

Combined Financial Statements and
Supplementary Information and Report
of Independent Certified Public
Accountants

**Central Services of the Roman Catholic
Archbishop of Baltimore**

(A corporation sole of the State of Maryland, and other combined
entities)

June 30, 2020 and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Your Excellency William E. Lori
Archbishop of Baltimore
Central Services of the Roman Catholic Archbishop of Baltimore,
A corporation sole of the State of Maryland, and other combined entities

We have audited the accompanying combined financial statements of Central Services of the Roman Catholic Archbishop of Baltimore, a corporation sole of the State of Maryland, and other combined entities (the "Combined Entities"), which comprise the combined statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's responsibility for the financial statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Combined Entities as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Supplementary Information***

The accompanying schedules, on pages 40 - 52, included as supplementary information as of and for the years ended June 30, 2020 and 2019 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined 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 combined financial statements or to the combined 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 combined financial statements as a whole.



Arlington, Virginia
December 4, 2020

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 31,440,541	\$ 16,874,719
Investments:		
Unrestricted investments	20,385,479	21,243,535
Board-designated investments	87,955,122	85,483,410
Investments held in perpetuity and split-interest agreements	16,958,389	17,599,669
Total investments	125,298,990	124,326,614
Agency investments held for others	3,025,282	10,629,366
Prepays and other assets	2,462,193	1,692,660
Loans and accounts receivable from Archdiocesan parishes and schools, net of allowance of \$43,706,468 and \$40,745,547 in 2020 and 2019, respectively	26,459,012	27,813,963
Contributions receivable, net of allowance and discounts of \$3,293,096 and \$3,074,375 in 2020 and 2019, respectively	5,426,292	8,439,005
Construction in Progress - Mother Mary Lange School Construction	6,633,649	-
Property and equipment, net	27,187,016	24,784,017
Total assets	<u>\$ 227,932,975</u>	<u>\$ 214,560,344</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Demand notes payable	\$ 7,878,201	\$ 1,260,994
Paycheck Protection Program ("PPP") loan	3,696,533	-
Agency funds and liabilities to related entities	7,654,914	10,929,078
Accounts payable, accrued expenses and interest rate swap agreements	29,235,974	24,284,295
Grants payable	5,929,518	6,539,691
Claims reserve for insurance liabilities	14,467,357	14,319,013
Pension and post-retirement benefit obligations, net	56,254,632	44,390,324
Tax-exempt and long-term notes payable	28,532,480	29,381,528
Total liabilities	153,649,609	131,104,923
NET ASSETS		
Without donor restrictions	51,583,404	58,495,435
With donor restrictions	22,699,962	24,959,986
Total net assets	74,283,366	83,455,421
Total liabilities and net assets	<u>\$ 227,932,975</u>	<u>\$ 214,560,344</u>

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Operating income			
Cathedralium	\$ 13,600,192	\$ -	\$ 13,600,192
Program service fees	5,805,460	-	5,805,460
Annual appeal gifts and pledges, net	9,622,067	-	9,622,067
Partners in Excellence gifts and pledges, net	943,998	57,300	1,001,298
Embracing Our Mission gifts and pledges, net	182,934	57,820	240,754
Gifts, trust, and endowment income	1,811,972	-	1,811,972
Contributions and bequests	537,782	2,020,349	2,558,131
Reserve for uncollectible pledges	-	(642,938)	(642,938)
Other income	2,996,124	-	2,996,124
Net assets released from restrictions	3,111,274	(3,111,274)	-
Total operating revenues	38,611,803	(1,618,743)	36,993,060
Investment income			
Investment earnings, net	1,085,427	-	1,085,427
Split-interest irrevocable trusts	-	-	-
Total investment income	1,085,427	-	1,085,427
Other operations, net			
Insurance operations	7,338,502	-	7,338,502
Child Nutrition Program	(337,498)	-	(337,498)
Total other operations, net	7,001,004	-	7,001,004
Total operating income	46,698,234	(1,618,743)	45,079,491
Expenses:			
Central management and administration	16,646,279	-	16,646,279
Fundraising and development	3,848,010	-	3,848,010
Evangelization and pastoral services	8,048,166	-	8,048,166
Department of Catholic Schools	8,556,174	-	8,556,174
Priest care and retired clergy	2,194,513	-	2,194,513
Clergy services and programs	2,973,260	-	2,973,260
Total operating expenses	42,266,402	-	42,266,402
Change in operating net assets	4,431,832	(1,618,743)	2,813,089
Non-operating income:			
Non-operating investment income			
Loss from interest rate swap agreements	(2,261,826)	-	(2,261,826)
Realized gains	98,477	-	98,477
Unrealized gains (loss)	703,213	(641,281)	61,932
Realized loss - insurance operations	(667,305)	-	(667,305)
Unrealized gains - insurance operations	2,711,083	-	2,711,083
Total non-operating income	583,642	(641,281)	(57,639)
Non-operating expenses:			
Central management and administration - MML	(63,197)	-	(63,197)
Loss from retirement plan liabilities	(11,864,308)	-	(11,864,308)
Total non-operating expenses	(11,927,505)	-	(11,927,505)
Change in non-operating net assets	(11,343,863)	(641,281)	(11,985,144)
CHANGES IN NET ASSETS	(6,912,031)	(2,260,024)	(9,172,055)
Net assets, beginning of year	58,495,435	24,959,986	83,455,421
Net assets, end of year	\$ 51,583,404	\$ 22,699,962	\$ 74,283,366

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

Year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Operating income			
Cathedralium	\$ 14,448,719	\$ -	\$ 14,448,719
Program service fees	6,142,237	-	6,142,237
Annual appeal gifts and pledges, net	8,073,723	-	8,073,723
Partners in Excellence gifts and pledges, net	772,738	250,580	1,023,318
Embracing Our Mission gifts and pledges, net	331,828	122,548	454,376
Gifts, trust, and endowment income	1,672,384	-	1,672,384
Contributions and bequests	452,755	2,612,332	3,065,087
Reserve for uncollectible pledges	-	(648,528)	(648,528)
Other income	3,167,498	-	3,167,498
Net assets released from restrictions	7,223,907	(7,223,907)	-
Total operating revenues	42,285,789	(4,886,975)	37,398,814
Investment income			
Investment earnings, net	1,365,960	-	1,365,960
Split-interest irrevocable trusts	-	-	-
Total investment income	1,365,960	-	1,365,960
Other operations, net			
Insurance operations	3,735,452	-	3,735,452
Child Nutrition Program	(272,973)	-	(272,973)
Total other operations, net	3,462,479	-	3,462,479
Total operating income	47,114,228	(4,886,975)	42,227,253
Expenses:			
Central management and administration	15,129,400	-	15,129,400
Fundraising and development	4,702,251	-	4,702,251
Evangelization and pastoral services	10,369,587	-	10,369,587
Department of Catholic Schools	8,721,162	-	8,721,162
Priest care and retired clergy	2,948,352	-	2,948,352
Clergy services and programs	2,719,593	-	2,719,593
Total operating expenses	44,590,345	-	44,590,345
Change in operating net assets	2,523,883	(4,886,975)	(2,363,092)
Non-operating income:			
Non-operating investment income			
Loss from interest rate swap agreements	(1,450,700)	-	(1,450,700)
Realized gains	302,761	-	302,761
Unrealized gains	714,613	182,483	897,096
Realized gains - insurance operations	309,082	-	309,082
Unrealized gains - insurance operations	1,518,334	-	1,518,334
Total non-operating income	1,394,090	182,483	1,576,573
Non-operating expenses:			
Loss from retirement plan liabilities	(8,424,762)	-	(8,424,762)
Total non-operating expenses	(8,424,762)	-	(8,424,762)
Change in non-operating net assets	(7,030,672)	182,483	(6,848,189)
CHANGES IN NET ASSETS	(4,506,789)	(4,704,492)	(9,211,281)
Net assets, beginning of year	63,002,224	29,684,478	92,686,702
Net assets, end of year	\$ 58,495,435	\$ 24,979,986	\$ 83,475,421

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	Central Management and Administration	Fund Raising and Development	Evangelization and Pastoral Services	Department of Catholic Schools	Priest Care and Retired Clergy	Clergy Services and Programs	2020 Total Expenses
Travel	\$ 10,352	\$ 6,536	\$ 48,762	\$ -	\$ -	\$ -	\$ 65,650
Supplies	395,327	222,469	263,863	1,975	-	59,839	943,473
Seminarians	-	-	-	-	-	2,319,563	2,319,563
Salaries and benefits	8,435,011	2,058,332	3,548,167	1,935,450	2,465,283	378,620	18,820,863
Occupancy	724,482	173,753	415,454	121,567	756	74,410	1,510,422
Office equipment	825,176	72,152	23,018	189,964	1,439	2,271	1,114,020
Profess dev/meeting	203,387	59,605	145,919	80,886	22,410	20,034	532,241
Office expense	2,376,520	544,638	134,691	60,375	28,312	23,501	3,168,037
Bad debt	1,556,328	456,520	-	93,397	-	-	2,106,245
Professional fees	2,022,123	247,505	567,425	81,544	1,113	109,942	3,029,652
Grants and donations	97,573	6,500	5,002,120	4,454,406	(324,800)	(299,920)	8,935,879
EOM Grants	-	-	(2,101,253)	1,536,610	-	285,000	(279,643)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 16,646,279</u>	<u>\$ 3,848,010</u>	<u>\$ 8,048,166</u>	<u>\$ 8,556,174</u>	<u>\$ 2,194,513</u>	<u>\$ 2,973,260</u>	<u>\$ 42,266,402</u>

