

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

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

June 30, 2024 and 2023

Contents

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Consolidated statements of financial position	6
Consolidated statements of activities and changes in net assets	8
Consolidated statements of cash flows	10
Notes to consolidated financial statements	11
Supplementary Information	
Consolidating statement of financial position	30
Consolidating statement of activities 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

Opinion

We have audited the accompanying financial statements of the Catholic Housing and Community Services of the Archdiocese of Philadelphia, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Catholic Housing and Community Services of the Archdiocese of Philadelphia as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Housing and Community Services of the Archdiocese of Philadelphia and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Housing and Community Services of the Archdiocese of Philadelphia's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Catholic Housing and Community Services of the Archdiocese of Philadelphia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Housing and Community Services of the Archdiocese of Philadelphia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained in the consolidating statement of financial position and consolidating statement of activities and changes in net assets as of and for the year ended June 30, 2024, is presented for purposes of additional analysis, rather than to present the financial position and changes in net assets of the individual organizations and is not a required part of the 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 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.

Grant Thornton LLP

Philadelphia, Pennsylvania
December 19, 2024

Catholic Housing and Community Services of the Archdiocese of Philadelphia

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,750,279	\$ 14,417,921
Accounts receivable, net	91,804	354,587
Other receivables	1,517,961	1,591,895
Related party receivables (Note N)	3,681,434	3,157,182
Prepaid expenses	469,900	437,688
Related party loans receivable, current portion (Note N)	<u>1,354,703</u>	<u>1,298,421</u>
Total current assets	<u>19,866,081</u>	<u>21,257,694</u>
Investments (Note C)	15,900,234	14,313,079
Property, plant and equipment, net (Note E)	85,103,682	78,040,380
Beneficial interest in trusts (Note D)	1,404,682	1,294,154
Reserve and escrow accounts	4,281,577	2,738,424
Amortizable costs	573,353	396,819
Related party loans receivable, net of current portion (Note N)	<u>23,713,346</u>	<u>25,627,041</u>
Total assets	<u><u>\$ 150,842,955</u></u>	<u><u>\$ 143,667,591</u></u>

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

Catholic Housing and Community Services of the Archdiocese of Philadelphia

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - CONTINUED

June 30,

	2024	2023
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 452,453	\$ 879,211
Accrued salaries	597,341	540,955
Accrued expenses	1,551,794	3,138,654
Other liability	629,115	610,624
Related party payables (Note N)	131,815	865,631
Loans payable, current portion (Note G)	-	8,653,971
Deferred revenue	88,219	75,644
	<hr/>	<hr/>
Total current liabilities	3,450,737	14,764,690
	<hr/>	<hr/>
Deferred developer fee	889,276	-
Resident funds escrow accounts	109,146	103,126
Accrued mortgage interest	9,059,489	8,121,983
Loans payable, net of current portion (Note G)	8,515,172	1,287,400
Mortgages payable (Note G)	22,070,933	19,862,240
	<hr/>	<hr/>
Total liabilities	44,094,753	44,139,439
	<hr/>	<hr/>
Net assets		
Without donor restrictions		
Parent	57,860,158	55,847,516
Non-controlling interest	34,626,358	28,690,383
	<hr/>	<hr/>
Total net assets without donor restrictions	92,486,516	84,537,899
	<hr/>	<hr/>
With donor restrictions (Note H)	14,261,686	14,990,253
	<hr/>	<hr/>
Total net assets	106,748,202	99,528,152
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 150,842,955</u>	<u>\$ 143,667,591</u>

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 ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Operating revenues			
Rental and other housing income	\$ 3,499,574	\$ -	\$ 3,499,574
Management fees	2,558,130	-	2,558,130
Grants, contracts and contributions - community programs	2,740,959	-	2,740,959
Other operating revenue	429,347	-	429,347
Distributions from beneficial interest in trusts	82,108	-	82,108
Net assets released from restrictions	<u>1,128,377</u>	<u>(1,128,377)</u>	<u>-</u>
Total operating revenues	<u>10,438,495</u>	<u>(1,128,377)</u>	<u>9,310,118</u>
Operating expenses			
Salaries and benefits	5,729,884	-	5,729,884
Administrative and general	2,210,119	-	2,210,119
Occupancy	2,630,770	-	2,630,770
Depreciation and amortization	2,958,993	-	2,958,993
Loan interest and fees	1,471,462	-	1,471,462
Direct expenses of care	<u>772,995</u>	<u>-</u>	<u>772,995</u>
Total operating expenses	<u>15,774,223</u>	<u>-</u>	<u>15,774,223</u>
Change in net assets from operations	<u>(5,335,728)</u>	<u>(1,128,377)</u>	<u>(6,464,105)</u>
Nonoperating revenues (expenses)			
Contributions and bequests	395,891	-	395,891
Contributions to related party	(300,000)	-	(300,000)
Investment return, net	1,488,251	289,282	1,777,533
Loan and other interest income	1,364,003	-	1,364,003
Other nonoperating expense	(10,273)	-	(10,273)
Change in value of beneficial interest in trusts	<u>-</u>	<u>110,528</u>	<u>110,528</u>
Total nonoperating revenues	<u>2,937,872</u>	<u>399,810</u>	<u>3,337,682</u>
Change in net assets before other changes	<u>(2,397,856)</u>	<u>(728,567)</u>	<u>(3,126,423)</u>
Change in net assets attributable to non-controlling interest	<u>(4,410,498)</u>	<u>-</u>	<u>(4,410,498)</u>
Change in net assets attributable to parent	2,012,642	(728,567)	1,284,075
Other changes in net assets			
Capital contributions from limited partners	10,346,473	-	10,346,473
Change in non-controlling interest	<u>(4,410,498)</u>	<u>-</u>	<u>(4,410,498)</u>
CHANGE IN NET ASSETS	7,948,617	(728,567)	7,220,050
Net assets			
Beginning of year	<u>84,537,899</u>	<u>14,990,253</u>	<u>99,528,152</u>
End of year	<u><u>\$ 92,486,516</u></u>	<u><u>\$ 14,261,686</u></u>	<u><u>\$ 106,748,202</u></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 ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Operating revenues			
Rental and other housing income	\$ 2,723,485	\$ -	\$ 2,723,485
Management fees	2,158,263	-	2,158,263
Grants, contracts and contributions - community programs	2,639,496	-	2,639,496
Other operating revenue	289,776	-	289,776
Distributions from beneficial interest in trusts	102,695	-	102,695
Net assets released from restrictions	189,925	(189,925)	-
	<u>8,103,640</u>	<u>(189,925)</u>	<u>7,913,715</u>
Total operating revenues			
Operating expenses			
Salaries and benefits	5,307,765	-	5,307,765
Administrative and general	1,967,917	-	1,967,917
Occupancy	2,478,547	-	2,478,547
Depreciation and amortization	2,323,902	-	2,323,902
Loan interest and fees	954,603	-	954,603
Direct expenses of care	685,223	-	685,223
	<u>13,717,957</u>	<u>-</u>	<u>13,717,957</u>
Total operating expenses			
Operating loss	<u>(5,614,317)</u>	<u>(189,925)</u>	<u>(5,804,242)</u>
Nonoperating revenues (expenses)			
Contributions and bequests	461,321	-	461,321
Contributions to related party	(300,000)	-	(300,000)
Investment return, net	981,600	251,414	1,233,014
Loan and other interest income	1,332,015	-	1,332,015
Other nonoperating expense	(3,337)	-	(3,337)
Change in benevolent care liability	28,158	-	28,158
Change in value of beneficial interest in trusts	-	(52,669)	(52,669)
	<u>2,499,757</u>	<u>198,745</u>	<u>2,698,502</u>
Total nonoperating revenues			
Change in net assets before other changes	(3,114,560)	8,820	(3,105,740)
Change in net assets attributable to non-controlling interest	<u>(3,143,337)</u>	<u>-</u>	<u>(3,143,337)</u>
Change in net assets attributable to parent	28,777	8,820	37,597
Other changes in net assets			
Capital contributions from limited partners	559,801	-	559,801
Change in non-controlling interest	<u>(3,143,337)</u>	<u>-</u>	<u>(3,143,337)</u>
CHANGE IN NET ASSETS	<u>(2,554,759)</u>	<u>8,820</u>	<u>(2,545,939)</u>
Net assets			
Beginning of year	<u>87,092,658</u>	<u>14,981,433</u>	<u>102,074,091</u>
End of year	<u>\$ 84,537,899</u>	<u>\$ 14,990,253</u>	<u>\$ 99,528,152</u>

