Consolidated Financial Statements and Report of Independent Certified Public Accountants

Saint John Vianney Center

June 30, 2020 and 2019

Contents

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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, 2020 and 2019, 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.

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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, 2020 and 2019, and the results of its operations and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating information as of and for the years ended June 30, 2020 and 2019, 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
December 7, 2020

Saint John Vianney Center

CONSOLIDATED BALANCE SHEETS

June 30,

	2020	2019
ASSETS		
Current		
Cash and cash equivalents	$ 451,867	$ 2,000
Patient accounts receivable		
Residents	2,125,107	1,743,670
Outpatient	75,575	56,581
Allowance for doubtful accounts	(176,984)	(178,039)
Patient accounts receivable, net	2,023,698	1,622,212
Other receivables	19,852	41
Prepaid expenses	152,786	154,303
Related party receivables	1,232,114	4,824,032
Total current assets	3,880,317	6,602,588
Investments	2,555,856	2,478,585
Property, plant and equipment, net	2,776,122	2,856,614
Total assets	$ 9,212,295	$ 11,937,787
LIABILITIES AND NET (DEFICIT) ASSETS		
Current		
Accounts payable	$ 256,915	$ 236,437
Accrued salaries	469,038	438,564
Accrued expenses	70,488	75,782
Related party payables	1,339,674	1,339,469
Total current liabilities	2,136,115	2,090,252
Mortgage payable	3,907,500	-
Notes payable	4,092,500	-
Loan payable	932,600	-
Total liabilities	11,068,715	2,090,252
Net (deficit) assets without donor restrictions	(1,856,420)	9,847,535
Total net (deficit) assets	(1,856,420)	9,847,535
Total liabilities and net (deficit) assets	$ 9,212,295	$ 11,937,787

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,

	2020	2019
Operating revenues:		
Resident revenue, net	$ 10,127,987	$ 10,684,230
Less: Provision for bad debt	(47,500)	(7,218)
Resident revenue, net less provision for bad debt	10,080,487	10,677,012
Other operating revenue	12,434	17,559
Total operating revenues	10,092,921	10,694,571
Operating expenses:		
Salaries and benefits	5,142,634	5,033,300
Independent contractors	2,064,809	1,837,855
Administrative and general	1,259,869	1,548,989
Occupancy	447,478	471,830
Depreciation	376,269	341,716
Direct expenses of care	469,798	585,497
Total operating expenses	9,760,857	9,819,187
Operating income	332,064	875,384
Nonoperating revenue, gains and losses:		
Contributions and bequests	125,601	172,377
Investment return, net	86,380	161,819
Miscellaneous income	2,000	-
Nonoperating revenue, gains and losses, net	213,981	334,196
Excess of revenues and gains over expenses and losses	546,045	1,209,580
Other changes in net assets		
Termination of affiliation payment (Note H)	(12,000,000)	-
Archdiocesan sponsorship fee (Note H)	(250,000)	(250,000)
Decrease in net assets	(11,703,955)	959,580
Net (deficit) assets		
Beginning of year	9,847,535	8,887,955
End of year	$ (1,856,420)	$ 9,847,535

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,

	2020	2019
Cash flows from operating activities		
Decrease in net assets	$ (11,703,955)	$ 959,580
Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities:		
Provision for bad debt	47,500	7,218
Change in net unrealized gains and losses on investments	30,450	(45,021)
Net realized gains on sale of investments	(67,458)	(60,428)
Depreciation	376,269	341,716
Changes in operating assets and liabilities		
Patient accounts receivable	(448,986)	(13,711)
Other receivables	(19,811)	2,128
Related party receivables	3,591,918	(48,259)
Prepaid expenses	1,517	(15,352)
Accounts payable	20,478	(59,102)
Accrued salaries	30,474	107,987
Accrued expenses	(5,294)	(36,064)
Related party payables	205	(46,023)
Net cash (used in) provided by operating activities	(8,146,693)	1,094,669
Cash flows from investing activities		
Purchases of property, plant and equipment	(295,777)	(703,404)
Purchases of investments	(244,405)	(859,977)
Proceeds from sale of investments	204,142	469,212
Net cash used in investing activities	(336,040)	(1,094,169)
Cash flows from financing activities		
Proceeds from mortgage payable	3,907,500	-
Proceeds from notes payable	4,092,500	-
Proceeds from loan payable	932,600	-
Net cash provided by financing activities	8,932,600	-
Net increase in cash and cash equivalents	449,867	500
Cash and cash equivalents		
Beginning of year	2,000	1,500
End of year	$ 451,867	$ 2,000

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”), a Pennsylvania corporation, provides inpatient and outpatient psychological care to priests and religious personnel and bills the respective religious orders or diocese.