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

Year ended June 30, 2019

	Central Management and Administration	Fund Raising and Development	Evangelization and Pastoral Services	Department of Catholic Schools	Priest Care and Retired Clergy	Clergy Services and Programs	2019 Total Expenses
Travel	\$ 15,803	\$ 8,282	\$ 42,938	\$ -	\$ -	\$ 96,727	\$ 163,750
Supplies	384,301	222,485	352,479	2,465	-	69,519	1,031,249
Seminarians	-	-	-	-	-	1,874,650	1,874,650
Salaries and benefits	7,593,826	2,478,460	3,745,981	1,897,492	2,878,820	470,586	19,065,165
Occupancy	765,019	171,086	413,751	119,701	688	73,268	1,543,513
Office equipment	600,228	145,268	125,149	211,457	4,420	18,500	1,105,022
Profess dev/meeting	308,276	131,363	256,788	122,760	15,550	29,030	863,767
Office expense	2,175,093	760,115	221,936	86,277	99,571	88,827	3,431,819
Bad debt	1,233,973	440,485	-	64,229	-	-	1,738,687
Professional fees	1,753,252	263,758	629,318	87,910	1,275	42,964	2,778,477
Grants and donations	299,630	80,950	4,091,629	3,298,445	(148,172)	(394,478)	7,228,004
EOM Grants	-	-	489,616	2,830,427	96,200	350,000	3,766,243
	<u>-</u>	<u>-</u>	<u>489,616</u>	<u>2,830,427</u>	<u>96,200</u>	<u>350,000</u>	<u>3,766,243</u>
Total	<u>\$ 15,129,400</u>	<u>\$ 4,702,251</u>	<u>\$ 10,369,587</u>	<u>\$ 8,721,162</u>	<u>\$ 2,948,352</u>	<u>\$ 2,719,593</u>	<u>\$ 44,590,345</u>

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENTS OF CASH FLOWS

Years ended June 30

	2020	2019
Cash flows from operating activities:		
Changes in net assets	\$ (9,172,055)	\$ (9,231,281)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation expense included in change in net assets	480,609	508,249
Net realized and unrealized gain on insurance investments	(2,043,778)	(1,827,416)
Net realized and unrealized gain on investments	(794,587)	(1,179,856)
Net unrealized loss on swaps	2,261,826	1,450,700
Decrease (increase) in assets held for others	7,604,084	(7,945,675)
Increase in allowance for doubtful accounts	4,124,771	4,425,825
Decrease in contributions receivable	2,725,356	6,592,222
Increase in receivables	(3,210,274)	(6,086,548)
Decrease in notes receivable	727,810	676,249
(Increase) decrease in prepaid and other assets	(769,533)	491,530
Increase in CIP/Land - Mother Mary Lange School construction	(9,239,610)	-
(Decrease) Increase in agency funds and liabilities to related entities	(8,174,164)	6,000,787
Increase in PPP loan	3,696,553	-
Increase in retirement obligations	11,864,308	8,424,762
Increase (decrease) in payables, accrued expenses, claims reserve	2,838,201	(2,006,763)
Decrease in grants payable	(610,173)	(239,573)
Net cash provided by operating activities	2,309,344	53,212
Cash flows from investing activities:		
Purchases of equipment	(203,706)	(73,148)
Purchases of investments	(45,278,667)	(27,795,302)
Proceeds from sales and maturities of investments	51,970,712	23,230,486
Net cash provided by (used in) investing activities	6,488,339	(4,637,964)
Cash flows from financing activities:		
Payment of long-term debt	(849,069)	(849,069)
Proceeds from line of credit	1,500,000	-
Proceeds from notes payable received for Mother Mary Lange School construction	4,900,000	-
Proceeds from notes payable to Archdiocesan Parishes	691,784	808,729
Principal payments on notes payable to Archdiocesan Parishes	(474,576)	(739,170)
Net cash provided by (used in) financing activities	5,768,139	(779,510)
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,565,822	(5,364,262)
Cash and cash equivalents, beginning of year	16,874,719	22,238,981
Cash and cash equivalents, end of year	<u>\$ 31,440,541</u>	<u>\$ 16,874,719</u>

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 - ORGANIZATION

The accompanying combined financial statements include the operations and accounts of Central Services, a part of the Roman Catholic Archbishop of Baltimore, a corporation sole of the State of Maryland (the "Corporation Sole," "Central Services" or "Archdiocese"), the Archbishop of Baltimore Annual Appeal Trust ("Archbishop's Annual Appeal"), Route 175 East, LLC and Catholic Community School Land, Inc. The Corporation Sole, the Archbishop's Annual Appeal and Route 175 East, LLC are combined in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") ("Combined Entities"). Significant programs and campaigns of Central Services includes, the Partners in Excellence scholarship campaign ("PIE"), the Embracing Our Mission capital campaign ("EOM"), and the Child Nutrition Program.

The Central Services' offices are located in the Catholic Center building in Baltimore, Maryland. Central Services is organized around six departments (Office of the Archbishop, Communications - includes Catholic Review, Catholic Schools, Management Services, Development, Evangelization and Human Resources), which are responsible for providing certain services and programs. In exchange for various assessments and fees, Central Services operates as the fiscal and administrative division of the Corporation Sole. Central Services' functions provide direct support to parishes and schools, including fundraising, program development, centralized benefits and insurance administration, coordination of capital and repair projects, legal services, and financing programs. Major sources of revenues for Central Services are the cathedralic assessment of the parishes, program contributions and service fees related to religious and education programs, and premiums charged to offset costs of centralized benefits and insurance.

Certain funds in the combined financial statements are held in trust for specific purposes, are held in custody for other entities, or are owned by entities separate from the Corporation Sole and are not available to the Corporation Sole. Such funds include, but are not limited to, parish and school funds, funds in the insurance program, and separate trusts and endowment funds. The combined financial statements do not include individual parishes or schools, Inter-parish Loan Fund, Inc. ("IPLF"), The Catholic Community Foundation of the Archdiocese of Baltimore, Inc. ("CCF"), and certain other affiliates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments that are readily convertible into known amounts of cash and have original maturities of three months or less.

Concentration of Credit Risk

Financial instruments which potentially subject the Combined Entities to concentrations of credit risk consist of cash and temporary investments, investments in debt and equity securities, and receivables. The Combined Entities place its cash and temporary investments with credit worthy, high quality financial institutions. Though the fair value of investments is subject to fluctuations on a year-to-year basis, the Combined Entities believe that its investment policies are prudent for the long-term welfare of the organization.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Cash and cash equivalents are concentrated in a few financial institutions resulting in balances that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit. Central Services monitors the creditworthiness of these financial institutions to minimize the risk of credit loss. At June 30, 2020, such excess balances totaled approximately \$31,997,344. Central Services does not anticipate nonperformance by any of these financial institutions. The Combined Entities have not experienced such losses on these funds.

Loans, notes, grants and accounts receivables are primarily amounts due from parishes and schools related to insurance, capital projects, and other activities. Credit risk is limited to the geographic dispersion of the various entities and the related party nature of transactions.

Investments

Investments are carried at fair value and realized and unrealized gains and losses are reflected in the combined statements of activities and changes in net assets.

Investments in securities required to be held in perpetuity due to donor restrictions are maintained in a pool under a trust agreement with a bank. An investment advisor, with general guidelines from the Archdiocesan Board of Financial Administration, a subcommittee of the Board of Directors, has full discretionary authority for the purchase and sale of securities. A portion of the investment pool is unitized on a fair value basis with individual funds subscribing to or disposing of units on the basis of the fair value per unit.

Investment income is recorded as revenue in the appropriate net asset classification in accordance with donor stipulations, if any.

Investments, at fair value, consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Short-term marketable securities	\$ 20,084,727	\$ 13,734,533
Stocks	56,589,378	57,405,729
Bonds	46,641,079	51,212,842
Alternatives	<u>1,983,806</u>	<u>1,973,510</u>
Total investments	<u>\$ 125,298,990</u>	<u>\$ 124,326,614</u>

The cost basis of investments at June 30, 2020 and 2019 was \$113,544,434 and \$111,429,070, respectively. Management expenses related to the purchase and sale of investments amounted to \$249,301 and \$236,423 for the fiscal years ended 2020 and 2019, respectively, and are included in investment earnings.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Investment income (loss) for the years ended June 30 is as follows:

	2020	2019
Operating Investment Income:		
Parish and School Lending Programs, net	(554,474)	(581,003)
Dividend and investment income, net	1,639,901	1,946,963
Net Operating Investment Income	1,085,427	1,365,960
Non-Operating Investment Income		
Change in fair value of interest rate swap	(2,261,826)	(1,450,700)
Investment market gain (Non Insurance)	160,409	1,179,857
Net Non-Operating Investment Income	(2,101,417)	(270,843)
Total investment income	\$ (1,015,991)	\$ 1,095,117

Investments are categorized on the combined statements of financial position in accordance with the intended use of the investment assets. Information regarding each category is as follows:

- **Without Donor Restriction Investments** - Unrestricted investments are held for general purposes of the Combined Entities. Interest and earnings generated from these investments are used for the general operations of the Combined Entities.
- **Board Designated Investments** - Investments that have been raised by specific programs of the Combined Entities and intended solely for the use of these programs. Details include:

	2020	2019
Insurance programs held in trusts	\$ 65,857,608	\$ 62,951,109
Annual, Campaign and PIE fundraising collections		
that will be used within 12 months	1,723,756	2,025,421
Specific programs of Central Services	18,514,354	18,037,580
Property Fund	1,859,404	2,469,300
Total designated investments	\$ 87,955,122	\$ 85,483,410

- **Time and Purpose Restricted Investments** - Investments that are held for specific donor-imposed stipulations that are not expected to be fully fulfilled within the next twelve month period.
- **Donor Restricted in Perpetuity Investments** - Investments originating from permanently imposed donor restrictions. These investments include the value of split-interest investments, described below, and the corpus amount of endowment gifts restricted for perpetuity.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Agency Assets Held for Others

Central Services acts as a custodian in an investment program that is administered by a commercial bank for parishes, schools, and affiliates of the Archdiocese to utilize. Central Services does not have any variance power in terms of the use of these investments or any economic interest. The Archdiocesan Investment Committee reviews investment performance and recommends changes, if necessary, to available investment options. The value of these assets is also accounted for as a liability on the combined statements of financial position. Central Services receives no investment income or records any changes on the combined statements of activities and changes in net assets relating to their agency assets.

