)</u>	<u>(9,863,762)</u>
Property, plant and equipment, net	<u>\$ 45,596,027</u>	<u>\$ 47,166,218</u>

Depreciation expense was \$1,582,790 and \$1,523,717 for the years ended June 30, 2019 and 2018, respectively.

CHCS sold the building located at 15th and Porter Streets in Philadelphia, Pennsylvania on February 21, 2019 for \$1,400,000, resulting in a gain on sale of fixed assets of \$710,697.

**NOTE G - EMPLOYEE BENEFIT PLANS**

***Lay Employees' Retirement Plan - Frozen Effective June 30, 2014***

Through June 30, 2014, the eligible lay employees of CHCS were covered under the Lay Employees' Retirement Plan of the Archdiocese of Philadelphia (the "Plan"), which is a defined benefit pension plan covering substantially all lay employees of the Archdiocese of Philadelphia, based on age and service requirements. The Plan is administered by the Trustees of the Plan. CHCS made annual contributions to the Plan at an average rate of 5.90% of the salaries of eligible employees for the years ended June 30, 2019 and 2018. The amount expensed by CHCS for contributions to the Plan was \$244,209 and \$267,029 for the years ended June 30, 2019 and 2018, respectively. Separate accounts for vested benefits and pension fund assets are not maintained for each institution.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE G - EMPLOYEE BENEFIT PLANS - Continued**

On November 5, 2013, the Archdiocese of Philadelphia Office for Financial Services (“OFS”) announced that it would freeze the Plan 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.

***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.
- *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.

In fiscal years 2019 and 2018, the employer contribution rate was 4.9% of base salary for eligible employees. The contributions by CHCS into the 403(b) plan totaled \$198,287 and \$192,236 for the years ended June 30, 2019 and 2018, respectively.

**NOTE H - DEBT**

***Mortgages Payable - St. John Neumann Place LP***

St. John Neumann Place LP obtained a loan from the Archdiocese of Philadelphia, in the principal amount of \$2,860,000, with a term of 30 years and an interest rate of 6.25%, compounded annually. Principal and interest are payable in monthly installments as cash flow permits with any balance due in full on the 30th anniversary of the closing, December 4, 2036. At both June 30, 2019 and 2018, the outstanding balance was \$2,860,000.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE H - DEBT - Continued**

The Philadelphia Redevelopment Authority (“PRA”), an agency of the City of Philadelphia, approved St. John Neumann Place LP for a \$1,765,000 loan through the Federal HOME program. As a condition of the loan, the project is required to meet certain rental and occupancy requirements for a period of 20 years or until the loan is paid in full. The loan will bear interest at the greater of 4.9% or a composite rate, as defined in the Mortgage Note. Interest will accrue from the date of the closing, and principal and interest are payable in full on the 30th anniversary of the closing, December 4, 2036. The loan is secured by a first mortgage on substantially all assets of St. John Neumann Place LP. At both June 30, 2019 and 2018, the outstanding balance was \$1,765,000.

St. John Neumann Place LP received funding of \$335,000 under the Federal Home Loan Bank’s Affordable Housing Program (“AHP”). The program provides a forgivable loan that will not require repayment if the project is maintained in accordance with AHP regulations for the 15-year retention period. Should the partnership not meet these terms, repayment of principal plus interest will be required. The loan is secured by a second mortgage on substantially all assets of St. John Neumann Place LP. At both June 30, 2019 and 2018, the outstanding balance was \$335,000.

***Mortgages Payable - St. Francis Villa Senior Housing LP***

The Philadelphia Housing Authority (“PHA”), a public body, has approved financing for St. Francis Villa Senior Housing LP in the amount of \$1,800,000 as a second mortgage. As a condition of the loan, the project is required to meet certain covenants and conditions for a period of 40 years from the date the project becomes available for occupancy and for a period of 10 years after the end of the last PHA fiscal year for which operating assistance is provided by PHA. The loan will bear simple interest at 8.00% per annum once construction has been completed. Principal and accrued interest are payable in full on the 45th anniversary of the note. The loan is secured by a first mortgage on substantially all assets of St. Francis Villa Senior Housing LP. At both June 30, 2019 and 2018, the outstanding balance was \$1,800,000.