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

Years ended June 30,

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 7,220,050	\$ (2,545,939)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized gains on investments	(1,494,662)	(811,409)
Depreciation and amortization	2,958,993	2,323,902
Capital contributions from limited partners	(10,346,473)	(559,801)
Net appreciation in value of beneficial interest in trusts	(192,636)	(50,026)
Changes in assets and liabilities:		
Accounts receivable, net	262,783	(184,346)
Other receivables	73,934	(168,778)
Related party receivables	(524,252)	(544,804)
Prepaid expenses	(32,212)	(13,367)
Accounts payable	(426,758)	(164,032)
Accrued expenses	(776,439)	118,517
Other liability	18,491	-
Benevolent care liability	-	(28,158)
Related party payables	(733,816)	561,155
Deferred revenue	12,575	(5,337)
Deferred developer fee	889,276	-
Resident funds escrow accounts	6,020	14,246
Accrued mortgage interest	937,506	785,078
Net cash used in operating activities	(2,091,234)	(1,249,265)
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(10,777,648)	(9,717,962)
Purchases of investment securities	(702,285)	(5,668,812)
Proceeds from sale of investment securities	609,792	2,987,132
Distributions from beneficial interest in trusts	82,108	102,695
Payments received on related party loans	1,857,413	10,451,625
Payment for amortizable costs	(231,602)	-
Net cash used in investing activities	(9,162,222)	(1,845,322)
Cash flows from financing activities:		
Capital contributions from limited partners	10,346,473	559,801
Proceeds from loans payable	7,227,772	5,835,920
Payment of loans payable	(8,653,971)	-
Proceeds from mortgages payable	2,208,693	5,321,598
Net cash provided by financing activities	11,128,967	11,717,319
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESERVE AND ESCROW ACCOUNTS	(124,489)	8,622,732
Cash and cash equivalents and reserve and escrow accounts, beginning of year	17,156,345	8,533,613
Cash and cash equivalents and reserve and escrow accounts, end of year	\$ 17,031,856	\$ 17,156,345
Reconciliation to consolidated statements of financial position:		
Cash and cash equivalents	\$ 12,750,279	\$ 14,417,921
Reserve and escrow accounts	4,281,577	2,738,424
Total cash and cash equivalents and reserve and escrow accounts	\$ 17,031,856	\$ 17,156,345
Supplemental disclosure of cash flow information:		
Capital expenditures through accrued expenses	\$ 810,421	\$ 2,689,908
Cash paid for interest	\$ 660,951	\$ 495,567

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, 2024 and 2023

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. The services offered include senior housing options, senior centers, older adult care management, in-home support programs, elder care helpline, and senior clubs.

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. The project consists of 46 units of housing located in Philadelphia, Pennsylvania. The project qualifies for the low-income tax credit established by the Tax Reform Act of 1986. St. Rita Place, Inc., a nonprofit corporation, entered into a partnership joint venture (St. Rita Place Senior Housing, LP) for the project as the general partner and owns 0.01% interest in the partnership. St. Rita Place Senior Housing, LP is a controlled entity.
- St. Joseph 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. The project consists of 50 units of housing located in Collingdale, Pennsylvania. The project qualifies for the low-income tax credit established by the Tax Reform Act of 1986. St. Joseph Place, Inc., a nonprofit corporation, entered into a partnership joint venture (St. Joseph Place Senior Housing, LP) for the project as the general partner and owns 0.01% interest in the partnership. St. Joseph Place Senior Housing, LP is a controlled entity.

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

- Father Augustus Tolton Place Senior Housing LLC was organized as a for-profit limited liability company under the laws of the Commonwealth of Pennsylvania to develop, construct, and maintain rental housing for low-income seniors. The project consists of 45 units of housing located in Philadelphia, Pennsylvania. The project qualifies for the low-income tax credit established by the Tax Reform Act of 1986. Father Augustus Tolton Place, Inc., a nonprofit corporation, entered into a partnership joint venture (Father Augustus Tolton Place Senior Housing LLC) for the project as the managing member and owns 0.01% interest in the partnership. Father Augustus Tolton Place Senior Housing LLC is a controlled entity.