Split-Interest Agreements

Central Services is a partial beneficiary to several trusts established by donors. The assets held by a third-party trustee pertaining to these trusts will not revert to the Archdiocese at any time and the income received is used in accordance with donor stipulations. These irrevocable and perpetual assets held in trust are recorded at fair value at the date of initial recognition and any change in fair value is recorded as an unrealized gain or loss to split-interest irrevocable trusts. These assets had a fair value of \$16,466,855 and \$17,101,034 as of June 30, 2020 and 2019, respectively, which are included in investments held in perpetuity and split-interest agreements on the combined statements of financial position. The fair value decreased by \$634,179 during the fiscal year 2020.

The Combined Entities also have several charitable gift annuities in which they are the beneficiary upon the death of the donor. Revenue from these agreements is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. As of June 30, 2020 and 2019, the Combined Entities had \$2,407 and \$2,292, respectively, in prepaid and other assets on the combined statements of financial position related to these agreements.

Loans and Accounts Receivable

Archdiocesan parishes, schools, and affiliated entities engage Central Services to perform a variety of programs and compensate Central Services for such services. Major revenues include cathedraticum assessments to parishes, insurance program premiums, and school related fees. Cathedraticum is the primary operating source for the Central Services budget and is a formula-driven assessment applied to income without donor restrictions of all parishes within the Archdioceses. The assessment is 6.5% on the first \$100,000 raised; 12.5% on the next \$100,000; and, 15.5% on all funds without donor restriction recorded thereafter during the respective fiscal year.

Additionally, Central Services administers a financing program that is unaffiliated with IPLF. This program is primarily related to loans associated with the 2007 tax-exempt revenue bonds (Note 8) and other initiatives not financed through IPLF. Archdiocesan entities participating in this program remit funds in excess of immediate operating funds, which are held by Central Services as demand notes payable to the entities. Rates offered on deposits are consistent with the prevailing rates offered in IPLF. Rates offered on loans are based on the cost of financing the particular project. Interest on deposits averaged between 1.62% in FY20 and 1.25% in FY19. Interest rate on loans averaged 5.49% for both fiscal years 2020 and 2019.

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June 30, 2020 and 2019

Interest income earned by the Corporation Sole on loans outstanding at June 30, 2020 and 2019 was \$843,209 and \$879,137, respectively. The income is netted against interest expense related to the demand notes payable deposits of \$23,973 and \$19,644, and the net balance is included in investment earnings on the accompanying combined statements of activities and changes in net assets for fiscal years 2020 and 2019, respectively. Also, netted against income is any interest or fees associated with long-term debt (including tax-exempt bonds) which totaled \$1,367,771 and \$1,434,496 for fiscal years 2020 and 2019, respectively.

A summary of loans and accounts receivable from Archdiocesan parishes and schools are as follows:

	2020	2019
Parish and school loans	\$ 14,776,435	\$ 15,504,245
Cathedraticum receivables	14,445,968	14,123,848
Insurance program receivables	31,654,663	31,205,193
Parish school assessments due within one year	838,441	566,713
Other receivables	8,449,973	7,159,511
Less allowance for doubtful accounts	(43,706,468)	(40,745,547)
	<u>\$ 26,459,012</u>	<u>\$ 27,813,963</u>
Total loans and accounts receivable, net		

Allowance for Doubtful Accounts

Central Services reviews all receivables annually and provides an allowance for those whose collection appears doubtful, and writes off those amounts deemed uncollectible.

Receivable assets are recorded in three major operating categories - Insurance, Cathedraticum, and Other. Changes in allowance for doubtful accounts during the years ended June 30, 2020 and 2019 consisted of the following:

	Cathedraticum	Insurance	Other	Totals
Balance at June 30, 2018	\$ 8,108,113	\$ 24,810,326	\$ 4,084,023	\$ 37,002,462
Additions	850,000	2,720,628	448,202	4,018,830
(Write-offs)/Recoveries	-	(277,208)	1,463	(275,745)
Balance at June 30, 2019	8,958,113	27,253,746	4,533,688	40,745,547
Additions	1,434,245	1,366,266	165,481	2,965,992
(Write-offs)/Recoveries	-	(5,071)	-	(5,071)
Balance at June 30, 2020	<u>\$ 10,392,358</u>	<u>\$ 28,614,941</u>	<u>\$ 4,899,169</u>	<u>\$ 43,706,468</u>

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Gifts, Bequests and Contributions

Contributions receivable, less an appropriate allowance for uncollectible pledges, for the Archdiocese, EOM, Archbishop's Annual Appeal, and PIE are recorded at their estimated fair value when received. Amounts due in more than one year are recorded at the present value of the estimated future cash flows, discounted at a risk-adjusted rate applicable to the years in which the promises originate. The net contributions receivable is expected to be received as follows at June 30:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 3,553,672	\$ 5,538,756
One to five years	5,139,389	5,943,124
Over five years	<u>26,327</u>	<u>31,500</u>
Gross contributions receivable	8,719,388	11,513,380
Allowance for uncollectible pledges	(3,252,597)	(2,965,240)
Discount for net present value	<u>(40,499)</u>	<u>(109,135)</u>
Net contributions receivable	<u>\$ 5,426,292</u>	<u>\$ 8,439,005</u>

All contributions are considered to be available for unrestricted use following receipt unless specifically restricted by the respective donor. Amounts received that are restricted for future periods or restricted by the donor for specific purposes are reported as with donor restrictions support that increases this net asset class. However, if a restriction is fulfilled in the same period in which the contribution is received it is reported as without donor restrictions.

Included in gross contributions receivable for the fiscal year ended June 30, 2020 are Archdiocese pledges of \$294,154; EOM pledges of \$6,413,970; Archbishop's Annual Appeal pledges of \$1,829,236; and PIE pledges of \$182,028. Included in gross contributions receivable for the fiscal year ended June 30, 2019 are Archdiocese pledges of \$336,144; EOM pledges of \$8,625,604; Archbishop's Annual Appeal pledges of \$1,900,332; and PIE pledges of \$651,300.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

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Property and Equipment, net

All land, building and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of 40 years for buildings and improvements and 3 to 15 years for equipment. Land, building and equipment balances at June 30 consist of the following:

	2020	2019
Buildings and improvements	\$ 17,075,558	\$ 16,793,762
Equipment, automobiles and furniture	4,640,307	4,718,397
	<u>21,715,865</u>	<u>21,512,159</u>
Less accumulated depreciation	<u>(13,515,424)</u>	<u>(13,108,756)</u>
 Total building and equipment, net	 <u>8,200,441</u>	 <u>8,403,403</u>
 Land	 6,807,025	 4,201,064
Land held for parishes	<u>12,179,550</u>	<u>12,179,550</u>
 Total property and equipment, net	 <u>\$ 27,187,016</u>	 <u>\$ 24,784,017</u>

Depreciation expense was \$480,609 and \$508,429 for fiscal years 2020 and 2019, respectively.

Compensated Absences

Central Services records a liability for amounts due to employees for future absences that are attributable to services performed in the current and prior periods.

Grants Payable

Grant obligations to parishes, schools, and organizations both within and external to the Archdiocese are recognized when all conditions have been met regarding specific capital projects or operating needs. The funding sources are primarily associated with the Archbishops Annual Campaign and the Embracing Our Mission capital campaign.

Operating Leases

Central Services leases certain office equipment under non-cancelable operating leases expiring at various dates through fiscal year 2024. Central Services recognizes the expense per the monthly fixed rate agreements. The future minimum payments due under non-cancelable operating leases are as follows:

For fiscal year ending	
2021	\$ 68,427
2022	57,245
2023	45,707
2024	9,286

Rent expense under all operating leases was \$85,021 and \$83,419 for years ended June 30, 2020 and 2019, respectively.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Adoption of Accounting Pronouncements

Effective July 1, 2019, Central Services adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Central Services also adopted ASU 2014-09 (Topic 606), *Revenue from Contracts from Customers*, on July 1, 2019. In accordance with ASU 2018-08, Central Services 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, Central Services applies guidance under Topic 606. If the transfer of assets is determined to be a contribution, Central Services evaluates whether the contribution is conditional based upon whether the agreement includes both: (1) one or more barriers that must be overcome before Central Services 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.

Central Services adopted ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* ("ASU 2017-07") for the year ended June 30, 2020. This standard requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost - including interest cost, expected return on plan assets, recognized prior service credit or cost, and recognized actuarial gain or loss - are required to be presented in the statement of activities separately from the service cost component.

Net Assets

Under current guidance for financial statements of not-for-profit organizations, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Donor Restricted in Perpetuity**

Net assets subject to donor-imposed stipulations that they be maintained in perpetuity. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes. These assets include split-interest irrevocable trusts in which the income from these assets are used for specific purposes. The assets are held by a third-party trust. Income generated by the fund is generally used for the specific purpose within the fiscal period. Changes in the fair values are recorded as part of donor restricted in perpetuity net assets.

- **Time and Purpose Restricted**

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Combined Entities and/or the passage of time. Included in this net asset balance are future year collections on PIE and EOM pledges, and money collected for specific seminarian and religious education programs sponsored or managed by Central Services that were not fully utilized as of the end of the fiscal year.

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• **Without Donor Restrictions**

Net assets that are not considered restricted. Revenues are reported as increases in net assets without donor restriction unless they are limited by express donor-imposed restrictions. Expirations of time and/or purpose restrictions recognized on net assets (i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated-time period has elapsed) are reported as reclassifications from time and/or purpose restricted to without donor restricted net assets.