On June 30, 2020, the Archdiocese of Philadelphia (the “Archdiocese”) finalized an agreement with the board of directors of the Center that terminated the affiliation of the Center with the Archdiocese and converted the entity to a nonprofit corporation governed by a self-perpetuating board. The transaction was reviewed by the Attorney General of Pennsylvania in accordance with the requirements of Pennsylvania laws governing non-profits. The Attorney General and the Vatican issued no objection letters.

The Center is the sole corporate member of Catholic Clinical Consultants (“CCC”) which provides behavioral health management and clinical services to community-based programs. The financial statements consolidate CCC into the Center (collectively referred to as the “Organization”), however, CCC will be formally transferred to the Catholic Social Services when its amended articles of incorporation noting the change in structure is filed.

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 regard 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, 2020 and 2019, there were no net assets with donor restrictions.

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 investments, 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 and further reviewed at the resident account level. 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, 2020 and 2019, 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
2020	$ 115,365	$ 10,012,622	$ 10,127,987
2019	$ 139,727	$ 10,544,303	$ 10,684,230

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.

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. The Archdiocese appointed SEI Private Trust Company to act as custodian (the "Custodian") of the investments, which consist of certain cash and securities and are more fully described in Notes D and I. Investment allocation decisions are the responsibility of the Archdiocesan finance council through June 30, 2020, and the Center's self-perpetuating board thereafter.

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

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).

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 $41,894 and $29,463 for the years ended June 30, 2020 and 2019, respectively.

Other Risk and Uncertainties

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.

Recently Adopted Accounting Pronouncement

In June 2018, the FASB issued Accounting Standards Update (“ASU”) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization adopted the guidance during the year ended June 30, 2020 using the modified retrospective method and has determined that there is no effect on net assets in connection with the adoption of ASU 2018-08.

New Accounting Pronouncement

FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, and subsequent amendments, 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, as amended, is effective for fiscal years beginning after December 15, 2019. 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.

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 are as follows:

	2020	2019
Cash and cash equivalents	$ 451,867	$ 2,000
Patient accounts receivable and other receivables, net	2,043,550	1,622,253
Related party receivables	1,232,114	-
Investments	2,555,856	2,478,585
Total financial assets available within one year	6,283,387	4,102,838
Less: Current liabilities	(2,136,115)	(750,783)
Less: Debt maturities within one year	(239,859)	-
Financial assets available to meet cash needs for general expenditures within one year	$ 3,907,413	$ 3,352,055

Prior to the termination of affiliation with the Archdiocese on June 30, 2020, 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. The Organization also has a $1,000,000 line of credit with a bank which it could draw upon as needed to manage cash flow.

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 are detailed as follows:

	2020	2019
Catholic Values Equity Fund	$ 1,800,374	$ 1,789,214
Catholic Values Fixed Income Fund	755,482	689,371
Total	$ 2,555,856	$ 2,478,585

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

	2020	2019
Interest and dividend income	$ 49,372	$ 56,370
Net realized gains and losses	67,458	60,428
Change in net unrealized gains and losses on investments	(30,450)	45,021
Total	$ 86,380	$ 161,819

NOTE E - PROPERTY, PLANT AND EQUIPMENT

	2020	2019
Land improvements	$ 287,006	$ 287,006
Building and improvements	5,918,829	5,656,875
Furniture and equipment	2,011,258	1,977,435
	8,217,093	7,921,316
Accumulated depreciation	(5,440,971)	(5,064,702)
Property, plant and equipment, net	$ 2,776,122	$ 2,856,614

Depreciation expense was $376,269 and $341,716 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019. The amount expensed by the Organization for contributions to the LERP was $181,272 and $155,893 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, the employer contribution rate was 4.50% of base salary for eligible employees. The contributions by the Organization into the 403(b) plan totaled $152,239 and $137,822 for the years ended June 30, 2020 and 2019, respectively, which are presented as part of fringe benefits on the consolidated statements of operations and change in net assets.

From July 1, 2020 to June 30, 2021, or such later date as the Archdiocese and the Center may agree in writing, employees of the Center shall participate or continue to participate, in the LERP and 403(b) plan of the Archdiocese with any associated employer contribution obligation, including the applicable administration fee, to be satisfied by the Center.

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, 2020	June 30, 2019
Management fee	$ 473,639	$ 560,754
Archdiocesan sponsorship fee	250,000	250,000
Retirement plans	333,511	293,715
Insurance	120,610	122,072
	$ 1,177,760	$ 1,226,541

The Organization paid $250,000 in annual sponsorship payments to the Archdiocese during the years ended June 30, 2020 and 2019.