St. Francis Villa Senior Housing LP has received funding of \$443,991 under the Federal Home Loan Bank’s AHP. The program provides a forgivable loan that will not require repayment if the project is maintained in accordance with AHP regulations for the 15-year retention period. Should the partnership not meet these terms, repayment of principal plus interest will be required. The loan is secured by the second mortgage on substantially all assets of St. Francis Villa Senior Housing LP. At both June 30, 2019 and 2018, the outstanding balance was \$443,991.

***Mortgages Payable - St. John Neumann Place II LP***

Manufacturers and Traders Trust Company, a banking organization, has approved a direct subsidy of \$250,000 to the project’s sponsor through the Federal Home Loan Bank’s AHP. The sponsor, in turn, has funded a loan in the amount of \$250,000 to the project, effective July 28, 2016, with interest of 6.5% per year compounded annually. Provided the project is maintained in accordance with AHP regulations for the 15-year retention period, the loan will be considered satisfied and no repayment will be required. Should the partnership not meet these terms, payment of principal plus interest will be required. No payments are due until the loan matures on August 30, 2047. At both June 30, 2019 and 2018, the outstanding balance was \$250,000.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE H - DEBT - Continued**

Capital One, National Association, a national banking organization, has approved a direct subsidy of \$397,866 to the project's sponsor through the Federal Home Loan Bank's AHP. The sponsor, in turn, has funded a loan in the amount of \$397,866 to the project, effective November 3, 2016, with interest of 6.5% per year compounded annually. Provided the project is maintained in accordance with AHP regulations for the 15-year retention period, the loan will be considered satisfied and no repayment will be required. Should the partnership not meet these terms, payment of principal plus interest will be required. No payments are due until the loan matures on August 30, 2047. At both June 30, 2019 and 2018, the outstanding balance was \$397,866.

***Mortgages Payable - Nativity***

The PRA approved Nativity for a \$1,695,000 loan through the Federal HOME program. As a condition of the loan, the project is required to meet certain rental and occupancy requirements for a period of 20 years or until the loan is paid in full. Except upon the occurrence of an event of default as defined in the loan documents, the loan will not bear interest and the entire principal balance will be due and payable on the 45th anniversary of the loan closing. The loan is secured by the second mortgage on substantially all assets of Nativity. At both June 30, 2019 and 2018, the outstanding balance was \$1,695,000.

***Future Maturities of Debt***

There are no principal repayments due under the loans and mortgages during the years ended June 30, 2020 through 2024.

**NOTE I - NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets at June 30, 2019 and 2018 are restricted to:

	<u>2019</u>	<u>2018</u>
Senior housing support	\$ 1,957,096	\$ 1,847,371
Community based services for seniors	2,628,772	2,473,451
HUD Section 202 capital advance and grant (Note J)	10,211,200	10,211,200
Beneficial interest in trusts	<u>1,476,112</u>	<u>1,640,595</u>
	<u>\$ 16,273,180</u>	<u>\$ 16,172,617</u>

During 2019 and 2018, no net assets were released from donor restrictions by incurring expenses satisfying the donor restricted purposes.

**NOTE J - HUD SECTION 202 CAPITAL ADVANCE AND GRANT**

The restricted net assets of Nativity include a capital advance of \$9,811,200, of which \$9,811,200 has been received as of June 30, 2019 and 2018 from HUD under the Section 202 Capital Advance program of the Act, with a mortgage note that requires no repayment and bears no interest so long as housing remains available for very low-income elderly persons for a minimum of 40 years. Failure to keep the housing available for elderly persons would result in the repayment of the entire note plus interest since the date of the first advances. The capital advance grants HUD a security interest in substantially all property and equipment and gross revenues.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE J - HUD SECTION 202 CAPITAL ADVANCE AND GRANT - Continued**

The restricted net asset balance for Nativity also includes a Section 202 Demonstration Pre-Development Grant from HUD for \$400,000, of which the full amount has been received at both June 30, 2019 and 2018.