Certain net assets without donor restrictions are classified as designated due to limitations on their use to specific areas or purpose at the direction of the Archbishop or pursuant to contractual obligations. For example, the net assets of the insurance trusts established by the Corporation Sole are classified without donor restrictions per U.S. GAAP although the use of the fund is restricted under the language of the trust agreements.

Income Taxes

As a religious organization, the activities of the Corporation Sole and Archbishop's annual appeal are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC" or "Code"), except for those activities which constitute unrelated business income, through its inclusion in the United States Conference of Catholic Bishops ("USCCB") group ruling and listing in the Official Catholic Directory.

As a single member limited liability company, Route 175 East LLC is considered to be a disregarded entity under the IRC for income tax purposes and, as such, is not directly subject to federal income taxes and state income taxes.

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

The Archdiocese has processes presently in place to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. The Archdiocese has determined that there are no material uncertain tax positions that require recognition or disclosure in the combined financial statements.

Estimates

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

Statements of Cash Flows

Central Services paid interest of \$23,973 and \$19,644 for the years ended June 30, 2020 and 2019, respectively, related to demand notes payable to parishes, schools and affiliated entities. Additionally, Central Services paid interest of \$666,535 and \$857,773 in fiscal years 2020 and 2019, respectively, on long-term borrowing arrangements.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

Derivative Instruments

Central Services uses derivative financial instruments selectively to offset exposure to market risks from changes in interest rates. The derivative financial instruments used by Central Services consist of interest rate swap agreements.

Central Services reports derivative instruments in accordance with the current authoritative guidance for derivative financial instruments and hedging activities, which requires that all derivative financial instruments be recorded in the combined statements of financial position at fair value. Changes in the fair value and gains or losses of derivative instruments are included in the combined statements of activities and changes in net assets.

Central Services uses three separate interest rate swap agreements as a means of fixing the interest rate on portions of its long-term debt (Note 8). Unrealized gains and losses are included in changes in net assets. In December 2010, Swap No. 1 was amended to reflect the refinancing changes of the tax-exempt debt and the notional amounts approximate half of the expected outstanding amount over the loan period. In September 2010, Swap No. 2 was amended to reflect the refinancing changes of the taxable debt and the notional amounts approximate half of the expected outstanding amount over the loan period. In August 2011, Swap No. 3 was added to further protect balance on the tax-exempt debt that was not included in Swap No. 1. Details of the swaps as of June 30, 2020 and 2019 follow:

	2020	2019
Swap No. 1 (Tied to Tax-Exempt Loan)		
Notional amount	\$ 12,085,000	\$ 12,085,000
Fair value of agreement	\$ (5,075,064)	\$ (3,765,317)
Expiration date	7/1/2037	7/1/2037
Swap No. 2 (Tied to 20-Year Loan)		
Notional amount	\$ 3,610,000	\$ 4,130,000
Fair value of agreement	\$ (552,797)	\$ (562,820)
Expiration date	7/1/2025	7/1/2025
Swap No. 3 (Tied to Tax-Exempt Loan)		
Notional amount	\$ 9,590,000	\$ 9,590,000
Fair value of agreement	\$ (2,527,680)	\$ (1,565,578)
Expiration date	2/1/2037	2/1/2037

Operating Measure

Central Services classifies its statement of activities and changes in net assets into operating and non-operating activities. Operating activities principally include all income and expenses related to carrying out its mission, including interest and dividend income. Included in the non-operating activities are primarily market driven income and expenses.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current period presentation. These changes primarily related to the addition of an operating measure within the financial statements and had no effect on the reported change in net assets or total net assets.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

COVID-19 Pandemic

The COVID-19 pandemic, whose effects first became apparent in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on Central Services and its combined entities operational and financial performance will depend on certain developments, including the duration and spread of the outbreak which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Central Services and its combined entities future financial position and changes in net assets and cash flows is uncertain.

NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, follow:

Financial assets:

Cash and cash equivalents	\$ 31,440,541
Unrestricted investments	20,385,479
Board-designated investments	87,955,122
Investments held in perpetuity and split-interest agreements	16,958,389
Agency investments held for others	3,025,282
Accounts receivable, net of reserves	26,459,012
Contribution receivables, net of reserves	<u>5,426,292</u>

Total financial assets available	<u>\$ 191,650,117</u>
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Less amounts unavailable for general expenditures within one year due to:

Net assets with donor restrictions - time and purpose	(5,741,578)
Investments held in perpetuity and split-interest agreements	(16,958,389)
Agency investments held for others	(3,025,282)
Contributions receivables, net - long-term	(5,165,716)
Accounts and notes receivables, net - long-term	(17,944,099)
Board-designated investments	(87,955,122)
Unrestricted investments held as collateral for long-term note payable (Note 9)	<u>(8,357,461)</u>

Total available financial assets to management for general expenditures within one year	<u>\$ 46,502,470</u>
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Central Services maintains cash balances at a level designed to ensure short-term liquidity. A suitable proportion of Central Services investment balances are held in instruments that can readily be converted to cash, if needed. The available cash balance is also intended to serve the pension and post-retirement benefit obligation and tax-exempt note payable shown in the combined statements of financial position. In addition to the financial assets and liquidity resources available to meet general expenditures over the next 12 months, Central Services operates within a prudent range of fiscal responsibility and anticipates collecting sufficient revenue to cover its operating expenses.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and Cash Equivalents and Investments

The carrying amount of cash and cash equivalents and investments approximates fair value. The fair value of investments is based on quoted market prices as of the reporting date. Income from cash and cash equivalents and investments are included in unrestricted investment income unless the income is restricted by express donor stipulations. All income is reported net of investment related expenses.

Tax-Exempt Borrowings and Long-Term Note Payable

The outstanding tax-exempt borrowings totaled \$21,675,000 as of June 30, 2020 and 2019. The book value of the bonds, which were fully redeemed and converted into a bank qualified tax-exempt loan in December of 2011, approximates their fair value. The outstanding long-term note payable as of June 30, 2020 and 2019 totaled \$6,857,480 and \$7,706,528, respectively. The book value of the long-term note payable approximates the fair value. Refer to Note 9 - Tax-Exempt and Long-Term Note Payable for further information.

Pledge Receivables

Donor pledges that are expected to be collected in future periods in excess of 12 months are recorded at the present value of the estimated future cash flows, discounted at a risk-adjusted rate applicable to the years in which the promises were received. Discount rates utilized in fiscal years 2020 and 2019 ranged from .29% to 4.30%. Refer to Note 2 - Summary of Significant Accounting Policies for details on amounts associated with Gifts, Bequests, and Contributions.

Interest Rate Swap Agreements

The fair value of interest rate swaps is determined using the estimated present value of the fixed leg and floating leg. The value of the fixed leg is the present value of the known fixed monthly payments. The value of the floating leg is the present value of the floating monthly payments determined at the agreed dates of each payment. Forward rates derived from the yield curve are used to approximate the floating rates. Each series of cash flows is discounted by market rates of interest. Refer to Note 2 - Summary of Significant Accounting Policies for details on amounts associated with Derivative Instruments.

Charitable Gift Annuities

The net fair value of gift annuities is determined annually by adjusting the annuity liabilities to reflect amortization of the discount and changes in the life expectancy of the donors or other life beneficiaries. The annuity liability reflects the present value of the estimated future payments to be made to the donor and/or other beneficiaries. Refer to Note 2 - Summary of Significant Accounting Policies for details on amount associated with Split-Interest Agreements.

Fair Value Measurement

Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability as of the reporting date. Our financial assets recorded at fair value on a recurring basis primarily relate to investments in available-for-sale securities.

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June 30, 2020 and 2019

The following describes the hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires the assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- **Level 1** - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market;
- **Level 2** - Fair value is based on pricing inputs other than quoted prices in active markets and which are either directly or indirectly observable as of the reporting date. The nature of these securities includes investments for which quoted prices are available but traded less frequently than securities traded on what are deemed active markets; and
- **Level 3** - Pricing of securities are unobservable as of the reporting date. The inputs used in the determination of fair value are not observable and require significant judgment or estimation.

The combined entities endeavor to utilize the best available information in measuring fair value. Investments are managed by the Archdiocesan Investment Committee using “funds-of-funds” asset allocation strategy with custodial services provided by an independent third-party. The Archdiocesan Investment Committee also employs an independent consultant to evaluate fund managers.

The combined entities use the net asset value (“NAV”) to determine the fair value of all underlying investments which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following tables summarize the valuation of our financial instruments by the above authoritative pricing levels as of June 30, 2020 and 2019:

		June 30, 2020		
		Level 1	Level 2	Net Asset Value
				Total Fair Value
Assets				
Investments				
Cash equivalents	\$	20,084,727	\$	34,559
Fixed income		20,730,902		33,472,529
Equities		46,641,079		2,351,388
Private equity funds *				1,728,984
Total investments	\$	87,456,708	\$	35,858,476
Agency assets held for others	\$	2,418,785	\$	606,497
Liabilities				
Interest rate swap agreements	\$	-	\$	8,155,541

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June 30, 2020 and 2019

		June 30, 2019			
		Level 1	Level 2	Net Asset Value	Total Fair Value
Assets					
Investments					
Cash equivalents		\$ 13,734,533	\$ -	\$ -	\$ 13,734,533
Fixed income		19,312,794	35,457,980	271,523	55,042,297
Equities		51,212,842	2,634,955	-	53,847,797
Private equity funds *		-	-	1,701,987	1,701,987
Total investments		<u>\$ 84,260,169</u>	<u>\$ 38,092,935</u>	<u>\$ 1,973,510</u>	<u>\$ 124,326,614</u>
Agency assets held for others		<u>\$ 9,983,967</u>	<u>\$ 645,399</u>	<u>\$ -</u>	<u>\$ 10,629,366</u>
Liabilities					
Interest rate swap agreements		<u>\$ -</u>	<u>\$ 5,893,715</u>	<u>\$ -</u>	<u>\$ 5,893,715</u>

* In accordance with ASC Subtopic 820-10, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.

