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

Saint John Vianney Center

June 30, 2019 and 2018

Contents

GRANT THORNTON LLP
Two Commerce Square
2001 Market St., Suite 700
Philadelphia, PA 19103

D +1 215 561 4200
F +1 215 561 1066
S linkd.in/grantthorntonus
twitter.com/grantthorntonus

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Saint John Vianney Center

We have audited the accompanying consolidated financial statements of Saint John Vianney Center, 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 Saint John Vianney Center 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.

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.

Grant Thornton

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information as of and for the years ended June 30, 2019 and 2018, is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania
April 8, 2020

Saint John Vianney Center

CONSOLIDATED BALANCE SHEETS

June 30,

	2019	2018
ASSETS		
Current		
Cash and cash equivalents	$ 2,000	$ 1,500
Patient accounts receivable		
Residents	1,743,670	1,735,736
Outpatient	56,581	52,485
Allowance for doubtful accounts	(178,039)	(172,502)
Patient accounts receivable, net	1,622,212	1,615,719
Other receivables	41	2,169
Prepaid expenses	154,303	138,951
Related party receivables	4,824,032	4,775,773
Total current assets	6,602,588	6,534,112
Investments	2,478,585	1,982,371
Property, plant and equipment, net	2,856,614	2,494,926
Total assets	$ 11,937,787	$ 11,011,409
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	$ 236,437	$ 295,539
Accrued salaries	438,564	330,577
Accrued expenses	75,782	111,846
Related party payables	1,339,469	1,385,492
Total current liabilities	2,090,252	2,123,454
Total liabilities	2,090,252	2,123,454
Net assets without donor restrictions	9,847,535	8,887,955
Total net assets	9,847,535	8,887,955
Total liabilities and net assets	$ 11,937,787	$ 11,011,409

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

Saint John Vianney Center

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

For the years ended June 30,

	2019	2018
Operating revenues:		
Resident revenue, net	$ 10,684,230	$ 10,668,634
Less: Provision for bad debt	(7,218)	(164,428)
Resident revenue, net less provision for bad debt	10,677,012	10,504,206
Contribution of rental at fair value	-	481,293
Other operating revenue	17,559	29,306
Net assets released from restrictions	-	18,701
Total operating revenues	10,694,571	11,033,506
Operating expenses:		
Salaries and benefits	5,033,300	4,575,784
Independent contractors	1,837,855	1,719,696
Administrative and general	1,548,989	1,266,863
Occupancy	471,830	911,732
Depreciation	341,716	286,598
Direct expenses of care	585,497	667,879
Total operating expenses	9,819,187	9,428,552
Operating income	875,384	1,604,954
Nonoperating revenue, gains and losses:		
Contributions and bequests	172,377	103,117
Investment return, net	161,819	114,578
Nonoperating revenue, gains and losses, net	334,196	217,695
Excess of revenues and gains over expenses and losses	1,209,580	1,822,649
Other changes in net assets without donor restrictions		
Archdiocesan sponsorship fee (Note H)	(250,000)	(250,000)
Increase in net assets without donor restrictions	959,580	1,572,649
Change in net assets with donor restrictions		
Net assets released from restrictions	-	(18,701)
Decrease in net assets with donor restrictions	-	(18,701)
Increase in net assets	959,580	1,553,948
Net assets		
Beginning of year	8,887,955	7,334,007
End of year	$ 9,847,535	$ 8,887,955

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

Saint John Vianney Center

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30,

	2019	2018
Cash flows from operating activities		
Increase in net assets	$ 959,580	$ 1,553,948
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for bad debt	7,218	164,428
Change in unrealized gains and losses on investments	(45,021)	(84,107)
Net realized gain on sale of investments	(60,428)	(7,378)
Depreciation	341,716	286,598
Changes in working capital which provided or (used) cash		
Accounts receivable	(13,711)	(613,272)
Other receivables	2,128	(2,169)
Related party receivables	(48,259)	(265,128)
Prepaid expenses	(15,352)	(2,197)
Accounts payable	(59,102)	59,667
Accrued salaries	107,987	26,680
Accrued expenses	(36,064)	34,972
Related party payable	(46,023)	(25,680)
Net cash provided by operating activities	1,094,669	1,126,362
Cash flows from investing activities		
Purchase of property, plant and equipment	(703,404)	(380,006)
Purchases of investment securities	(859,977)	(1,563,845)
Proceeds from sale of investment securities	469,212	798,788
Net cash used in investing activities	(1,094,169)	(1,145,063)
Net increase (decrease) in cash and cash equivalents	500	(18,701)
Cash and cash equivalents		
Beginning of year	1,500	20,201
End of year	$ 2,000	$ 1,500

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

NOTE A - NATURE OF OPERATIONS AND PRINCIPLES OF CONSOLIDATION

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

As of June 30, 2019 and 2018, there were no net assets with donor restrictions.