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, Nativity is considered to be controlled by Catholic Housing and Community Services.

Catholic Housing and Community Services manages Villa Saint Joseph, a personal care facility owned by the Archdiocese of Philadelphia (the "Archdiocese"), and received an annual fee of \$146,306 and \$126,908 during the years ended June 30, 2024 and 2023, respectively, for administrative support services in exchange for management services rendered. The activities of Villa Saint Joseph are not included in these consolidated financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). CHCS presents its consolidated financial statements in accordance with the guidance set forth by the Financial Accounting Standards Board ("FASB") regarding *Financial Statements of Not-for-Profit Entities and Health Care Entities*. Accordingly, CHCS'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.

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

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.

Cash and Cash Equivalents

CHCS considers investments in highly liquid securities 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.

Accounts and Other Receivables

Accounts and other receivables are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. Management reviews accounts and other receivables periodically to determine if any receivables will potentially be uncollectible. CHCS includes any accounts and other receivable balances that are determined to be uncollectible, along with a general reserve, in its overall allowance for credit losses. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, management believes its allowance for credit losses as of June 30, 2024 and 2023 is adequate.

Related Party Loans Receivable

Related party loans receivable represent amounts due from the Archdiocese of Philadelphia Office of Catholic Education and are collateralized by priority mortgage liens encumbering certain Archdiocesan high school premises and are measured at amortized cost.

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 of its investments, which consist of certain cash and securities and are more fully described in Notes C and O. Investment allocation decisions are the responsibility of the Archdiocesan finance council.

Investments are reported at fair value. Realized gains and losses on securities sold are determined using the specific-identification method. Unrealized gains and losses are included in the consolidated statements of activities and changes in net assets as a component of investment return, net.

Property, Plant and Equipment, Net

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

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

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

Amortizable Costs

Amortizable costs consist of costs related to the St. Francis Villa Senior Housing, LP project development, the St. John Neumann Place II, LP project development, and the St. Rita Place, LP project development, and the St. Joseph Place, LP project development, and are being amortized using the straight-line method over their related useful lives. Amortization expense was \$55,068 and \$65,841 for the years ended June 30, 2024 and 2023, respectively.

Revenue Recognition

CHCS recognizes exchange revenues and measures its revenues in accordance with Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. CHCS' revenues are reported at the amounts that reflect the consideration to which CHCS is expected to be entitled in exchange for providing services. Consumer and third-party payors, including federal, state, and local governments, are billed as services are performed. Performance obligations are determined based on the nature of the services provided. CHCS recognizes revenues for cost-reimbursed programs, which includes community programs revenue, based on performance obligations satisfied over time-based on actual charges incurred. CHCS believes that this method provides an appropriate depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations. CHCS recognizes revenues for fee-for-service programs, which include management fee revenue, based on performance obligations, which generally relate to consumers receiving monthly services, satisfied over time under contracts.

Rental income is recorded associated with the period of occupancy. Payments received in advance are deferred until earned.

Other sources of revenue not otherwise categorized are recognized as services are provided.

Contributions and Related Receivables

In recognizing revenue from gifts and grants, CHCS evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, CHCS applies the guidance under Topic 606. If the transfer of assets is determined to be a contribution, CHCS evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before CHCS is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

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, net assets with donor restrictions

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

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 unrestricted revenues and expenses. Gifts of long-lived assets are reported at fair value as unrestricted revenue. Gifts specified for the acquisition or construction of long-lived assets are reported as net assets without donor restrictions when the assets are placed in service.

Developer Fee Income

As the general partner of the LIHTC partnerships and as the sponsor of Nativity, CHCS provides development and management services in exchange for a specified developer fee. The developer fee income and related capital assets 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, of which \$630,938 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 totals to \$752,919 and \$702,444 as of June 30, 2024 and 2023, respectively. The payment terms will be addressed when the project is resyndicated.
- *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, totals to \$37,910 and \$30,802 as of June 30, 2024 and 2023, respectively, and shall be paid no later than June 2029.
- *Nativity* - This developer fee totaled \$261,803, of which \$65,579 is deferred and will be paid to CHCS as cash flow permits.
- *St. Rita Place Senior Housing, LP* - This developer fee totaled \$1,500,000, of which \$794,154 will be deferred and paid as cash flow permits. As of June 30, 2023, \$767,168 of the developer fee has been paid.
- *St. Joseph Place Senior Housing, LP* - This developer fee totaled \$1,500,000, of which \$889,276 is deferred and will be paid to CHCS as cash flow permits.

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 statement of financial position date consist of the following:

	June 30,	
	2024	2023
Cash and cash equivalents	\$ 12,750,279	\$ 14,417,921
Accounts receivable, net	91,804	354,587
Other receivables	1,517,961	1,591,895
Related party receivables	3,681,434	3,157,182
Investments without donor restrictions	13,254,431	11,766,180
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 31,295,909</u>	<u>\$ 31,287,765</u>

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

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

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement

ASU 2016-13, *Financial Instruments - Credit Losses*, was effective for CHCS on July 1, 2023. This ASU addresses measurement of credit losses on financial instruments and replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of information to inform credit loss estimates. CHCS implemented the ASU, and it did not have a significant impact on the consolidated financial statements.