The following tables detail certain attributes pertaining to the investment reported at fair value using NAV, or its equivalent, as of June 30, 2020 and 2019:

2020								
Type	Strategy	Fair Value	# of Funds	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions	Redemption Notice Period
Venture Capital Fund	This fund invests in companies that are relocating to or being created in Baltimore City	\$ 591,614	1	\$ 300,000	6 years with two 1 year optional extensions	No liquidity until end of term	No liquidity until end of terms	No liquidity until end of terms
Endowment	Long-term growth for Archdiocese Dept. of Communications	1,392,192	1	\$ 0	N/A	Full liquidity	60 Days	60 Days
Total		<u>\$1,983,806</u>	<u>2</u>					

2019								
Type	Strategy	Fair Value	# of Funds	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions	Redemption Notice Period
Venture Capital Fund	This fund invests in companies that are relocating to or being created in Baltimore City	\$ 526,585	1	\$ 400,000	6 years with two 1 year optional extensions	No liquidity until end of term	No liquidity until end of terms	No liquidity until end of terms
Endowment	Long-term growth for Archdiocese Dept. of Communications	1,446,925	1	\$ 0	N/A	Full liquidity	60 Days	60 Days
Total		<u>\$1,973,510</u>	<u>2</u>					

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June 30, 2020 and 2019

NOTE 5 - INSURANCE PROGRAM ACTIVITIES

The Archdiocesan Health and Benefits, Property and Casualty Insurance Programs (the "Programs") provide insurance coverage, both commercially purchased and self-insured, for affiliates of the Corporation Sole.

The Programs administer certain insurance trusts. Accordingly, the net operations of the Programs are included in unrestricted designated net assets and the risk and benefits belong to the trusts. Any shortfall of funds by the Programs is recovered from future premiums assessed.

Unrestricted designated assets and liabilities related to the insurance program activities primarily consist of the following at June 30, 2020 and 2019:

	2020	2019
Assets:		
Cash and investments, at fair value	\$ 65,857,608	\$ 62,951,108
Insurance receivables, net of allowance for doubtful insurance receivables of \$28,614,941 and \$27,253,746 in 2020 and 2019, respectively	\$ 3,039,722	\$ 3,951,447
Other asset:		
Expected insurance receivable on claims	\$ 875,880	\$ 889,281
Liabilities:		
Claims reserve for insurance liabilities	\$ 14,467,357	\$ 14,319,013

NOTE 6 - PENSION PLANS

Central Services administers and participates in two separate pension plans - a lay employees plan and a separate plan for priests.

Lay Pension Plan

Lay employees of Central Services, in addition to those of certain affiliated organizations, corporations or agencies participate in a single-employer, under a common central group, defined benefit retirement plan. The Lay Employee Retirement Plan ("Lay Plan") provides monthly benefits upon retirement to participants based on salary and length of service. Funding for the Lay Plan comes from the Lay Retirement Trust, which is funded by each participating organization, corporation and agency. These funds are collected by Central Services and sent to the Trustee of the Lay Retirement Trust. Contributions to the Lay Retirement Trust were \$8,102,499 and \$9,938,658 for the years ended June 30, 2020 and 2019, respectively. The Lay Retirement Trust assets are not included on the accompanying combined statements of financial position. The unfunded obligation associated only with Central Services employees is shown as a liability.

The portion of the unfunded benefit obligation of the Lay Plan associated with the Central Services for its lay employees was \$22,077,092 and \$18,249,781 for the years ended June 30, 2020 and 2019, respectively. The Lay Plan was frozen effective June 30, 2011. No additional benefits will accrue for existing participants and no additional participants will be added to the plan.

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Priest Pension Plan

The Priests' Pension Plan ("Priest Plan") covers substantially all Archdiocesan priests. The Priest Plan provides a monthly benefit upon retirement to participants based upon length of service. Funding for the Priest Plan comes from the Priest Pension Trust, which is funded primarily from organizations to which the priests are assigned. These funds are collected by Central Services and sent to the Trustee of the Priest Pension Trust. Contributions to the Priest Pension Trust totaled \$1,088,770 and \$1,292,561 for the years ended June 30, 2020 and 2019, respectively.

The Priest Plan's unfunded status, accumulated benefit obligation, and net pension benefit costs as of June 30, 2020 and 2019 were calculated by a consulting actuary and are summarized as follows:

	2020	2019
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 48,097,258	\$ 44,599,219
Service cost	785,610	670,120
Interest cost	1,689,817	1,799,106
Plan amendments	-	-
Actuarial loss	5,275,297	3,270,386
Benefits paid	<u>(2,757,254)</u>	<u>(2,241,573)</u>
Benefit obligation at end of year	<u>\$ 53,090,728</u>	<u>\$ 48,097,258</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 38,479,596	\$ 37,514,507
Actual return on plan assets	754,311	1,914,101
Employer contributions	1,088,770	1,292,561
Benefits paid	<u>(2,757,254)</u>	<u>(2,241,573)</u>
Fair value of plan assets at end of year	<u>\$ 37,565,423</u>	<u>\$ 38,479,596</u>
Funded status at end of year	<u>\$ (15,525,305)</u>	<u>\$ (9,617,662)</u>
Amount recognized at end of year	<u>\$ (15,525,305)</u>	<u>\$ (9,617,662)</u>
Amount recognized in net assets without donor restrictions:		
Unrecognized transition liability	\$ -	\$ -
Unrecognized prior service cost	166,644	194,961
Unrecognized net actuarial loss	<u>18,858,824</u>	<u>12,249,115</u>
Total amount recognized in net assets without donor restrictions	<u>\$ 19,025,468</u>	<u>\$ 12,444,076</u>

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June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Components of net pension benefit costs:		
Service cost	\$ 785,610	\$ 670,120
Interest cost	1,689,817	1,799,106
Expected return on plan assets	(2,685,893)	(2,623,669)
Amortization of net loss	597,170	253,859
Amortization of prior service cost	<u>28,317</u>	<u>77,398</u>
Net periodic post-retirement benefit cost	<u>\$ 415,021</u>	<u>\$ 176,814</u>
	<u>2020</u>	<u>2019</u>
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions:		
Net actuarial loss	\$ 7,206,879	\$ 3,979,954
Prior service cost		-
Amortization of prior service cost	(28,317)	(77,398)
Amortization of net gain	<u>(597,170)</u>	<u>(253,859)</u>
Total amount recognized in net assets without donor restrictions	<u>\$ 6,581,392</u>	<u>\$ 3,648,697</u>
Additional information:		
Accumulated benefit obligation	<u>\$ 48,175,169</u>	<u>\$ 44,173,779</u>
Expected contributions for the fiscal years ending June 30	<u>\$ 1,096,000</u>	<u>\$ 1,120,000</u>

The Priest Plan assets fully met obligations and no expenses were recorded by Central Services for years ended June 30, 2020 and 2019:

	<u>2020</u>
Expected benefit payments for the fiscal year ending:	
2021	\$ 2,551,000
2022	2,655,000
2023	2,649,000
2024	2,664,000
2025	2,663,000
Next five years	13,162,000
Expected amortizations:	
Expected amortization of prior service cost	\$ 28,317
Expected amortization of net loss	1,014,963

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June 30, 2020 and 2019

Significant assumptions used to determine net periodic post-retirement cost are as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	3.58%	4.21%

The discount rate has a significant effect on the amounts reported. For example, an increase in the fiscal year 2020 discount rate by one percentage point would decrease projected benefit obligations by \$6,734,000. Decreasing the fiscal year 2020 discount rate by one percentage point would increase projected benefit obligations by \$8,548,000.

The Corporation Sole utilizes a long-term rate of return of 7.0% in developing actuarial estimates. The Priest Plan's assets are managed by external investment managers who are given the return objectives of achieving a minimum of 7.0% over a complete market cycle and annual income of 3.5% to 5.0%. The Priest Plan has achieved a 6.5% annual return the past five years. The Priest Plan's asset allocation at June 30, by asset category, was as follows:

	<u>Target</u>	<u>Actual</u>
2020:		
Money market	0 - 10%	7%
Fixed income	20 - 50%	29%
Equities - U.S.	25 - 60%	56%
Equities - non-U.S.	10 - 25%	8%
2019:		
Money market	0 - 10%	3%
Fixed income	20 - 50%	27%
Equities - U.S.	25 - 60%	53%
Equities - non-U.S.	10 - 25%	17%

On a regular basis the performance of the investments are reviewed by an independent investment committee. The investment committee also reviews the actual asset allocation and periodically rebalances the investment portfolio to the target allocation, when considered appropriate.

The following tables present the fair value of the Priest Plan's assets classified under the appropriate level of the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
June 30, 2020:				
Cash equivalents	\$ 3,924,700	\$ -	\$ -	\$ 3,924,700
Fixed income	2,404,899	7,986,833	234,586	10,626,318
Equities	23,014,405	-	-	23,014,405
	<u>\$ 29,344,004</u>	<u>\$ 7,986,833</u>	<u>\$ 234,586</u>	<u>\$ 37,565,423</u>

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June 30, 2020 and 2019

	Level 1	Level 2	Level 3	Total Fair Value
June 30, 2019:				
Cash equivalents	\$ 1,730,098	\$ -	\$ -	\$ 1,730,098
Fixed income	1,555,635	7,973,186	754,000	10,282,821
Equities	26,466,677	-	-	26,466,677
	<u>\$ 29,752,410</u>	<u>\$ 7,973,186</u>	<u>\$ 754,000</u>	<u>\$ 38,479,596</u>

NOTE 7 - POST-RETIREMENT BENEFIT PLANS

Central Services administers and participates in two post-retirement benefit plans - a discontinued plan for retired lay employees and a plan for retired priests. In determining the Lay and Priest Post-Retirement medical plans funded status, effective June 30, 2007, both plans adopted new guidance issued by FASB, which requires the recognition of the funded status of a defined benefit or post-retirement plan as the difference between plan assets at fair value and the benefit obligation. Per the FASB requirements, any unrecognized gain or loss incurred shall be recorded as a component of net assets without donor restrictions.