Recently Adopted Accounting Pronouncement

Effective July 1, 2018, the Organization adopted 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. The Organization's consolidated 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

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

Cash and Cash Equivalents

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

Pledges/Contributions

Unconditional promises to give (pledges) are recorded as receivables and revenues at fair value at the date the promise is received within the appropriate net asset category. Donor-restricted gifts that are received and either spent or deemed spent within the same year are reported as revenues and expenses without donor restrictions. Gifts of long-lived assets are reported at fair value as revenue without donor restrictions. Gifts specified for the acquisition or construction of long-lived assets are reported as net assets without donor restrictions when the assets are placed in service.

Resident Service Revenues and Allowances

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

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

Net residential fees and net health care revenues for the years ended June 30, 2019 and 2018, net of contractual allowances and discounts (but before the provision for bad debt), recognized in the periods from these major payor sources based on primary insurance designation, are as follows:

Net resident revenue	Third-party payors	Self-pay	Total all payors
2019	$ 139,727	$ 10,544,303	$ 10,684,230
2018	$ 170,506	$ 10,498,128	$ 10,668,634

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 ("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 D and I. Investment allocation decisions are the responsibility of the applicable Archdiocesan entity's board or finance council.

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. Realized and unrealized gains and losses are included in the consolidated statements of operations and changes in net assets as a component of investment return, net.

Property, Plant and Equipment

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

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

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

Long-Lived Assets

The Organization continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the Organization uses an estimate of the related undiscounted operating income over the remaining life of the long-lived asset in measuring whether the long-lived asset is recoverable. The impairment loss on these assets is measured as the excess of the carrying amount of the asset over its fair value. Fair value is based on market prices where available, or discounted cash flows. Management believes that no revision to the remaining useful lives or write-down of long-lived assets is required at June 30, 2019 and 2018.

Excess of Revenues and Gains and Over Expenses and Losses

The consolidated statements of operations and changes in net assets include the excess of revenues and gains over expenses and losses. Changes in net assets without donor restrictions which are excluded from excess of revenues and gains over expenses and losses, consistent with industry practice, included permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Charity Care

At times, the Organization provides care to patients who meet certain criteria designed by its Board of Directors without charge or at amounts less than its established rates. The Organization does not pursue collection of amounts determined to qualify as charity care, and establishes reserves for these amounts. Accordingly, such amounts are not reported as revenue in the accompanying consolidated statements of operations and changes in net assets. The cost of charity care provided was $29,463 and $26,719 for the years ended June 30, 2019 and 2018, respectively.

Pending Accounting Pronouncements

FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to improve financial reporting by creating common revenue recognition guidance. The core principle of this guidance is that an entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services at the date the performance obligation has occurred. ASU 2014-09 is effective for periods beginning after December 15, 2018. An entity will apply this update using either a full retrospective application, which applies the standard to each prior period presented, or under the modified retrospective application, in which an entity recognizes the cumulative effect of initially applying the new standard as an adjustment to the opening statement of financial position at the date of initial application. The Organization is evaluating the impact of ASU 2014-09 at this time.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting for Contributions Received and Contributions Made.* The guidance will help entities evaluate whether transactions should be accounted for as contributions, or exchange transactions subject to other guidance. The guidance will also help in determining whether a contribution is conditional. The guidance is effective for fiscal years beginning after December 15, 2018. The Organization is evaluating the impact of ASU 2018-08 at this time.

NOTE C - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s financial assets available within one year of the consolidated balance sheet date for general expenditures at June 30, 2019 and 2018 are as follows:

	2019	2018
Cash and cash equivalents	$ 2,000	$ 1,500
Patient accounts receivable, net	1,622,212	1,615,719
Investments	2,478,585	1,982,371
Total financial assets available within one year	4,102,797	3,599,590
Less: Current liabilities, excluding related party balances	(750,783)	(737,962)
Available to management less current liabilities	$ 3,352,014	$ 2,861,628

Related party balances are excluded from management’s assessment of liquidity and availability of resources as there is no terms for settlement of those balances.