NOTE C - INVESTMENTS

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

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

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

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

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

<u>2024</u>	Without Donor Restrictions	With Donor Restrictions	Total
Catholic Values Equity Fund	\$ 9,338,942	\$ 1,864,200	\$ 11,203,142
Catholic Values Fixed Income Fund	3,915,489	781,603	4,697,092
Total	<u>\$ 13,254,431</u>	<u>\$ 2,645,803</u>	<u>\$ 15,900,234</u>
<u>2023</u>	Without Donor Restrictions	With Donor Restrictions	Total
Catholic Values Equity Fund	\$ 8,268,552	\$ 1,789,924	\$ 10,058,476
Catholic Values Fixed Income Fund	3,497,628	756,975	4,254,603
Total	<u>\$ 11,766,180</u>	<u>\$ 2,546,899</u>	<u>\$ 14,313,079</u>

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

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

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 235,397	\$ 47,474	\$ 282,871	\$ 345,302	\$ 76,303	\$ 421,605
Net realized gains (losses)	21,319	28,356	49,675	(14,197)	9,022	(5,175)
Net change in unrealized gains on investments	1,231,535	213,452	1,444,987	650,495	166,089	816,584
Total	<u>\$ 1,488,251</u>	<u>\$ 289,282</u>	<u>\$ 1,777,533</u>	<u>\$ 981,600</u>	<u>\$ 251,414</u>	<u>\$ 1,233,014</u>

NOTE D - 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 CHCS' respective fair value of the underlying assets in the trusts. At June 30, 2024 and 2023, the allocable fair value of these trusts was \$1,404,682 and \$1,294,154, respectively, and is recorded as beneficial interest in trusts in the accompanying consolidated statements of financial position.

NOTE E - PROPERTY, PLANT AND EQUIPMENT, NET

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

	2024	2023
Land	\$ 3,328,401	\$ 2,901,771
Buildings and improvements	81,866,303	64,884,432
Furniture and equipment	5,400,611	5,023,272
Construction in progress	15,821,009	23,639,622
	106,416,324	96,449,097
Accumulated depreciation	(21,312,642)	(18,408,717)
Property, plant and equipment, net	<u>\$ 85,103,682</u>	<u>\$ 78,040,380</u>

Depreciation expense was \$2,903,925 and \$2,258,061 for the years ended June 30, 2024 and 2023, respectively.

NOTE F - 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

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

the Plan at an average rate of 3.5% of the salaries of eligible employees for the years ended June 30, 2024 and 2023. The amount expensed by CHCS for contributions to the Plan was \$123,307 and \$148,542 for the years ended June 30, 2024 and 2023, respectively. Separate accounts for vested benefits and pension fund assets are not maintained for each institution.

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

During the years ended June 30, 2024 and 2023, the employer contribution rate was 4.5% of base salary for eligible employees. The contributions by CHCS into the 403(b) plan totaled \$161,854 and \$162,035 for the years ended June 30, 2024 and 2023, respectively.

NOTE G - DEBT

Mortgages Payable – St. John Neumann Place, LP

St. John Neumann Place, LP obtained a loan from the Archdiocese of Philadelphia in December 2006, 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, 2024 and 2023, the

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

outstanding balance was \$2,860,000. As of June 30, 2024 and 2023, accrued interest totaled \$5,444,725 and \$4,942,279, respectively.

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 in December 2006. 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 bears an interest of 4.90%, as defined in the loan agreement. 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, 2024 and 2023, the outstanding balance was \$1,765,000. As of June 30, 2024 and 2023, accrued interest totaled \$2,306,115 and \$2,119,715, respectively.

St. John Neumann Place, LP received funding of \$335,000 under the Federal Home Loan Bank's Affordable Housing Program ("AHP") in September 2008. 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 of 3% per annum 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, 2024 and 2023, 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 in April 2015. 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 became available for occupancy in June 2016 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 bears simple interest at 8.00% per annum. 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, 2024 and 2023, the outstanding balance was \$1,800,000. As of June 30, 2024 and 2023, accrued interest totaled \$1,158,002 and \$1,014,001, respectively.

St. Francis Villa Senior Housing, LP has received funding of \$443,991 under the Federal Home Loan Bank's AHP in May 2016. 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 the full amount of the principal will be required. There will be no interest due and payable on the loan. The loan is secured by the second mortgage on substantially all assets of St. Francis Villa Senior Housing, LP. At both June 30, 2024 and 2023, 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, CHCS, 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 6.50% 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, 2024 and 2023, the outstanding balance was \$250,000.

Capital One, National Association, a national banking organization, has approved a direct subsidy of \$397,866 to the project's sponsor, CHCS, 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

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

of 6.50% 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, 2024 and 2023, the outstanding balance was \$397,866.

Mortgages Payable – Nativity

The PRA approved Nativity for a \$1,695,000 loan through the Federal HOME program in September 2014. 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 a second mortgage on substantially all assets of Nativity. At both June 30, 2024 and 2023, the outstanding balance was \$1,695,000.

Mortgages Payable – St. Rita Place Senior Housing, LP

The Philadelphia Housing Development Corporation (“PHDC”) approved financing for St. Rita Place Senior Housing, LP in the amount of \$2,500,000 in July 2020. Except in the event of default, as defined in the mortgage note, the PHDC loan will bear interest at 1.00% per annum, compounded annually. The entire principal balance and accrued interest will be due and payable on the 42nd anniversary of the loan closing. At both June 30, 2024 and 2023, the outstanding balance was \$2,500,000. As of June 30, 2024 and 2023, accrued interest totaled \$86,773 and \$50,329, respectively.

The Pennsylvania Housing Finance Agency (“PHFA”) approved financing for St. Rita Place Senior Housing, LP in July 2020 in the amount of \$750,000, through the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program (“PHARE”). There will be no interest due and payable on the mortgage loan. Any balance of principal shall be due and payable upon an event of default under the PHFA loan documents, sale of the project, refinancing of the project, termination of the project, or upon expiration of the project's tax credit compliance period (35 years), whichever occurs earlier. At June 30, 2024 and 2023, the outstanding balance was \$750,000.

The Federal Home Loan Bank of Pittsburgh approved a direct subsidy of \$300,000 to the project's sponsor, CHCS, through the Federal Home Loan Bank's AHP. The sponsor, in turn, has funded a loan in the amount of \$300,000 to the project in July 2020. Until maturity, which is 40 years from the date of project completion, no payments of principal or interest shall be due, and no interest shall accrue on the entire principal amount of the loan outstanding. At June 30, 2024 and 2023, the outstanding balance was \$300,000.

The Federal Home Loan Bank of Atlanta approved a direct subsidy of \$500,000 to the project's sponsor, CHCS, through the Federal Home Loan Bank's AHP in April 2021. The loan is non-interest bearing. The entire principal balance is due and payable on the 40th anniversary of the loan closing. At June 30, 2024 and 2023, the outstanding balance was \$500,000.