Retired Lay Employees

The Corporation Sole provides a single-employer, under a common central group, defined benefit health care plan for lay employees (the "Lay Post-retirement Plan" or "Plan"). The Lay Post-retirement Plan provides post-retirement medical benefits to lay employees of the greater Corporation Sole, parishes, schools and certain affiliated organizations who retired by June 30, 1997, after age 55 and with at least 15 years of service. The June 30, 1997 requirement was a result of a partial termination of the Plan adopted February 1, 1997. The Plan is contributory with retiree contributions adjusted annually by the expected annual inflation rate, and contains cost savings features such as deductibles and coinsurance. Central Service's policy is to fund the actual cost of the medical benefit less retiree contributions. The Lay Post-retirement Plan does not have any assets in a trust. The unfunded obligation associated only with Central Services retirees is shown as a liability on Central Services combined statements of financial position.

The portion of the unfunded benefit obligation of the Lay Post-retirement Plan associated with Central Services for their lay employees was \$210,017 and \$205,304 for the years ended June 30, 2020 and 2019, respectively.

Retired Priests

The Corporation Sole also provides a single-employer, under a common central group, defined benefit health care plan that provides post-retirement medical benefits to all Archdiocesan priests upon retirement from Corporation Sole (the "Priest Post-retirement Plan"). In addition, Central Services sponsors plans providing subsidized living arrangements and subsidized auto insurance for these retired priests. The Priest Post-retirement Plan is noncontributory except for the excess of auto insurance premiums over the fixed subsidy and a portion of dental and vision coverage. In certain cases, Central Services provides for nursing home care. Central Services' policy is to fund the actual cost of the medical and other benefits less amounts contributed by the retirees described above. A separate trust is maintained for the Priest Post-retirement Plan. The Priest Post-retirement Plan trust assets are not included on the combined statements of financial position. Unfunded obligations of the Priest Post-retirement Plan are shown as a liability.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

The unfunded benefit obligation of the Priest Post-retirement Plan under FASB requirements was \$18,442,218 and \$16,317,577 as of June 30, 2020 and 2019, respectively, and is included in the combined statements of financial position. The net periodic post-retirement benefit cost was \$800,833 and \$807,670 for the years ended June 30, 2020 and 2019, respectively. The post-retirement benefit obligation was a net loss of \$2,124,641 and \$3,497,390 for the years ended June 30, 2020 and 2019, respectively. Changes in the years were impacted by market conditions to investments and obligation valuations.

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June 30, 2020 and 2019

NOTE 7 - POST-RETIREMENT BENEFIT PLANS

The Priest Post-retirement Plan's unfunded status, accumulated post-retirement obligation, and net periodic post-retirement benefit cost information as of June 30 were calculated by consulting actuaries and are summarized as follows:

	2020	2019
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 28,949,697	\$ 24,671,435
Service cost	658,538	589,025
Interest cost	1,026,543	1,095,020
Actuarial loss	2,134,791	3,101,208
Benefits paid and plan expenses	(1,173,942)	(567,359)
Medicare D reimbursement	26,055	60,368
	<u>\$ 31,621,682</u>	<u>\$ 28,949,697</u>
Benefit obligation at end of year		
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 12,632,120	\$ 11,851,248
Actual return on plan assets	462,837	664,147
Employer contributions	1,232,394	623,716
Benefits paid	(1,173,942)	(567,359)
Expenses paid	-	-
Medicare D reimbursement	26,055	60,368
	<u>\$ 13,179,464</u>	<u>\$ 12,632,120</u>
Fair value of plan assets at end of year		
Funded status at end of year	<u>\$ (18,442,218)</u>	<u>\$ (16,317,577)</u>
Amount recognized at end of year	<u>\$ (18,442,218)</u>	<u>\$ (16,317,577)</u>
Amount recognized in net assets without donor restrictions		
Unrecognized net actuarial gain	<u>\$ 1,206,969</u>	<u>\$ (1,349,233)</u>
Total amount recognized in net assets without donor restrictions	<u>\$ 1,206,969</u>	<u>\$ (1,349,233)</u>
Components of net post-retirement benefit costs		
Service cost	\$ 658,538	\$ 589,025
Interest cost	1,026,543	1,095,020
Expected return on plan assets	(884,248)	(829,587)
Amortization of net transition liability	-	-
Amortization of net loss	-	(46,788)
Amortization of prior service cost	-	-
	<u>\$ 800,833</u>	<u>\$ 807,670</u>
Net periodic post-retirement benefit cost		
Additional information		
Accumulated benefit obligation	<u>\$ 31,621,682</u>	<u>\$ 28,949,697</u>
Expected contributions in fiscal year ending June 30	<u>\$ 1,167,186</u>	<u>\$ 1,170,212</u>

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NOTE 7 - POST-RETIREMENT BENEFIT PLANS

Expected benefit payment for fiscal year ending

2021	\$ 1,060,000
2022	1,130,000
2023	1,194,000
2024	1,251,000
2025	1,295,000
Next five years	6,924,000

Significant assumptions used in determining net periodic post-retirement cost are as follows:

	2020	2019
Discount rate	2.98%	3.72%
Health care - medical	8.14% *	8.50% *
Nursing home/auto	5.00%	5.00%
Dental	4.50%	4.50%

* Trending downward to 4.50% by 2028

The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the health care trend rate by one percentage point in each year would increase the accumulated post-retirement benefit obligation at June 30, 2020 by \$6,071,377 and the aggregate of service and interest cost components of net periodic post-retirement benefit cost for the year by \$428,470. Decreasing the health care rate by one percentage point in each year would decrease the accumulated post-retirement benefit obligation at June 30, 2020 by \$4,763,041 and the aggregate of service and interest cost components of net periodic post-retirement benefit cost for the year ended by \$321,127.

The Corporation Sole utilizes a long-term rate of return of 7.0% in developing actuarial estimates. The Plans assets are managed by external investment managers who are given the return objectives of achieving a minimum of 7.0% over a complete market cycle and annual income of 3.5% to 5.0%. The Plan has achieved a 6.5% annual return over the past five years. The estimated amount to be amortized from accumulated net assets without donor restrictions into net periodic benefit costs over the next fiscal year is \$0. The Plan's asset allocation at June 30, by asset category, was as follows:

	Target	Actual
2020:		
Money market	0 - 10%	12%
Fixed income	20 - 50%	28%
Equities - U.S.	25 - 60%	53%
Equities - non-U.S.	10 - 25%	7%
Alternatives	0 - 20%	0%
2019:		
Money market	0 - 10%	2%
Fixed income	20 - 50%	28%
Equities - U.S.	25 - 60%	53%
Equities - non-U.S.	10 - 25%	17%
Alternatives	0 - 20%	0%

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June 30, 2020 and 2019

NOTE 7 - POST-RETIREMENT BENEFIT PLANS

On a regular basis the performance of the investments are reviewed by an independent investment committee. The investment committee also reviews the actual asset allocation and periodically rebalances the investment to the target allocation when considered appropriate.

The following tables present the fair value of priest post-retirement assets classified under the appropriate level of the fair value hierarchy as of June 30:

	Level 1	Level 2	Level 3	Total Fair Value
2020:				
Cash equivalents	\$ 1,558,011	\$ -	\$ -	\$ 1,558,011
Fixed income	818,728	2,713,230	250,000	3,781,958
Equities	7,839,495	-	-	7,839,495
	<u>\$ 10,216,234</u>	<u>\$ 2,713,230</u>	<u>\$ 250,000</u>	<u>\$ 13,179,464</u>
2019:				
Cash equivalents	\$ 229,674	\$ -	\$ -	\$ 229,674
Fixed income	509,634	2,828,626	251,360	3,589,620
Equities	8,812,826	-	-	8,812,826
	<u>\$ 9,552,134</u>	<u>\$ 2,828,626</u>	<u>\$ 251,360</u>	<u>\$ 12,632,120</u>

NOTE 8 - BANK FINANCING ARRANGEMENTS (SHORT-TERM)

At June 30, 2020 and 2019, the Corporation Sole had available letters of credit totaling \$546,054 and \$629,348, respectively. The purpose of these arrangements is to provide funding for capital projects. The Corporation Sole had no short-term borrowings as of June 30, 2020 and 2019.

NOTE 9 - PPP LOAN

Central Services received \$3,696,553 related to the Paycheck Protection Program ("PPP"). The term of the loan is 24 months. However, it is expected that Central Services will qualify for full forgiveness of the loan meeting the spending requirements established by the CARES Act and administered through the Small Business Administration. Per the terms of the loan, interest at 1% is deferred for six months. No interest has been accrued related to the PPP loan as of June 30, 2020.

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NOTE 10 - LINE OF CREDIT

On June 3, 2020 Central Services entered into a line of credit agreement with the Knights of Columbus totaling \$1,500,000. The line of credit provides additional capital for Central Service to make loans to parishes, schools, and other affiliated entities impacted by the COVID-19 pandemic and is secured by investments held by Central Services. The interest rate was 2.41% as of June 30, 2020. On the second anniversary of the closing of the line of credit agreement, the interest rate will increase to the greater of 4% or applicable treasury rate plus 225 basis points. The line of credit agreement has options to extend for five, ten, and twenty year terms. As of June 30, 2020 Central Services had drawn \$1,500,000 from the line of credit. The line of credit requires compliance with certain financial covenants and other performance requirements. The Corporation Sole is in compliance with these requirements as of June 30, 2020.

NOTE 11 - TAX-EXEMPT AND LONG-TERM NOTES PAYABLE

Central Services has two long-term financing arrangements with a balance of \$28,532,460 and \$29,381,528 as of June 30, 2020 and 2019 respectively.