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.

The total investments of the Organization at June 30, 2019 and 2018 are detailed as follows:

	2019	2018
Catholic Values Equity Fund	$ 1,789,214	$ 1,396,270
Catholic Values Fixed Income Fund	689,371	586,101
Total	$ 2,478,585	$ 1,982,371

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

	2019	2018
Interest and dividend income	$ 56,370	$ 23,093
Net realized gains and losses	60,428	7,378
Change in unrealized net gains and losses on investments	45,021	84,107
Total	$ 161,819	$ 114,578

NOTE E - PROPERTY, PLANT AND EQUIPMENT

	2019	2018
Land improvements	$ 287,006	$ 283,706
Building and improvements	5,656,875	5,165,985
Furniture and equipment	1,977,435	1,766,793
Construction in progress	-	1,428
	7,921,316	7,217,912
Accumulated depreciation	(5,064,702)	(4,722,986)
Property, plant and equipment, net	$ 2,856,614	$ 2,494,926

Depreciation expense was $341,716 and $286,598 for the years ended June 30, 2019 and 2018, respectively.

NOTE F - EMPLOYEE BENEFIT PLANS

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

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

The Organization made annual contributions to the plan at an average rate of 5.90% of the salaries of eligible employees for both the years ended June 30, 2019 and 2018. The amount expensed by the Organization for contributions to the LERP was $155,893 and $151,567 for the years ended June 30, 2019 and 2018, respectively, which are presented as part of fringe benefits on the consolidated statements of operations and change in net assets.

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

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, 2019 and 2018, the employer contribution rate was 4.50% of base salary for eligible employees. The contributions by the Organization into the 403(b) plan totaled $137,822 and $123,396 for the years ended June 30, 2019 and 2018, respectively, which are presented as part of fringe benefits on the consolidated statements of operations and change in net assets.

NOTE G - INCOME TAXES

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

The Organization follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its consolidated financial statements include material uncertain tax positions.

NOTE H - RELATED PARTY TRANSACTIONS

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

	June 30, 2019	June 30, 2018
Management fee	$ 560,754	$ 459,948
Archdiocesan sponsorship fee	250,000	250,000
Pension	293,715	274,963
Insurance	122,072	117,082
	$ 1,226,541	$ 1,101,993

The Organization paid $250,000 in annual sponsorship payments to the Archdiocese during the years ended June 30, 2019 and 2018.

On February 22, 2018, the property on which the Organization is located was transferred to the Organization in accordance with the Property Contribution Agreement signed and dated February 20, 2018. The agreement stipulates that if the Organization ceases to operate, or is relocated from the property, or otherwise ceases to exist, then the property shall revert to the Archdiocese. There was no historical cost basis in the property transferred to the Organization as a result of this transaction property.

For the year ended June 30, 2018, a pro-rated rent expense and contribution revenue have been recorded at the estimated fair market value and have been reported in the consolidated statements of operations and changes in net assets. There was no contribution revenue or rent expense allocated for the year ended June 30, 2019 as the underlying property is now owned by the organization.

Due from (to) related parties are as follows:

	June 30, 2019	June 30, 2018
Due from Catholic Housing and Community Services	$ 4,823,861	$ 4,775,773
Due from Archdiocese of Philadelphia	171	-
	$ 4,824,032	$ 4,775,773
Due to Catholic Housing and Community Services	$ (1,338,748)	$ (1,306,300)
Due to Catholic Social Services	(721)	(24,723)
Due to the Archdiocese of Philadelphia	-	(54,469)
	$ (1,339,469)	$ (1,385,492)

The receivable due from and payable due to Catholic Housing and Community Services (“CHCS”) are primarily the result of the Organization’s participation in a consolidated cash management account with CHCS.

NOTE I - 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.