**NOTE K - ENDOWMENTS**

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

For some of the endowments, the donor has directed how the earnings are to be used. When documentation does not provide specific direction, CHCS follows the Commonwealth of Pennsylvania Act 141.

***Interpretation of Relevant Law***

In accordance with the Commonwealth of Pennsylvania Act 141, and unless directed otherwise by the donor, CHCS classifies the endowment as restricted net assets until those amounts are appropriated for expenditure by CHCS in a manner consistent with the standard of prudence prescribed by relevant law. Pennsylvania law permits the Archdiocese of Philadelphia 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.

***Return Objectives and Risk Parameters***

CHCS has adopted investment policies established by the Investment Committee and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by their 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. 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. CHCS expects their endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from that amount.

***Spending Policy***

Commonwealth of Pennsylvania law permits CHCS to adopt a spending policy for endowment earnings, subject to certain limitations. CHCS 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 of Philadelphia's spending policy for the years ended June 30, 2019 and 2018 allowed for a 7% draw of the three-year average market value of the restricted endowments, unless directed otherwise by the donor. CHCS did not allocate a draw for the years ended June 30, 2019 or 2018.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE K - ENDOWMENTS - Continued**

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. At both June 30, 2019 and 2018, there were no deficiencies of this nature.

***Endowment Balances***

CHCS had the following endowment activities during the years ended June 30, 2019 and 2018. All endowment activities were donor-restricted.

Endowment net assets, June 30, 2017	\$ 3,852,869
Investment income	49,320
Net appreciation (realized and unrealized gains)	318,633
Total investment return	<u>367,953</u>
Endowment net assets, June 30, 2018	<u>4,220,822</u>
Investment income	73,609
Net appreciation (realized and unrealized gains)	191,436
Total investment return	<u>265,045</u>
Endowment net assets, June 30, 2019	<u>\$ 4,485,867</u>

**NOTE L - INCOME TAXES**

CHCS and Nativity are nonprofit corporations that have been granted exempt status from federal and state taxation under Section 501(c)(3) of the Internal Revenue Code.

CHCS has not recorded any provision or benefit for federal or state income taxes related to the for-profit partnerships that are included in the consolidated financial statements since taxable income or loss passes through to and is reportable by the partners. The partnerships are subject to City of Philadelphia Gross Receipts Tax, which will be expensed as paid.

CHCS 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. CHCS does not believe its consolidated financial statements include material uncertain tax positions.

**NOTE M - CONTINGENCIES**

CHCS is from time to time subject to routine litigation incidental to its business. In the opinion of management, after consulting with legal counsel, the settlement of litigation and claims, in the aggregate, will not have a material adverse effect on CHCS's consolidated balance sheets.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE N - CONCENTRATION OF CREDIT RISK**

Three funding sources account for approximately 70% and 73% of CHCS's total accounts receivable and other receivable balances as of June 30, 2019 and 2018, respectively. Additionally, two funding sources account for 59% and 60% of CHCS's total operating revenue for the years ended June 30, 2019 and 2018, respectively.