Mortgages Payable – St. Joseph Place Senior Housing, LP

The Federal Home Loan Bank of Pittsburgh approved a direct subsidy of \$558,000 to the project's sponsor, CHCS in August 2021, through the Federal Home Loan Bank's AHP. The sponsor, in turn, has funded a loan in the amount of \$558,000 to the project. Until maturity, which is 40 years from the date of project completion, no payments of principal or interest shall be due, and no interest shall accrue on the entire principal amount of the loan outstanding. At June 30, 2024 and 2023, the outstanding balance was \$558,000.

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

The County of Delaware has approved financing in the amount of \$1,256,861 through the Delaware County Affordable Housing Fund in May 2023. Commencing on March 30th of the year immediately following the first anniversary of the completion date, and annually on each March 30th thereafter until the county loan has been paid in full, the borrower shall make annual payment to the county of principal only, to the extent of "excess revenue," in such an amount sufficient to satisfy the amortized principal for the immediately preceding 12 months. On December 31st of the 40th year following the completion date, the entire remaining balance shall become immediately due and payable to the County. The loan is non-interest bearing. At June 30, 2024 and 2023, the outstanding balances were \$1,256,861 and \$1,256,861, respectively.

The U.S. Department of Housing and Urban Development ("HUD") approved Capital Advance financing in the amount of \$750,000 to the project's sponsor, CHCS. The note shall bear no interest and repayment is not required so long as the housing remains available for very low-income elderly persons in accordance with Section 202 of the Housing Act of 1959. At June 30, 2024, and 2023, the outstanding balance was \$750,000.

Mortgages Payable - Father Augustus Tolton Place, LLC

PHDC approved financing in the amount of \$3,000,000. Except in the event of default, as defined in the mortgage note, the Loan shall bear interest at a 1.00% per annum compounded annually. The entire principal balance of the loan, together with any accrued interest, shall be due and payable on the 42nd anniversary of the loan closing. At June 30, 2024 and 2023, the outstanding balance was \$2,711,510 and \$1,916,754, respectively.

Commonwealth Cornerstone Group approved financing in the amount of \$1,941,905, through the Construction Cost Relief Program ("CCRP"). There will be no interest due and payable on the mortgage loan. Commencing on construction completion, payment of principal only shall be made from surplus of revenues over expenses generated by the affordable housing project after payment of all project costs defined in the mortgage note. Any balance of principal remaining unpaid shall be due and payable upon an event of default under the loan documents, sale of the project, refinancing of the project, termination of the project, or upon expiration of the tax credit compliance period (40 years), whichever occurs earlier. At June 30, 2024 and 2023, the outstanding balance was \$1,941,905 and \$1,714,567, respectively.

PHFA approved financing in the amount of \$505,800 through the PHARE. There will be no interest due and payable on the mortgage loan. Commencing on construction completion, payment of principal only shall be made from surplus of revenues over expenses generated by the affordable housing project after payment of all project costs defined in the mortgage note. Any balance of principal remaining unpaid shall be due and payable upon an event of default under the loan documents, sale of the project, refinancing of the project, termination of the project, or upon expiration of the tax credit compliance period (40 years), whichever occurs earlier. At June 30, 2024 and 2023, the outstanding balance was \$505,800 and \$69,201, respectively.

During the year ended June 30, 2024, the Federal Home Loan Bank of Pittsburgh approved a direct subsidy of \$750,000 to the project's sponsor, CHCS, through the Federal Home Loan Bank's AHP. The sponsor, in turn, has funded a loan in the amount of \$750,000 to the project in January 2023. Until maturity, which is 40 years from the date of project completion, no payments of principal or interest shall be due, and no interest shall accrue on the entire principal amount of the loan outstanding. At June 30, 2024, the outstanding balance was \$750,000.

Loans Payable

TD Bank, N.A., a national banking association, has approved financing in August 2021 in the amount of \$9,974,426 for the construction of St. Joseph Place Senior Housing, LP. The loan bears interest of 7.725%. Interest is due monthly, commencing September 1, 2021. The entire principal balance is payable in full

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

upon stabilized operations. At June 30, 2023, the outstanding balance was \$8,653,971. On December 21, 2023, the outstanding balance was paid in full.

The Bank of New York Mellon has approved financing in January 2023 in the amount of \$10,000,000 for the construction of Father Augustus Tolton Place Senior Housing LLC. The loan will bear interest at a rate per annum equal to Adjusted Term SOFR plus the applicable margin by periodic payments of interest in arrears commencing on the first periodic interest date and continuing on each periodic interest date thereafter. The entire unpaid principal amount and all accrued and unpaid interest shall be due and payable on the maturity date of July 18, 2025. At June 30, 2024 and 2023, the outstanding balance was \$8,515,172 and \$1,287,400.

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

2025	\$ -
2026	8,515,172
2027	-
2028	-
2029	-
Thereafter	<u>19,894,076</u>
Total principal payments	28,409,248
Forgivable mortgages payable	<u>2,176,857</u>
Total mortgages and loans payable	<u>\$ 30,586,105</u>

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Donor-restricted net assets at June 30 are restricted to:

	<u>2024</u>	<u>2023</u>
Senior housing support	\$ -	\$ 938,000
Endowment funds (Note J)	2,645,804	2,546,899
HUD Section 202 capital advance and grant (Note I)	10,211,200	10,211,200
Beneficial interest in trusts	<u>1,404,682</u>	<u>1,294,154</u>
	<u>\$ 14,261,686</u>	<u>\$ 14,990,253</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose totaled \$1,128,377 and \$189,925 for the years ended June 30, 2024 and 2023, respectively.

NOTE I - HUD SECTION 202 CAPITAL ADVANCE AND GRANT

The restricted net assets of Nativity include a capital advance of \$9,811,200 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, 2024 and 2023

The restricted net asset balance for Nativity also includes a Section 202 Demonstration Pre-Development Grant from HUD for \$400,000.

NOTE J - 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 net assets without donor restrictions. 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 Archdiocese's 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. CHCS' spending policy for the years ended June 30, 2024 and 2023 allowed for a 7% draw of the three-year average market value of the restricted endowments, unless directed otherwise by the donor. CHCS drew \$190,377 and \$189,925 for the years ended June 30, 2024 and 2023, respectively.