The board of directors of the Center reached an agreement with the Archdiocese to terminate the Center's association with the Archdiocese. The Center incurred a termination settlement amount of $12,000,000 as consideration for the agreement. A portion of the consideration in the amount of $4,000,000 was funded from the Organization’s consolidated cash management account with the Catholic Housing and Community Services (“CHCS”), and $3,000,000, is in the form of a note payable over twelve years (see Note J).

Due from (to) related parties are as follows:

	June 30, 2020	June 30, 2019
Due from CHCS	$ 1,231,993	$ 4,823,861
Due from Archdiocese of Philadelphia	121	171
	$ 1,232,114	$ 4,824,032
Due to CHCS	$ (1,339,674)	$ (1,338,748)
Due to Catholic Social Services	-	(721)
	$ (1,339,674)	$ (1,339,469)

The receivable due from and payable due to 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; and

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:

2020	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	$ 1,800,374	$ -	$ -	$ 1,800,374
Catholic Values Fixed Income Fund	755,482	-	-	755,482
Total	$ 2,555,856	$ -	$ -	$ 2,555,856

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

NOTE J - DEBT

Loan Payable

In May 2020, the Center borrowed $932,600 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 loan has a two-year term and bears interest at 1% annually with payments scheduled monthly beginning after a six-month deferral period to the extent the loans are not forgiven. The Center used the entire amount of the loan for qualifying expenses with the intent of applying for forgiveness of a substantial amount of the loan.

Mortgage Payable

On June 30, 2020, the Center obtained a commercial mortgage loan from Meridian Bank in the amount of $3,907,500 to fund portion of the termination affiliation payment. Commencing on August 1, 2020, and continuing the first day of each month, the Center shall pay to the lender monthly principal and interest payments. Interest on the outstanding principal balance of the loan through July 1, 2025 shall be calculated and accrued at a fixed rate of 4.25%, and at 3.88% from August 1, 2025 to June 30, 2027. The loan is collateralized by specific pledged real estate assets as documented in the June 30, 2020 loan agreements.

Notes Payable

On June 30, 2020, the Center obtained a term loan from Meridian Bank in the amount of $1,092,500 to fund portion of the termination affiliation payment. Commencing on August 1, 2020, and continuing the first day of each month, the Center shall pay to the lender monthly principal and interest payments. Interest on the outstanding principal balance of the loan through July 1, 2025 shall be calculated and accrued at a fixed rate of 4.25%, and at 3.88% from August 1, 2025 to June 30, 2027. The loan is collateralized by specific pledged assets as documented in the June 30, 2020 loan, and pledge and security agreements. The loan contains certain restrictive financial covenants, and the Center's compliance will be determined commencing on June 30, 2021.

On June 30, 2020, as part of the termination of affiliation agreement, the Center entered into a loan agreement with the Archdiocese in the amount of $3,000,000. Commencing on August 1, 2020, and ending 7 years after, the Center shall make interest rate payments only, at an interest rate of 5.32%. Upon expiration of the initial loan term, the Center shall repay the note during a period of 60 months in equal monthly installment payments of interest and principal bearing interest at the 5-year U.S. Treasury Rate on the first day of the amortizing loan term plus 350 basis points.

The principal payments relating to the mortgage payable and notes payable are as follows for the years ending June 30:

	Mortgage Payable	Term Loan Note Payable	Note Payable
2021	$ 114,877	$ 124,982	$ -
2022	131,339	142,292	-
2023	137,111	148,546	-
2024	142,728	155,006	-
2025	149,411	161,887	-
Thereafter	3,232,034	359,787	3,000,000
Total	$ 3,907,500	$ 1,092,500	$ 3,000,000

Line of Credit

On June 30, 2020, the Center entered into a $1,000,000 revolving line of credit facility with Meridian Bank. Interest on the outstanding principal balance shall be accrued and calculated at a variable rate equal to the prime rate in effect but shall not be less than 4.00% per annum. No funds were borrowed under this agreement during the year ended June 30, 2020.