Bank Qualified Tax-Exempt Note Payable

In June 2007, the Maryland Health and Higher Educational Facilities Authority ("MHHEFA") issued revenue bonds in the amount of \$24,165,000. The net proceeds were for financing and refinancing a portion of the costs of acquisition, construction, renovation and equipping of six projects at three elementary school facilities, two secondary school facilities and the facility housing the overall school administration.

In December 2010, the Corporation Sole entered into new financing arrangements and terms on its tax-exempt debt. Through the MHHEFA, a commercial financial institution purchased all of the 2007 issued revenue bonds outstanding and entered into a bank qualified tax-exempt loan with the Corporation Sole.

The bank qualified tax-exempt loan has a monthly floating interest rate based on London Interbank Offered Rate ("LIBOR"). The weighted interest rate for the fiscal years ended June 30, 2020 and 2019 was 4.69% and 4.68%, respectively. The bank qualified tax-exempt loan requires the Corporation Sole to pledge collateral in the form of property equal to the amount outstanding. The bank qualified loan requires compliance with certain financial covenants and other performance requirements. The Corporation Sole is in compliance with these requirements as of June 30, 2020 and 2019.

The Corporation Sole has entered into an interest rate swap agreement for half of the principal amount due with a fixed rate of 3.973%. The interest rate swap agreement originated in 2007 was not affected by the re-financing terms. It is identified as Swap No. 1 in Note 2 - Summary of Significant Accounting Policies. In August 2011, the Corporation Sole entered into an additional interest rate swap agreement for the remaining principal amount due with a fixed rate of 2.75%. This interest rate swap agreement identified as Swap No. 3 in Note 2 - Summary of Significant Accounting Policies, became effective July 2012.

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The debt is expected to be fully paid in June 2037. Principal payments due over the next five years and thereafter are as follows:

Fiscal year ending June 30,	
2021	\$ -
2022	-
2023	-
2024	-
2025	407,917
Thereafter	<u>21,267,083</u>
	<u>\$ 21,675,000</u>

Long-Term Note Payable

In June 2007, the Corporation Sole entered into a twenty-year note payable ("2007 Note") with a commercial financial institution in the amount of \$15,905,000. The purpose of the loan was to refinance short-term debt and to finance future capital projects. The note was refinanced in 2011 under new terms with a new commercial financial institution. The refinanced note ("2011 Note") was split into two separate notes each requiring certain collateral. As of June 30, 2020 and 2019, Note A has an outstanding balance of \$3,994,118 and \$4,458,656, respectively. Note B outstanding amounts were \$2,863,342 and \$3,247,873 as of June 30, 2020 and 2019, respectively. In 2014, both notes were extended under new terms with the same commercial financial institution ("2014 Note"), primarily changing collateral from cash and property to cash only.

The 2014 Note - Note A is secured by certain cash funds equal to the outstanding amount with a variable interest rate of LIBOR plus 92 bps. The 2014 Note - Note B is secured by certain cash funds equal to the outstanding amount with a variable interest rate of LIBOR plus 92 bps. The weighted-interest rate of the total term loans for fiscal years 2020 and 2019 was 4.69% and 5.08%, respectively.

Prior to August 2010, the Corporation Sole had entered into an interest rate swap agreement for half of the principal amount due with a fixed rate of 5.86%. As part of the refinancing arrangements, the original rate swap agreement was terminated and a new interest rate swap agreement was provided by a commercial finance institution holding the term loan. The new interest rate swap agreement continues to have the same notional schedule as the original agreement reflecting half of the outstanding amount due.

The new swap has a fixed rate of 6.144%. The current swap agreement is identified as Swap No. 2 in Note 2 -Summary of Significant Accounting Policies.

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NOTE 11 - TAX-EXEMPT AND LONG-TERM NOTES PAYABLE

The note requires compliance with certain financial covenants and other performance requirements. Central Services is in compliance with these requirements as of June 30, 2020. Principal payments due over the next five years and thereafter are as follows:

Fiscal year ending June 30,	
2021	\$ 849,068
2022	849,068
2023	849,068
2024	849,068
2025	849,068
Thereafter	<u>2,612,120</u>
	<u>\$ 6,857,460</u>

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS - TIME AND PURPOSE RESTRICTED

Net assets with donor restrictions, for purpose and/or time, as of June 30 include the following:

	2020	2019
PIE	\$ 166,900	\$ 502,042
EOM	3,985,182	6,149,804
Other Central Services initiatives	<u>1,589,496</u>	<u>708,471</u>
	<u>\$ 5,741,578</u>	<u>\$ 7,360,317</u>

NOTE 13 - CONTINGENT LIABILITIES

The Corporation Sole has entered into several gift annuities for the benefit of certain affiliated entities. The Corporation Sole has segregated assets to provide for these annuities as separate and distinct funds independent from Central Services. These funds may not be applied to payments of any debts and/or obligations of the Combined Entities.

These gift annuities require regular payments to donors reducing annuity principal balances. Upon the death of the donor, any remaining balance is given to stated Archdiocesan beneficiaries. Any regularly scheduled payments to donors that are in excess of annuity principal would be made by Central Services. As of June 30, 2020, the required balance is believed to be sufficient to cover the estimated remaining annuity payments.

NOTE 14 - RELATED PARTY TRANSACTIONS

Central Services leases office space to certain affiliated organizations. Rental income from these leases included in the combined statements of activities and changes in net assets was \$154,374 and \$152,524 for the years ended June 30, 2020 and 2019, respectively.

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Mercy Ridge, Inc., a continuing care retirement community, is a joint venture between Central Services and Mercy Health Services. There is a sponsorship agreement between Central Services and Mercy Ridge, Inc. whereby the Central Services earns an annual payment in the amount of \$2,143 per each assisted and independent living unit constructed in the project, subject to a consumer price index increase, and is contingent upon Mercy Ridge, Inc. meeting its occupancy test as defined in the Amended and Restated Sponsorship Agreement. For the years ended June 30, 2020 and 2019, the Archdiocese received sponsorship fees from Mercy Ridge, Inc. totaling \$615,843 and \$605,833, respectively. Central Services provided funds to pay expenses for the care of certain retired priests residing at Mercy Ridge, Inc. during the years ended June 30, 2020 and 2019. Total expenses paid to Mercy Ridge were \$833,009 and \$1,005,585, respectively.

Central Services was awarded \$458,130 and \$523,331 in grants to fund special projects and operations from John Carroll Foundation in the Archdiocese of Baltimore ("JCF"), a non-combined affiliate within the Archdiocese, for the years ended June 30, 2020 and 2019, respectively.

Central Services awarded grants of \$4,510,018 and \$3,705,679 to parishes and schools for the years ended June 30, 2020 and 2019, respectively. Included in the Central Services awards in fiscal years 2020 and 2019, respectively, are \$1,565,329 and \$1,546,325 in tuition assistance from Partners in Excellence, and \$1,545,036 and \$1,653,510 in tuition assistance and subsidy to Archdiocesan schools, and \$24,540 and \$143,500 in Mustard Seed Match for tuition assistance endowments within CCF. The Archbishop's Annual Appeal annual campaign awarded grants of \$5,112,346 and of \$3,908,285 to parishes, schools, and other Archdiocesan entities for the years ended June 30, 2020 and 2019, respectively. EOM recognized grants of \$(1,334,337) and \$2,928,343 for parishes, schools, and other Archdiocesan entities for the years ended June 30, 2020 and 2019, respectively. FY2020 represents adjustment to parish share accruals as unpaid pledges were removed as the campaign nears its end.

Central Services was awarded \$1,118,986 and \$1,156,756 in grants to fund specific operating areas from CCF, a non-combined affiliate within the Archdiocese, for the years ended June 30, 2020 and 2019, respectively. Additionally, Central Services recorded \$738,907 and \$751,600 in fee income to provide administrative services for CCF and awarded CCF \$0 and \$66,100 in grants for the years ended June 30, 2020 and 2019, respectively.

Central Services recorded \$239,010 and \$421,500 in fee income to provide administrative services to IPLF, a non-combined affiliate within the Archdiocese, for the years ended June 30, 2020 and 2019, respectively.

NOTE 15 - CATHOLIC COMMUNITY SCHOOL LAND, INC. - NEW MARKET TAX CREDIT

On December 31, 2019, Catholic Community School Land, Inc. ("the Land Corp.") entered into a New Market Tax Credit ("NMTC") transaction related to the construction of Mother Mary Lange School ("the School"), a kindergarten through eighth grade school located in West Baltimore City. The Land Corp. will construct and own the land and fixed assets of the School and the School will pay lease payments annually beginning in 2021 to the Land Corp. The NMTC transaction provides long term debt financing to the Land Corp. through two notes payable (Note A & Note B, respectively) issued by Harbor Community Fund XXI LLC totaling \$4,900,000. Note A totaled \$3,486,900 and matures December 1, 2054. Note A requires only interest payments until December 10, 2028, when principal payments begin. Interest expense of \$17,530 was incurred during the year ended June 30, 2020 on Note A. Note B totaled \$1,413,100 as of June 30, 2020, and matures on December 1, 2054. Note B requires only interest payments until December 10, 2028, when principal payments begin. Interest expense of \$7,104 was incurred during the year ended June 30, 2020 on Note B.

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In addition to financing through Note A and Note B, the Land Corp. received conditional grants from Mother Mary Lange Support Corporation, a related entity, totaling \$4,877,926 for the year ended June 30, 2020. The grants are contingent upon the completion and opening of the School, which is anticipated by September 2021. As of June 30, 2020, land and land improvements totaling \$2,605,961 had been acquired by the Land Corp. and construction in progress totaled \$6,633,640.