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 funds to be held in perpetuity. At both June 30, 2024 and 2023, there were no deficiencies of this nature.

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Endowment Balances

CHCS had the following endowment activities during the years ended June 30, 2024 and 2023. All endowment activities were donor restricted.

Endowment net assets, June 30, 2022	\$ 2,485,410
Investment income	76,302
Net appreciation (realized and unrealized gains)	<u>175,112</u>
Investment return, net	251,414
Amount appropriated for expenditure	<u>(189,925)</u>
Endowment net assets, June 30, 2023	2,546,899
Investment income	47,474
Net appreciation (realized and unrealized gains)	<u>241,808</u>
Investment return, net	289,282
Amount appropriated for expenditure	<u>(190,377)</u>
Endowment net assets, June 30, 2024	<u>\$ 2,645,804</u>

NOTE K - 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 is currently in process of renewing its application for recognition from Internal Revenue Service as a tax-exempt charity. Previously, CHCS was included in the United States Conference Of Catholic Bishops' Catholic Group Directory as a tax-exempt charitable entity. The application for recognition of exempt status is in process to be submitted in January 2025. CHCS management expects that tax-exempt status will be successfully renewed.

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 are 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 any material uncertain tax positions.

NOTE L - 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 statements of financial position.

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE M - CONCENTRATION OF CREDIT RISK

Three funding sources account for approximately 41% and 34% of CHCS's total accounts receivable and other receivable balances as of June 30, 2024 and 2023, respectively. Additionally, two funding sources account for 40% and 42% of CHCS's total operating revenue for the years ended June 30, 2024 and 2023, respectively.

NOTE N - RELATED PARTY TRANSACTIONS

Loans Receivable

In June 2012, the Archdiocese 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 Loan 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 of the loans receivable at June 30, 2024 and 2023, were \$25,068,049 and \$26,925,462, 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 4.00% amortized over 28 years, maturing on June 1, 2042.

During the years ended June 30, 2024 and 2023, CHCS received total principal payments of \$1,857,413 and \$10,451,625, respectively. The principal payments during the year ended June 30, 2024 included a total of \$117,500 additional principal payments from the sale proceeds of certain Archdiocesan high schools properties.

The future principal amounts receivable on the loans at June 30, 2024 are as follows:

Years Ending June 30,

2025	\$ 1,354,703
2026	1,870,338
2027	1,946,281
2028	2,025,308
2029	2,107,543
Thereafter	<u>15,763,876</u>
Total	<u>\$ 25,068,049</u>

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

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

	2024	2023
Revenues		
Management fees	\$ 2,558,130	\$ 2,158,263
Engineering consulting	159,408	84,283
	<u>\$ 2,717,538</u>	<u>\$ 2,242,546</u>
Expenses		
Pension	\$ 285,161	\$ 310,577
Insurance	72,413	66,701
	<u>\$ 357,574</u>	<u>\$ 377,278</u>

CHCS had receivables due from related parties of \$3,681,434 and \$3,157,182, and payables of \$131,815 and \$865,631, at June 30, 2024 and 2023, respectively. Receivables include \$814,455 and \$420,271 due from Archdiocese related entities at June 30, 2024 and 2023, respectively. Payables include \$0 and \$412,696 due to Archdiocese related entities at June 30, 2024 and 2023, respectively. The remaining related party balances are the result of cash management arrangements between CHCS and other managed entities.

NOTE O - 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 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.

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

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

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<u>2024</u>				
Investments				
Catholic values equity fund	\$ 11,203,142	\$ -	\$ -	\$ 11,203,142
Catholic values fixed income fund	<u>4,697,092</u>	<u>-</u>	<u>-</u>	<u>4,697,092</u>
Total	<u>\$ 15,900,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,900,234</u>
Beneficial interest in trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,404,682</u>	<u>\$ 1,404,682</u>
<u>2023</u>				
Investments				
Catholic values equity fund	\$ 10,058,476	\$ -	\$ -	\$ 10,058,476
Catholic values fixed income fund	<u>4,254,603</u>	<u>-</u>	<u>-</u>	<u>4,254,603</u>
Total	<u>\$ 14,313,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,313,079</u>
Beneficial interest in trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,294,154</u>	<u>\$ 1,294,154</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:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 1,294,154	\$ 1,346,823
Distributions received from trusts	(82,108)	(102,695)
Net appreciation in value of beneficial interest in trusts	<u>192,636</u>	<u>50,026</u>
Balance at end of year	<u>\$ 1,404,682</u>	<u>\$ 1,294,154</u>

Catholic Housing and Community Services of the Archdiocese of Philadelphia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE P - FUNCTIONAL EXPENSES

CHCS provides a variety of services, as described in Note A. Expenses directly related to providing these services are reported as expenses of those services or functional areas. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated on the basis of estimates of time and effort.

	2024			
	Housing	Community Programs	General and Administrative	Total
Salaries and benefits	\$ 816,930	\$ 1,880,803	\$ 3,032,151	\$ 5,729,884
Administrative and general	177,330	219,558	1,813,231	2,210,119
Occupancy	1,699,940	726,038	204,792	2,630,770
Depreciation and amortization	2,681,056	172,941	104,996	2,958,993
Loan interest and fees	1,471,462	-	-	1,471,462
Direct expenses of care	281,302	491,693	-	772,995
Total	<u>\$ 7,128,020</u>	<u>\$ 3,491,033</u>	<u>\$ 5,155,170</u>	<u>\$ 15,774,223</u>

	2023			
	Housing	Community Programs	General and Administrative	Total
Salaries and benefits	\$ 727,273	\$ 1,893,524	\$ 2,686,968	\$ 5,307,765
Administrative and general	392,916	187,261	1,387,740	1,967,917
Occupancy	1,723,084	556,962	198,501	2,478,547
Depreciation and amortization	2,072,893	163,276	87,733	2,323,902
Loan interest and fees	954,603	-	-	954,603
Direct expenses of care	259,507	425,716	-	685,223
Total	<u>\$ 6,130,276</u>	<u>\$ 3,226,739</u>	<u>\$ 4,360,942</u>	<u>\$ 13,717,957</u>