**NOTE O - RELATED PARTY TRANSACTIONS**

***Loans Receivable***

In June 2012, the Archdiocese of Philadelphia and related entities entered into several Term Loan Agreements with participating Archdiocesan entities to retire outstanding external debt obligations. These retired obligations include the Variable Rate Revenue Bonds Series of 2008 issued through the Montgomery County Industrial Development Authority totaling \$47,007,923; the Variable Rate Revenue Bonds Series of 2001 through the Chester County Industrial Development Authority totaling \$50,708,547; and the various interest rate swap transactions associated with these debts totaling \$15,750,000. The transactions resulted in the inter-diocesan Term Loan Receivables and Term Loans Payables totaling \$71,357,582 at participating Archdiocesan entities, which included a loan receivable of \$48,713,240 recorded by CHCS. The loan receivable was refinanced on July 1, 2014, with terms as described below. The outstanding balances for the loans receivable at June 30, 2019 and 2018, were \$41,023,636 and \$42,418,124, respectively.

The loans are collateralized by first priority mortgage liens encumbering the following Archdiocesan high school premises: Bonner-Prendergrast High School, Pope John Paul II High School, Bishop Shanahan High School and Archbishop Wood High School. In addition, the Archdiocese of Philadelphia pledges the High School Revenue associated with these specific schools. The loans carry a fixed interest rate of 4% amortized over 28 years, maturing on June 1, 2042.

The future principal amounts receivable on the loans at June 30, 2019 are as follows:

Year ending June 30,

2020	\$ 871,232
2021	1,202,846
2022	1,251,687
2023	1,302,510
2024	1,355,397
Thereafter	<u>35,039,964</u>
Total	<u>\$ 41,023,636</u>



**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE O - RELATED PARTY TRANSACTIONS - Continued**

CHCS is covered under various insurance, retirement and other plans of the Archdiocese of Philadelphia. The transactions with the Archdiocese of Philadelphia and affiliates recorded as revenue or charged to expense for the fiscal years ended June 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Revenues		
Management fees	\$ 3,466,907	\$ 3,824,849
Engineering consulting	116,315	87,381
	<u>\$ 3,583,222</u>	<u>\$ 3,912,230</u>
Expenses		
Pension	\$ 442,496	\$ 459,266
Insurance	126,736	109,865
	<u>\$ 569,232</u>	<u>\$ 569,131</u>

CHCS had receivables due from related parties of \$2,654,546 and \$2,835,837, and payables of \$5,399,291 and \$5,179,585 at June 30, 2019 and 2018, respectively. Receivables include \$412,644 and \$970,712 due from Archdiocese of Philadelphia related entities at June 30, 2019 and 2018, respectively. The remaining related party balances are the result of cash management arrangements between CHCS and other managed entities.

**NOTE P - 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.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE P - FAIR VALUE MEASUREMENTS - Continued**

Fair value calculations may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CHCS 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 CHCS by level within the fair value hierarchy, as of June 30, 2019 and 2018:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
<u>2019</u>				
Assets				
Investments in SEI	\$ 7,178,144	\$ -	\$ -	\$ 7,178,144
Beneficial interest in trusts	-	-	1,476,112	1,476,112
Total of assets at June 30, 2019	<u>\$ 7,178,144</u>	<u>\$ -</u>	<u>\$ 1,476,112</u>	<u>\$ 8,654,256</u>
<u>2018</u>				
Assets				
Investments in SEI	\$ 6,776,820	\$ -	\$ -	\$ 6,776,820
Beneficial interest in trusts	-	-	1,640,595	1,640,595
Total of assets at June 30, 2018	<u>\$ 6,776,820</u>	<u>\$ -</u>	<u>\$ 1,640,595</u>	<u>\$ 8,417,415</u>

The table below sets forth a summary of changes in the fair value of CHCS's Level 3 assets for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 1,640,595	\$ 1,669,839
Distributions received from trusts	(87,675)	(37,284)
Net appreciation	79,982	8,040
Reduction in fair value due to change in beneficiaries (Note E)	(156,790)	-
Net change in fair value	<u>(76,808)</u>	<u>8,040</u>
Balance at end of year	<u>\$ 1,476,112</u>	<u>\$ 1,640,595</u>

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE Q - FUNCTIONAL EXPENSES**

CHCS provides a variety of services, as described in Note A. Expenses related to providing these services are as follows for the year ended June 30, 2019:

	Program Services			Total	June 30, 2018
	Housing	Community Programs	General and Administrative		
Salaries and benefits	\$ 616,676	\$ 2,123,500	\$ 3,445,905	\$ 6,186,081	\$ 6,448,462
Administrative and general	203,853	171,793	1,297,926	1,673,572	1,723,132
Occupancy	758,517	465,386	293,753	1,517,656	1,571,711
Depreciation and amortization	1,418,840	24,602	200,872	1,644,314	1,585,279
Loan interest and fees	676,910	-	-	676,910	693,845
Direct expenses of care	193,105	453,742	-	646,847	646,099
<b>Total</b>	<b>\$ 3,867,901</b>	<b>\$ 3,239,023</b>	<b>\$ 5,238,456</b>	<b>\$ 12,345,380</b>	<b>\$ 12,668,528</b>

**NOTE R - LEASES**

CHCS has entered into lease agreements for real estate with various affiliated and non-affiliated entities. The following is a schedule of future minimum lease payments for operating leases with non-cancellable lease terms in excess of one year:

<u>Year ending June 30,</u>	
2020	\$ 92,745
2021	20
2022	20
2023	20
2024	20
Thereafter	500
<b>Total</b>	<b>\$ 93,325</b>

Rental expense for the years ended June 30, 2019 and 2018 totaled approximately \$430,000 and \$431,000, respectively.

**NOTE S - LESSOR**

CHCS leased its building space to unaffiliated tenants through February 21, 2019, at which time the building was sold and the lease terminated. Rental income on the lease totaled approximately \$71,200 and \$110,000 for the years ended June 30, 2019 and 2018, respectively.

**Catholic Housing and Community Services of the Archdiocese of Philadelphia**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE T - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 20, 2020, which is the date the consolidated financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, while management expects this matter to negatively impact the business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. As a result, CHCS is leveraging its balance sheet and seeking ways to preserve its financial flexibility and to allow the organization to resume normal operations when the crisis passes and site closures are lifted.

In May 2020, CHCS borrowed \$1,173,815 through the Small Business Administration Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security (CARES) Act to provide additional liquidity during the COVID-19 crisis. The loans have a two-year term and bear interest at 1% annually with payments scheduled monthly beginning after a six-month deferral period to the extent the loans are not forgiven.

SUPPLEMENTARY INFORMATION

Catholic Housing and Community Services of the Archdiocese of Philadelphia

CONSOLIDATING BALANCE SHEET

June 30, 2019

ASSETS	Community Based Services	CHS	St. John Neumann Place LP	St. John Neumann Place II LP	St. Francis Villa Senior Housing LP	Nativity BVM Place	St. Rita Place Senior Housing LP	Eliminations	Total
<b>Current assets</b>									
Cash and cash equivalents	\$ 1,350	\$ 10,971,773	\$ 22,033	\$ 243,009	\$ 212,729	\$ 68,398	\$ -	\$ -	\$ 11,519,292
Accounts receivable	41,061	-	137	428	179	1,596	-	-	43,401
Other receivables	942,070	342,079	-	-	-	-	-	-	1,284,149
Related party receivables	-	2,654,546	-	-	-	-	-	-	2,654,546
Due from consolidated entities	-	6,537,408	-	-	-	-	-	(6,537,408)	-
Prepaid expenses	55,106	374,533	14,022	2,352	2,551	1,506	-	-	450,070
Related party loans receivable - current portion	-	871,232	-	-	-	-	-	-	871,232
Total current assets	<u>1,039,587</u>	<u>21,751,571</u>	<u>36,192</u>	<u>245,789</u>	<u>215,459</u>	<u>71,500</u>	<u>-</u>	<u>(6,537,408)</u>	<u>16,822,690</u>
<b>Investments</b>									
Without donor restrictions	-	2,692,277	-	-	-	-	-	-	2,692,277
With donor restrictions	-	4,485,867	-	-	-	-	-	-	4,485,867
Total investments	<u>-</u>	<u>7,178,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,178,144</u>
Property, plant and equipment, net	599,365	566,254	12,324,712	13,801,108	10,846,930	10,863,253	315,668	(3,721,263)	45,596,027
Deferred developer fee receivable	-	818,725	-	-	-	-	-	(818,725)	-
Deferred developer fee interest receivable	-	502,913	-	-	-	-	-	(502,913)	-
Mortgage interest receivable - related party	-	256,631	-	-	-	-	-	(256,631)	-
Beneficial interest in trusts	-	1,476,112	-	-	-	-	-	-	1,476,112
Reserve and escrow accounts	-	-	560,787	383,398	670,013	187,501	-	-	1,801,699
Amortizable costs	-	-	13,174	167,992	80,964	-	-	-	262,130
Related party note receivable	-	1,500,000	-	-	-	-	-	(1,500,000)	-
Related party loans receivable	-	40,152,404	-	-	-	-	-	-	40,152,404
Total assets	<u>\$ 1,638,952</u>	<u>\$ 74,202,754</u>	<u>\$ 12,934,865</u>	<u>\$ 14,598,287</u>	<u>\$ 11,813,366</u>	<u>\$ 11,122,254</u>	<u>\$ 315,668</u>	<u>\$ (13,336,940)</u>	<u>\$ 113,289,206</u>