NOTE K - 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 for the years ended June 30:

	Behavioral Health	Supporting, Management and General	Total 2020
Salaries and benefits	$ 4,634,252	$ 508,382	$ 5,142,634
Independent contractors	2,043,721	21,088	2,064,809
Administrative and general	188,862	1,071,007	1,259,869
Occupancy	385,146	62,332	447,478
Depreciation	376,269	-	376,269
Direct expenses of care	469,798	-	469,798
Total expenses	$ 8,098,048	$ 1,662,809	$ 9,760,857

	Behavioral Health	Supporting, Management and General	Total 2019
Salaries and benefits	$ 4,518,611	$ 514,689	$ 5,033,300
Independent contractors	1,822,770	15,085	1,837,855
Administrative and general	283,301	1,265,688	1,548,989
Occupancy	406,206	65,624	471,830
Depreciation	341,716	-	341,716
Direct expenses of care	585,497	-	585,497
Total expenses	$ 7,958,101	$ 1,861,086	$ 9,819,187

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events for the year ended June 30, 2020, the date of the consolidated financial statements, through December 7, 2020, which is the date the consolidated financial statements were available to be issued, noting no items requiring accrual or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Saint John Vianney Center

CONSOLIDATING BALANCE SHEET

June 30, 2020

	Saint John Vianney Center	Catholic Clinical Consultants	Eliminations	Consolidated Total
ASSETS				
Current				
Cash and cash equivalents	$ 451,867	$ -	$ -	$ 451,867
Patient accounts receivable				
Residents	2,125,107	-	-	2,125,107
Outpatient	75,575	-	-	75,575
Allowance for doubtful accounts	(176,984)	-	-	(176,984)
Patient accounts receivable, net	2,023,698	-	-	2,023,698
Other receivables	19,606	246	-	19,852
Prepaid expenses	152,786	-	-	152,786
Related party receivables	1,232,114	-	-	1,232,114
Total current assets	3,880,071	246	-	3,880,317
Investments	2,555,856	-	-	2,555,856
Property, plant and equipment, net	2,775,415	707	-	2,776,122
Total assets	$ 9,211,342	$ 953	$ -	$ 9,212,295
LIABILITIES AND NET DEFICIT				
Current				
Accounts payable	$ 256,915	$ -	$ -	$ 256,915
Accrued salaries	459,031	10,007	-	469,038
Accrued expenses	70,398	90	-	70,488
Related party payables	-	1,339,674	-	1,339,674
Total current liabilities	786,344	1,349,771	-	2,136,115
Mortgage payable	3,907,500	-	-	3,907,500
Notes payable	4,092,500	-	-	4,092,500
Loan payable	932,600	-	-	932,600
Total liabilities	9,718,944	1,349,771	-	11,068,715
Net deficit without donor restrictions	(507,602)	(1,348,818)	-	(1,856,420)
Total net deficit	(507,602)	(1,348,818)	-	(1,856,420)
Total liabilities and net deficit	$ 9,211,342	$ 953	$ -	$ 9,212,295

Saint John Vianney Center

CONSOLIDATING BALANCE SHEET

June 30, 2019

	Saint John Vianney Center	Catholic Clinical Consultants	Eliminations	Consolidated Total
ASSETS				
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 STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30, 2020

	Saint John Vianney Center	Catholic Clinical Consultants	Consolidated Total
Operating revenues:			
Resident revenue, net	$ 10,037,841	$ 90,146	$ 10,127,987
Less: Provision for bad debt	(47,500)	-	(47,500)
Resident revenue, net less provision for bad debt	9,990,341	90,146	10,080,487
Other operating revenue	12,434	-	12,434
Total operating revenues	10,002,775	90,146	10,092,921
Operating expenses:			
Salaries and benefits	4,978,682	163,952	5,142,634
Independent contractors	2,036,496	28,313	2,064,809
Administrative and general	1,255,121	4,748	1,259,869
Occupancy	435,749	11,729	447,478
Depreciation	376,269	-	376,269
Direct expenses of care	469,798	-	469,798
Total operating expenses	9,552,115	208,742	9,760,857
Operating income (loss)	450,660	(118,596)	332,064
Nonoperating revenue, gains and losses:			
Contributions and bequests	7,005	118,596	125,601
Investment return, net	86,380	-	86,380
Miscellaneous income	2,000	-	2,000
Nonoperating revenue, gains and losses, net	95,385	118,596	213,981
Excess of revenues and gains over expenses and losses	546,045	-	546,045
Other changes in net assets			
Termination of affiliation payment (Note H)	(12,000,000)	-	(12,000,000)
Archdiocesan sponsorship fee (Note H)	(250,000)	-	(250,000)
Decrease in net assets	(11,703,955)	-	(11,703,955)
Net (deficit) assets			
Beginning of year	11,196,353	(1,348,818)	9,847,535
End of year	$ (507,602)	$ (1,348,818)	$ (1,856,420)

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			
Archdiocesan sponsorship fee (Note H)	(250,000)	-	(250,000)
Increase in net assets	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