NOTE Q - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2024 which is the date the consolidated financial statements were available to be issued, noting no items requiring recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Catholic Housing and Community Services of the Archdiocese of Philadelphia

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2024

	Community- Based Services	CHCS	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	St. Joseph Place Senior Housing LP	Father Augustus Tolton Place Senior Housing LLC	Eliminations	Total
ASSETS											
Current assets											
Cash and cash equivalents	\$ 1,350	\$ 11,887,944	\$ 30,747	\$ 204,354	\$ 266,053	\$ 65,845	\$ 206,417	\$ 87,569	\$ -	\$ -	\$ 12,750,279
Accounts receivable, net	-	-	435	10,513	4,302	1,161	27,250	48,143	-	-	91,804
Other receivables	694,418	823,543	-	-	-	-	-	-	-	-	1,517,961
Related party receivables	-	3,681,434	-	-	-	-	-	-	-	-	3,681,434
Due from consolidated entities	-	10,166,176	-	-	-	-	-	-	-	(10,166,176)	-
Prepaid expenses	17,991	397,736	14,520	5,642	2,859	1,807	14,149	15,196	-	-	469,900
Related party loans receivable, current portion	-	1,354,703	-	-	-	-	-	-	-	-	1,354,703
Total current assets	<u>713,759</u>	<u>28,311,536</u>	<u>45,702</u>	<u>220,509</u>	<u>273,214</u>	<u>68,813</u>	<u>247,816</u>	<u>150,908</u>	<u>-</u>	<u>(10,166,176)</u>	<u>19,866,081</u>
Investments	-	15,900,234	-	-	-	-	-	-	-	-	15,900,234
Property, plant and equipment, net	971,388	464,057	10,382,840	11,846,994	9,338,629	9,208,382	14,372,832	17,437,186	15,794,609	(4,713,235)	85,103,682
Deferred developer fee receivable	-	733,241	-	-	-	-	-	-	-	(733,241)	-
Deferred developer fee interest receivable	-	790,829	-	-	-	-	-	-	-	(790,829)	-
Beneficial interest in trusts	-	1,404,682	-	-	-	-	-	-	-	-	1,404,682
Reserve and escrow accounts	-	-	671,137	589,094	828,047	230,370	435,313	1,527,616	-	-	4,281,577
Amortizable costs	-	-	-	108,148	22,789	-	221,190	221,226	-	-	573,353
Related party note receivable	-	4,999,991	-	-	-	-	-	-	-	(4,999,991)	-
Related party loans receivable, net of current portion	-	23,713,346	-	-	-	-	-	-	-	-	23,713,346
Total assets	<u>\$ 1,685,147</u>	<u>\$ 76,317,916</u>	<u>\$ 11,099,679</u>	<u>\$ 12,764,745</u>	<u>\$ 10,462,679</u>	<u>\$ 9,507,565</u>	<u>\$ 15,277,151</u>	<u>\$ 19,336,936</u>	<u>\$ 15,794,609</u>	<u>\$ (21,403,472)</u>	<u>\$ 150,842,955</u>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto and report of independent certified public accountants.

Catholic Housing and Community Services of the Archdiocese of Philadelphia

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

June 30, 2024

	Community- Based Services	CHCS	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	St. Joseph Place Senior Housing LP	Father Augustus Tolton Place Senior Housing LLC	Eliminations	Total
LIABILITIES AND NET ASSETS											
Current liabilities											
Accounts payable	\$ 18,342	\$ 398,021	\$ 8,604	\$ 4,741	\$ 4,192	\$ 12,548	\$ 3,699	\$ 2,306	\$ -	\$ -	\$ 452,453
Accrued salaries	157,115	342,731	25,561	16,456	8,318	26,661	11,312	9,187	-	-	597,341
Accrued expenses	35,942	122,667	103,591	36,545	134,077	167,420	86,756	54,375	810,421	-	1,551,794
Other liability	-	-	-	-	-	-	-	629,115	-	-	629,115
Due to consolidated entities	10,166,176	-	-	-	-	-	-	-	-	(10,166,176)	-
Related party payables	-	50,065	-	-	81,750	-	-	-	-	-	131,815
Deferred revenue	38,458	49,667	-	-	-	94	-	-	-	-	88,219
Total current liabilities	10,416,033	963,151	137,756	57,742	228,337	206,723	101,767	694,983	810,421	(10,166,176)	3,450,737
Deferred developer fee	-	-	630,938	-	36,724	65,579	-	889,276	-	(733,241)	889,276
Accrued developer fee interest	-	-	752,919	-	37,910	-	-	-	-	(790,829)	-
Resident funds escrow accounts	-	-	38,448	12,466	10,150	22,902	4,159	21,021	-	-	109,146
Accrued mortgage interest	-	-	7,750,840	906,737	1,158,002	-	86,773	63,874	-	(906,737)	9,059,489
Loans payable, net of current portion	-	-	-	-	-	-	-	-	8,515,172	-	8,515,172
Mortgages payable	-	-	4,960,000	2,147,866	2,243,991	1,695,000	4,481,422	4,726,693	5,909,215	(4,093,254)	22,070,933
Total liabilities	10,416,033	963,151	14,270,901	3,124,811	3,715,114	1,990,204	4,674,121	6,395,847	15,234,808	(16,690,237)	44,094,753
Net (deficit) assets											
Without donor restrictions											
Parent	(8,730,886)	71,304,279	-	-	-	-	-	-	-	(4,713,235)	57,860,158
Non-controlling interests	-	-	(3,171,222)	9,639,934	6,747,565	(2,693,839)	10,603,030	12,941,089	559,801	-	34,626,358
Total net (deficit) assets without donor restrictions	(8,730,886)	71,304,279	(3,171,222)	9,639,934	6,747,565	(2,693,839)	10,603,030	12,941,089	559,801	(4,713,235)	92,486,516
With donor restrictions	-	4,050,486	-	-	-	10,211,200	-	-	-	-	14,261,686
Total net (deficit) assets	(8,730,886)	75,354,765	(3,171,222)	9,639,934	6,747,565	7,517,361	10,603,030	12,941,089	559,801	(4,713,235)	106,748,202
Total liabilities and net assets	\$ 1,685,147	\$ 76,317,916	\$ 11,099,679	\$ 12,764,745	\$ 10,462,679	\$ 9,507,565	\$ 15,277,151	\$ 19,336,936	\$ 15,794,609	\$ (21,403,472)	\$ 150,842,955

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto and report of independent certified public accountants.