Continued on next page

Catholic Housing and Community Services of the Archdiocese of Philadelphia

CONSOLIDATING BALANCE SHEET - CONTINUED

June 30, 2019

LIABILITIES AND NET ASSETS	Community Based Services	CHS	St. John Neumann Place LP	St. John Neumann Place II LP	St. Francis Villa Senior Housing LP	Nativity BVM Place	St. Rita Place Senior Housing LP	Eliminations	Total
<b>Current liabilities</b>									
Accounts payable	\$ 19,879	\$ 49,213	\$ 6,865	\$ 9,412	\$ 6,607	\$ 19,055	\$ -	\$ -	\$ 111,031
Accrued salaries	179,804	367,187	17,016	12,195	7,732	17,674	-	-	601,608
Accrued expenses	113,963	133,636	14,342	31,481	77,021	31,668	-	-	402,111
Benevolent care liability - current portion	-	116,092	-	-	-	-	-	-	116,092
Due to consolidated entities	6,221,740	-	-	-	-	-	315,668	(6,537,408)	-
Related party payables	2,273	5,315,268	-	-	81,750	-	-	-	5,399,291
Deferred revenue	134,186	8,500	-	-	-	-	-	-	142,686
<b>Total current liabilities</b>	<b>6,671,845</b>	<b>5,989,896</b>	<b>38,223</b>	<b>53,088</b>	<b>173,110</b>	<b>68,397</b>	<b>315,668</b>	<b>(6,537,408)</b>	<b>6,772,819</b>
Deferred developer fee	-	-	630,938	85,484	36,724	65,579	-	(818,725)	-
Accrued developer fee interest	-	-	500,544	-	2,369	-	-	(502,913)	-
Benevolent care liability	-	132,316	-	-	-	-	-	-	132,316
Resident funds escrow accounts	-	-	40,867	12,340	10,919	20,706	-	-	84,832
Accrued mortgage interest	-	-	4,730,168	255,540	438,000	-	-	(256,631)	5,167,077
Mortgages payable	-	-	4,960,000	2,147,866	2,243,991	1,695,000	-	(1,500,000)	9,546,857
<b>Total liabilities</b>	<b>6,671,845</b>	<b>6,122,212</b>	<b>10,900,740</b>	<b>2,554,318</b>	<b>2,905,113</b>	<b>1,849,682</b>	<b>315,668</b>	<b>(9,615,677)</b>	<b>21,703,901</b>
<b>Net assets (deficit)</b>									
Without donor restrictions									
Parent	(5,032,893)	62,018,562	-	-	-	(938,628)	-	(3,721,263)	52,325,778
Non controlling interest	-	-	2,034,125	12,043,969	8,908,253	-	-	-	22,986,347
<b>Total net assets without donor restrictions</b>	<b>(5,032,893)</b>	<b>62,018,562</b>	<b>2,034,125</b>	<b>12,043,969</b>	<b>8,908,253</b>	<b>(938,628)</b>	<b>-</b>	<b>(3,721,263)</b>	<b>75,312,125</b>
With donor restrictions	-	6,061,980	-	-	-	10,211,200	-	-	16,273,180
<b>Total net assets (deficit)</b>	<b>(5,032,893)</b>	<b>68,080,542</b>	<b>2,034,125</b>	<b>12,043,969</b>	<b>8,908,253</b>	<b>9,272,572</b>	<b>-</b>	<b>(3,721,263)</b>	<b>91,585,305</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,638,952</b>	<b>\$ 74,202,754</b>	<b>\$ 12,934,865</b>	<b>\$ 14,598,287</b>	<b>\$ 11,813,366</b>	<b>\$ 11,122,254</b>	<b>\$ 315,668</b>	<b>\$ (13,336,940)</b>	<b>\$ 113,289,206</b>