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

The following tables present the fair values of the underlying investments held by the Organization by level within the fair value hierarchy, as of June 30, 2019 and 2018:

2019	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Assets				
Investment in SEI				
Catholic Values Equity Fund	$ 1,789,214	$ -	$ -	$ 1,789,214
Catholic Values Fixed Income Fund	689,371	-	-	689,371
Total	$ 2,478,585	$ -	$ -	$ 2,478,585
2018				
Assets				
Investment in SEI				
Catholic Values Equity Fund	$ 1,396,270	$ -	$ -	$ 1,396,270
Catholic Values Fixed Income Fund	586,101	-	-	586,101
Total	$ 1,982,371	$ -	$ -	$ 1,982,371

NOTE J - FUNCTIONAL EXPENSES

The Organization provides a variety of services, as described in Note A. Fringe benefits are allocated between functions based on a percentage of total salaries. Expenses related to providing these services are as follows:

	Behavioral health	Supporting, management and general	Total expenses year ended June 30, 2019	Total expenses year ended June 30, 2018
Salaries and benefits	$ 4,518,611	$ 514,689	$ 5,033,300	$ 4,575,784
Independent contractors	1,822,770	15,085	1,837,855	1,719,696
Administrative and general	283,301	1,265,688	1,548,989	1,266,863
Occupancy	406,206	65,624	471,830	911,732
Depreciation	341,716	-	341,716	286,598
Direct expenses of care	585,497	-	585,497	667,879
Total expenses	$ 7,958,101	$ 1,861,086	$ 9,819,187	$ 9,428,552

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events for the year ended June 30, 2019, the date of the consolidated financial statements, through April 8, 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 the Organization expects this matter to negatively impact its business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. As a result, the Organization is leveraging its balance sheet and seeking ways to preserve its financial flexibility to allow the organization to resume normal operations when the crisis passes.

The Archdiocese is in the process of finalizing an agreement with the board of directors of the Center that will terminate the affiliation of the Center with the Archdiocese and convert the entity to a nonprofit corporation governed by a self-perpetuating board. The Archdiocese will receive consideration for entering into the agreement in the amount of $12,000,000. A portion of the consideration ($3,000,000) will be in the form of a note payable over twelve (12) years. On January 17, 2020 the board of directors approved a plan for the Organization to disassociate from the Archdiocese of Philadelphia. On February 15, 2020 the Archdiocese received notice that the Vatican does not object to this agreement. The transaction is subject to review by the Attorney General of Pennsylvania.

SUPPLEMENTARY INFORMATION

Saint John Vianney Center

CONSOLIDATING BALANCE SHEET

June 30, 2019

ASSETS	Saint John Vianney Center	Catholic Clinical Consultants	Eliminations	Consolidated total
Current				
Cash and cash equivalents	$ 2,000	$ -	$ -	$ 2,000
Patient accounts receivable				
Residents	1,743,670	-	-	1,743,670
Outpatient	56,581	-	-	56,581
Allowance for doubtful accounts	(178,039)	-	-	(178,039)
Patient accounts receivable, net	1,622,212	-	-	1,622,212
Other receivables	-	41	-	41
Prepaid expenses	154,303	-	-	154,303
Related party receivables	4,824,032	-	-	4,824,032
Total current assets	6,602,547	41	-	6,602,588
Investments	2,478,585	-	-	2,478,585
Property, plant and equipment, net	2,855,907	707	-	2,856,614
Total assets	$ 11,937,039	$ 748	$ -	$ 11,937,787
LIABILITIES AND NET ASSETS				
Current				
Accounts payable	$ 236,437	$ -	$ -	$ 236,437
Accrued salaries	428,557	10,007	-	438,564
Accrued expenses	75,692	90	-	75,782
Related party payables	-	1,339,469	-	1,339,469
Total current liabilities	740,686	1,349,566	-	2,090,252
Total liabilities	740,686	1,349,566	-	2,090,252
Net assets (deficit) without donor restrictions	11,196,353	(1,348,818)	-	9,847,535
Total net assets	11,196,353	(1,348,818)	-	9,847,535
Total liabilities and net assets	$ 11,937,039	$ 748	$ -	$ 11,937,787