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

Year ended June 30, 2024

	Without Donor Restrictions										With Donor Restrictions				
	Community- Based Services	CHCS	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	St. Joseph Place Senior Housing LP	Father Augustus Tolton Place Senior Housing LLC	Eliminations	Subtotal	CHCS	Nativity BVM Place	Subtotal	Total
Operating revenues															
Rental and other housing income	\$ -	\$ -	\$ 758,769	\$ 519,815	\$ 424,341	\$ 717,492	\$ 605,733	\$ 473,424	\$ -	\$ -	\$ 3,499,574	\$ -	\$ -	\$ -	\$ 3,499,574
Management fees	-	3,034,756	-	-	-	-	-	-	-	(476,626)	2,558,130	-	-	-	2,558,130
Grants, contracts and contributions - community programs	2,440,112	300,847	-	-	-	-	-	-	-	-	2,740,959	-	-	-	2,740,959
Other operating revenue	-	429,347	-	-	-	-	-	-	-	-	429,347	-	-	-	429,347
Developers fees	-	657,902	-	-	-	-	-	-	-	(657,902)	-	-	-	-	-
Distributions from beneficial interest in trusts	-	82,108	-	-	-	-	-	-	-	-	82,108	-	-	-	82,108
Net assets released from restrictions	-	1,128,377	-	-	-	-	-	-	-	-	1,128,377	(1,128,377)	-	(1,128,377)	-
Total operating revenues	2,440,112	5,633,337	758,769	519,815	424,341	717,492	605,733	473,424	-	(1,134,528)	10,438,495	(1,128,377)	-	(1,128,377)	9,310,118
Operating expenses															
Salaries and benefits	1,675,793	3,229,421	183,063	97,702	125,323	163,293	129,102	126,187	-	-	5,729,884	-	-	-	5,729,884
Administrative and general	800,757	1,247,043	94,660	70,321	60,094	94,863	168,925	150,082	-	(476,626)	2,210,119	-	-	-	2,210,119
Occupancy	310,677	648,350	331,253	285,302	203,412	403,136	277,529	171,111	-	-	2,630,770	-	-	-	2,630,770
Depreciation and amortization	169,278	108,659	396,810	406,181	283,238	329,066	479,486	928,435	-	(142,160)	2,958,993	-	-	-	2,958,993
Loan interest and fees	-	-	733,706	155,117	129,112	-	46,068	611,933	-	(204,474)	1,471,462	-	-	-	1,471,462
Direct expenses of care	416,450	94,224	71,169	67,657	25,551	45,516	24,257	28,171	-	-	772,995	-	-	-	772,995
Total operating expenses	3,372,955	5,327,697	1,810,661	1,082,280	826,730	1,035,874	1,125,367	2,015,919	-	(823,260)	15,774,223	-	-	-	15,774,223
Change in net assets from operations	(932,843)	305,640	(1,051,892)	(562,465)	(402,389)	(318,382)	(519,634)	(1,542,495)	-	(311,268)	(5,335,728)	(1,128,377)	-	(1,128,377)	(6,464,105)
Nonoperating revenues (expenses)															
Contributions and bequest	-	395,891	-	-	-	-	-	-	-	-	395,891	-	-	-	395,891
Contributions to related party	-	(300,000)	-	-	-	-	-	-	-	-	(300,000)	-	-	-	(300,000)
Investment return, net	-	1,488,251	-	-	-	-	-	-	-	-	1,488,251	289,282	-	289,282	1,777,533
Loan and other interest income	-	1,568,445	-	-	-	32	-	-	-	(204,474)	1,364,003	-	-	-	1,364,003
Other nonoperating revenue	-	3,000	-	(6,724)	-	-	-	(6,549)	-	-	(10,273)	-	-	-	(10,273)
Change in benevolent care liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of beneficial interest in trusts	-	-	-	-	-	-	-	-	-	-	-	110,528	-	110,528	110,528
Total nonoperating revenues (expenses)	-	3,155,587	-	(6,724)	-	32	-	(6,549)	-	(204,474)	2,937,872	399,810	-	399,810	3,337,682
Change in net assets before other changes	(932,843)	3,461,227	(1,051,892)	(569,189)	(402,389)	(318,350)	(519,634)	(1,549,044)	-	(515,742)	(2,397,856)	(728,567)	-	(728,567)	(3,126,423)
Change in net assets attributable to non-controlling interest	-	-	(1,051,892)	(569,189)	(402,389)	(318,350)	(519,634)	(1,549,044)	-	-	(4,410,498)	-	-	-	(4,410,498)
Change in net assets attributable to parent	(932,843)	3,461,227	-	-	-	-	-	-	-	(515,742)	2,012,642	(728,567)	-	(728,567)	1,284,075
Other changes in net assets															
Capital contributions from limited partners	-	-	-	-	-	-	245,821	10,100,652	-	-	10,346,473	-	-	-	10,346,473
Change in non-controlling interest	-	-	(1,051,892)	(569,189)	(402,389)	(318,350)	(519,634)	(1,549,044)	-	-	(4,410,498)	-	-	-	(4,410,498)
CHANGE IN NET ASSETS	(932,843)	3,461,227	(1,051,892)	(569,189)	(402,389)	(318,350)	(273,813)	8,551,608	-	(515,742)	7,948,617	(728,567)	-	(728,567)	7,220,050
Net (deficit) assets															
Beginning of year	(7,798,043)	67,843,052	(2,119,330)	10,209,123	7,149,954	(2,375,489)	10,876,843	4,389,481	559,801	(4,197,493)	84,537,899	4,779,053	10,211,200	14,990,253	99,528,152
End of year	\$ (8,730,886)	\$ 71,304,279	\$ (3,171,222)	\$ 9,639,934	\$ 6,747,565	\$ (2,693,839)	\$ 10,603,030	\$ 12,941,089	\$ 559,801	\$ (4,713,235)	\$ 92,486,516	\$ 4,050,486	\$ 10,211,200	\$ 14,261,686	\$ 106,748,202

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto and report of independent certified public accountants.