Catholic Housing and Community Services of the Archdiocese of Philadelphia  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Year ended June 30, 2019

	Without donor restrictions								With donor restrictions			Total	
	Community Based Services	CHS	St. John Neumann Place LP	St. John Neumann Place II LP	St. Francis Villa Senior Housing LP	Nativity BVM Place	St. Rita Place Senior Housing LP	Eliminations	Subtotal	CHCS	Nativity BVM Place		Subtotal
<b>Operating revenues</b>													
Housing programs	\$ -	\$ -	\$ 528,458	\$ 496,638	\$ 337,850	\$ 619,243	\$ -	\$ -	\$ 1,982,189	\$ -	\$ -	\$ -	\$ 1,982,189
Management fees	-	3,803,667	-	-	-	-	-	(336,760)	3,466,907	-	-	-	3,466,907
Community programs	3,341,356	-	-	-	-	-	-	-	3,341,356	-	-	-	3,341,356
Other operating revenue	-	290,740	-	-	-	-	-	-	290,740	-	-	-	290,740
Distributions from beneficial interest in trusts	-	87,675	-	-	-	-	-	-	87,675	-	-	-	87,675
<b>Total operating revenues</b>	<b>3,341,356</b>	<b>4,182,082</b>	<b>528,458</b>	<b>496,638</b>	<b>337,850</b>	<b>619,243</b>	<b>-</b>	<b>(336,760)</b>	<b>9,168,867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,168,867</b>
<b>Operating expenses</b>													
Salaries and benefits	2,139,417	3,537,297	122,972	90,362	96,475	199,558	-	-	6,186,081	-	-	-	6,186,081
Administrative and general	630,736	1,093,792	74,674	67,093	53,811	90,226	-	(336,760)	1,673,572	-	-	-	1,673,572
Occupancy	493,772	292,898	225,999	142,578	109,919	252,490	-	-	1,517,656	-	-	-	1,517,656
Depreciation and amortization	59,128	166,346	416,403	438,820	313,252	357,613	-	(107,248)	1,644,314	-	-	-	1,644,314
Loan interest and fees	-	-	576,795	162,414	149,676	-	-	-	676,910	-	-	-	676,910
Direct expenses of care	453,742	18,679	67,386	46,814	21,718	38,508	-	-	646,847	-	-	-	646,847
<b>Total operating expenses</b>	<b>3,776,795</b>	<b>5,109,012</b>	<b>1,484,229</b>	<b>948,081</b>	<b>744,851</b>	<b>938,395</b>	<b>-</b>	<b>(655,983)</b>	<b>12,345,380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,345,380</b>
<b>Operating loss</b>	<b>(435,439)</b>	<b>(926,930)</b>	<b>(955,771)</b>	<b>(451,443)</b>	<b>(407,001)</b>	<b>(319,152)</b>	<b>-</b>	<b>319,223</b>	<b>(3,176,513)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,176,513)</b>
<b>Nonoperating revenues (expenses)</b>													
Contributions and bequests	-	23,082	-	-	-	-	-	-	23,082	-	-	-	23,082
Capital contribution to related party	-	(19,049)	-	-	-	-	-	-	(19,049)	-	-	-	(19,049)