Saint John Vianney Center

CONSOLIDATING BALANCE SHEET

June 30, 2018

ASSETS	Saint John Vianney Center	Catholic Clinical Consultants	Eliminations	Consolidated total
Current				
Cash and cash equivalents	$ 1,500	$ -	$ -	$ 1,500
Patient accounts receivable				
Residents	1,735,736	-	-	1,735,736
Outpatient	52,485	-	-	52,485
Allowance for doubtful accounts	(172,502)	-	-	(172,502)
Patient accounts receivable, net	1,615,719	-	-	1,615,719
Other receivables	2,128	41	-	2,169
Prepaid expenses	138,951	-	-	138,951
Related party receivables	4,784,219	-	(8,446)	4,775,773
Total current assets	6,542,517	41	(8,446)	6,534,112
Investments	1,982,371	-	-	1,982,371
Property, plant and equipment, net	2,494,219	707	-	2,494,926
Total assets	$ 11,019,107	$ 748	$ (8,446)	$ 11,011,409
LIABILITIES AND NET ASSETS				
Current				
Accounts payable	$ 295,539	$ -	$ -	$ 295,539
Accrued salaries	320,570	10,007	-	330,577
Accrued expenses	111,756	90	-	111,846
Related party payables	54,469	1,339,469	(8,446)	1,385,492
Total current liabilities	782,334	1,349,566	(8,446)	2,123,454
Total liabilities	782,334	1,349,566	(8,446)	2,123,454
Net assets (deficit) without donor restrictions	10,236,773	(1,348,818)	-	8,887,955
Total net assets	10,236,773	(1,348,818)	-	8,887,955
Total liabilities and net assets	$ 11,019,107	$ 748	$ (8,446)	$ 11,011,409

Saint John Vianney Center

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30, 2019

	Saint John Vianney Center	Catholic Clinical Consultants	Consolidated total
Operating revenues:			
Resident revenue, net	$ 10,561,088	$ 123,142	$ 10,684,230
Less: Provision for bad debt	(7,218)	-	(7,218)
Resident revenue, net less provision for bad debt	10,553,870	123,142	10,677,012
Other operating revenue	17,559	-	17,559
Total operating revenues	10,571,429	123,142	10,694,571
Operating expenses:			
Salaries and benefits	4,992,296	41,004	5,033,300
Independent contractors	1,659,000	178,855	1,837,855
Administrative and general	1,548,989	-	1,548,989
Occupancy	471,830	-	471,830
Depreciation	341,716	-	341,716
Direct expenses of care	585,497	-	585,497
Total operating expenses	9,599,328	219,859	9,819,187
Operating income (loss)	972,101	(96,717)	875,384
Nonoperating revenue, gains and losses:			
Contributions and bequests	75,660	96,717	172,377
Investment return, net	161,819	-	161,819
Nonoperating revenue, gains and losses, net	237,479	96,717	334,196
Excess of revenues and gains over expenses and losses	1,209,580	-	1,209,580
Other changes in net assets without donor restrictions			
Archdiocesan sponsorship fee (Note H)	(250,000)	-	(250,000)
Increase in net assets without donor restrictions	959,580	-	959,580
Net assets			
Beginning of year	10,236,773	(1,348,818)	8,887,955
End of year	$ 11,196,353	$ (1,348,818)	$ 9,847,535

Saint John Vianney Center

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30, 2018

	Saint John Vianney Center	Catholic Clinical Consultants	Consolidated total
Operating revenues:			
Resident revenue, net	$ 10,515,486	$ 153,148	$ 10,668,634
Less: Provision for bad debt	(164,428)	-	(164,428)
Resident revenue, net less provision for bad debt	10,351,058	153,148	10,504,206
Contribution of rental at fair value	481,293	-	481,293
Other operating revenue	29,306	-	29,306
Net assets released from restrictions	18,701	-	18,701
Total operating revenues	10,880,358	153,148	11,033,506
Operating expenses:			
Salaries and benefits	4,530,682	45,102	4,575,784
Independent contractors	1,532,023	187,673	1,719,696
Administrative and general	1,266,863	-	1,266,863
Occupancy	911,732	-	911,732
Depreciation	286,598	-	286,598
Direct expenses of care	667,879	-	667,879
Total operating expenses	9,195,777	232,775	9,428,552
Operating income (loss)	1,684,581	(79,627)	1,604,954
Nonoperating revenue, gains and losses:			
Contributions and bequests	23,725	79,392	103,117
Investment return, net	114,578	-	114,578
Nonoperating revenue, gains and losses, net	138,303	79,392	217,695
Excess of (deficiency in) revenues and gains over expenses and losses	1,822,884	(235)	1,822,649
Other changes in net assets without donor restrictions			
Archdiocesan sponsorship fee (Note H)	(250,000)	-	(250,000)
Increase (decrease) in net assets without donor restrictions	1,572,884	(235)	1,572,649
Change in net assets with donor restrictions			
Net assets released from restrictions	(18,701)	-	(18,701)
Decrease in net assets with donor restrictions	(18,701)	-	(18,701)
Increase (decrease) in net assets	1,554,183	(235)	1,553,948
Net assets			
Beginning of year	8,682,590	(1,348,583)	7,334,007
End of year	$ 10,236,773	$ (1,348,818)	$ 8,887,955