Gain on sale of fixed assets	708,694	-	2,003	-	-	-	-	-	710,697	-	-	-	710,697
Investment return, net	-	2,067,273	-	-	-	50	-	(211,975)	1,855,348	265,046	-	265,046	2,120,394
Change in benevolent care liability	-	150,000	-	-	-	-	-	-	150,000	-	-	-	150,000
Change in fair value of beneficial interest in trusts	-	-	-	-	-	-	-	-	-	(164,483)	-	(164,483)	(164,483)
<b>Total nonoperating revenues (expenses)</b>	<b>708,694</b>	<b>2,221,306</b>	<b>2,003</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>(211,975)</b>	<b>2,720,078</b>	<b>100,563</b>	<b>-</b>	<b>100,563</b>	<b>2,820,641</b>
<b>Excess of (deficiency in) revenues over expenses</b>	<b>273,255</b>	<b>1,294,376</b>	<b>(953,768)</b>	<b>(451,443)</b>	<b>(407,001)</b>	<b>(319,102)</b>	<b>-</b>	<b>107,248</b>	<b>(456,435)</b>	<b>100,563</b>	<b>-</b>	<b>100,563</b>	<b>(355,872)</b>
<b>Loss attributable to non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>(953,768)</b>	<b>(451,443)</b>	<b>(407,001)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,812,212)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,812,212)</b>
<b>Excess of (deficiency in) revenues over expenses attributable to parent</b>	<b>273,255</b>	<b>1,294,376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(319,102)</b>	<b>-</b>	<b>107,248</b>	<b>1,355,777</b>	<b>100,563</b>	<b>-</b>	<b>100,563</b>	<b>1,456,340</b>
<b>Other changes in net assets</b>													
Capital contributions from limited partners	-	-	-	336,961	492,078	-	-	-	829,039	-	-	-	829,039
Change in non-controlling interest	-	-	(953,768)	(451,443)	(407,001)	-	-	-	(1,812,212)	-	-	-	(1,812,212)
<b>Change in net assets</b>	<b>273,255</b>	<b>1,294,376</b>	<b>(953,768)</b>	<b>(114,482)</b>	<b>85,077</b>	<b>(319,102)</b>	<b>-</b>	<b>107,248</b>	<b>372,604</b>	<b>100,563</b>	<b>-</b>	<b>100,563</b>	<b>473,167</b>
<b>Net assets (deficit)</b>													
<b>Beginning of year</b>	<b>(5,306,148)</b>	<b>60,724,187</b>	<b>2,987,893</b>	<b>12,158,451</b>	<b>8,823,176</b>	<b>(619,527)</b>	<b>-</b>	<b>(3,828,511)</b>	<b>74,939,521</b>	<b>5,961,417</b>	<b>10,211,200</b>	<b>16,172,617</b>	<b>91,112,138</b>
<b>End of year</b>	<b>\$ (5,032,893)</b>	<b>\$ 62,018,563</b>	<b>\$ 2,034,125</b>	<b>\$ 12,043,969</b>	<b>\$ 8,908,253</b>	<b>\$ (938,629)</b>	<b>\$ -</b>	<b>\$ (3,721,263)</b>	<b>\$ 75,312,125</b>	<b>\$ 6,061,980</b>	<b>\$ 10,211,200</b>	<b>\$ 16,273,180</b>	<b>\$ 91,585,305</b>