NOTE 16 - LITIGATION

The Corporation Sole is subject to various commitments and contingent liabilities, including general litigation. Various lawsuits and claims are pending against the Corporation Sole, the majority of which are subject to coverage under the Central Services' insurance programs. The Corporation Sole is also aware of potential claims, some involving alleged sexual abuse. The Corporation Sole and legal counsel cannot presently determine the merits of these potential claims and the potential for losses not covered by existing insurance until such time as additional information is made available.

NOTE 17 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 4, 2020, which is the date the combined financial statements were available to be issued.

On July 2, 2020 a letter of intent to sell the 1201 S. Caton Avenue property, subject to certain contingencies, was signed by Archbishop Lori. The Archdiocese has an asset Property value of \$238,082 currently in their financials. The expected gain of this asset will be recorded in fiscal year 2021 net of the outstanding receivables.

SUPPLEMENTARY INFORMATION

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF INSURANCE OPERATIONS

Year ended June 30, 2020

Schedule I

	General Reserve Fund*	Health Reserve Fund	Misconduct Fund	2020 Total
Premium contributions	\$ 15,775,090	\$ 45,535,808	\$ 2,101,055	\$ 63,411,953
Premium expense	6,809,408	2,810,395	-	9,619,803
Claims expense	5,670,359	33,420,710	1,619,813	40,710,882
Administrative charges	1,980,376	1,318,476	585,240	3,884,092
Other expenses	1,103,542	1,563,989	-	2,667,531
Total expenses	<u>15,563,684</u>	<u>39,113,571</u>	<u>2,205,053</u>	<u>56,882,308</u>
Net operating surplus	211,406	6,422,237	(103,998)	6,529,645
Investments:				
Return on investments, net	<u>1,835,593</u>	<u>766,206</u>	<u>250,835</u>	<u>2,852,634</u>
Net surplus	<u><u>\$ 2,046,999</u></u>	<u><u>\$ 7,188,443</u></u>	<u><u>\$ 146,837</u></u>	<u><u>\$ 9,382,279</u></u>

* Includes property and casualty, auto, worker's compensation, short-term and long-term disability, unemployment and life insurance.

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF INSURANCE OPERATIONS

Year ended June 30, 2019

Schedule I

	General Reserve Fund*	Health Reserve Fund	Misconduct Fund	2019 Total
Premium contributions	\$ 15,387,514	\$ 45,554,997	\$ 1,617,511	\$ 62,560,022
Premium expense	6,582,090	2,429,880	25,650	9,037,620
Claims expense	6,706,209	35,914,023	922,195	43,542,427
Administrative charges	2,206,595	1,317,695	692,663	4,216,953
Other expenses	1,576,533	1,345,196	-	2,921,729
Total expenses	17,071,427	41,006,794	1,640,508	59,718,729
Net operating surplus	(1,683,913)	4,548,203	(22,997)	2,841,293
Investments:				
Return on investments, net	1,894,205	604,366	223,004	2,721,575
Net surplus	\$ 210,292	\$ 5,152,569	\$ 200,007	\$ 5,562,868

* Includes property and casualty, auto, worker's compensation, short-term and long-term disability, unemployment and life insurance.

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF CENTRAL SERVICES

STATEMENTS OF FINANCIAL POSITION

As of June 30,

Schedule II

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 22,148,030	\$ 5,414,666
Investment, at fair value		
Unrestricted	20,385,479	21,243,535
Designated to support Central Service programs	20,373,758	20,506,881
Designated for insurance programs	62,377,967	60,699,237
Designated for Partners in Excellence	657,703	994,206
Investments held in perpetuity	16,958,390	17,599,669
Agency	4,091,335	11,660,581
Total cash, cash equivalents and investments	<u>146,992,662</u>	<u>138,118,775</u>
Contributions receivable, net	456,971	905,030
IPLF Loans and accounts receivable from Archdiocesan parishes, schools and entities, net	36,964,528	38,102,563
Prepaid expenses and other assets	3,963,489	3,692,660
Land, buildings and equipment, net	<u>15,674,306</u>	<u>15,877,531</u>
Total assets	<u>\$ 204,051,956</u>	<u>\$ 196,696,559</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Demand notes payable to parishes, schools and related entities	\$ 2,978,201	\$ 1,260,994
Agency investments and liabilities to related entities	8,720,967	11,960,293
Accounts payable and accrued expenses	19,234,487	15,672,461
Grants payable	-	153,185
Claims reserve	13,271,271	13,749,342
Pension and post-retirement benefit obligation	56,254,632	44,390,324
Bonds and long-term notes payable	<u>32,229,013</u>	<u>29,381,528</u>
Total liabilities	132,688,571	116,568,127
NET ASSETS		
Without donor restrictions	52,648,604	61,318,251
With donor restrictions	<u>18,714,781</u>	<u>18,810,181</u>
Total net assets	<u>71,363,385</u>	<u>80,128,432</u>
Total liabilities and net assets	<u>\$ 204,051,956</u>	<u>\$ 196,696,559</u>

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF CENTRAL SERVICES

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

Schedule III

	Department of Vicariate and Pastoral Leadership	Department of Management Services	Department of Development	Department of Human Resources	Department of Evangelization	Department of Catholic Schools	General Operations & Parish Support	Total 2020
Operating revenue:								
Cathedraticum	\$ 4,999,100	\$ 3,421,615	\$ 669,168	\$ 912,290	\$ 1,413,439	\$ 1,516,603	\$ 667,977	\$ 13,600,192
Program contributions and service fees	2,313,752	1,795,849	1,870,250	104,075	412,675	838,473	44,118	7,379,192
Annual appeal	745,000	-	-	-	562,000	25,000	815,000	2,147,000
CCF grants	156,242	2,229	-	-	46,704	154,060	774,608	1,133,843
Gifts and bequests	1,198,501	170,147	8,150	-	105,034	103,871	2,495,216	4,080,919
Other income	908,343	291,085	-	-	45,313	17,500	2,258	1,264,499
Investment income	322,925	-	-	-	24,632	7,500	998,376	1,353,433
Total operating revenue	10,643,863	5,680,925	2,547,568	1,016,365	2,609,797	2,663,007	5,797,553	30,959,078
Operating expenses:								
Salaries and benefits	4,813,457	4,396,274	1,890,938	832,647	1,665,228	1,935,449	-	15,533,993
Program and office	5,284,125	1,157,850	537,668	183,718	918,174	561,484	2,972,485	11,615,504
Professional fees and dues	300,472	121,976	112,462	-	19,170	68,224	1,366,308	1,988,612
Grants	245,809	4,825	6,500	-	7,225	97,850	4,357,374	4,719,583
Total operating expenses	10,643,863	5,680,925	2,547,568	1,016,365	2,609,797	2,663,007	8,696,167	33,857,692
Operating surplus (deficit)	-	-	-	-	-	-	(2,898,614)	(2,898,614)
Other activity:								
Bond financing project, net	-	-	-	-	-	-	(648,474)	(648,474)
Insurance program, net	-	-	-	-	-	-	9,349,464	9,349,464
Clergy on special assignment	-	-	-	-	-	-	(534,960)	(534,960)
Retired clergy medical care, net	-	-	-	-	-	-	(46,083)	(46,083)
Loss on retirement plan valuation	-	-	-	-	-	-	(11,864,308)	(11,864,308)
Realized/unrealized investment gains	-	-	-	-	-	-	139,755	139,755
Loss on SWAP agreements	-	-	-	-	-	-	(2,261,826)	(2,261,826)
Total other activity	-	-	-	-	-	-	(5,866,432)	(5,866,432)
Total surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,765,046)	\$ (8,765,046)

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF CENTRAL SERVICES

STATEMENT OF ACTIVITIES - CONTINUED

Year ended June 30, 2019

Schedule III

	Department of Vicariate and Pastoral Leadership	Department of Management Services	Department of Development	Department of Human Resources	Department of Evangelization	Department of Catholic Schools	General Operations & Parish Support	Total 2019
Operating revenue:								
Cathedraticum	\$ 5,513,731	\$ 3,417,402	\$ 1,099,699	\$ 935,774	\$ 2,006,587	\$ 1,539,922	\$ (64,396)	\$ 14,448,719
Program contributions and service fees	2,604,475	1,789,253	2,021,113	92,800	279,945	840,683	543,356	8,171,625
Annual appeal	685,000	-	-	-	552,000	25,000	715,000	1,977,000
CCF grants	161,135	2,440	-	-	45,975	155,078	734,387	1,099,015
Gifts and bequests	740,818	-	-	-	131,222	14,900	3,584,109	4,471,049
Other income	739,230	295,577	-	-	4,925	17,118	2,565	1,059,415
Investment income	392,745	-	-	-	27,267	7,500	1,252,264	1,679,776
Total operating revenue	10,837,134	5,504,672	3,120,812	1,028,574	3,047,921	2,600,201	6,767,285	32,906,599
Operating expenses:								
Salaries and benefits	5,222,749	4,437,892	2,297,771	828,761	1,732,778	1,897,492	(1,028,772)	15,388,671
Program and office	5,105,025	912,571	655,034	199,813	1,266,781	631,752	2,070,223	10,841,199
Professional fees and dues	258,761	151,879	87,057	-	41,092	63,047	1,983,342	2,585,178
Grants	250,599	2,330	80,950	-	7,270	7,910	3,705,679	4,054,738
Total operating expenses	10,837,134	5,504,672	3,120,812	1,028,574	3,047,921	2,600,201	6,730,472	32,869,786
Operating surplus (deficit)	-	-	-	-	-	-	36,813	36,813
Other activity:								
Bond financing project, net	-	-	-	-	-	-	(581,003)	(581,003)
Insurance program, net	-	-	-	-	-	-	5,131,152	5,131,152
Clergy on special assignment	-	-	-	-	-	-	(563,096)	(563,096)
Retired clergy medical care, net	-	-	-	-	-	-	(152,963)	(152,963)
Loss on retirement plan valuation	-	-	-	-	-	-	(8,424,762)	(8,424,762)
Realized/unrealized investment gains	-	-	-	-	-	-	1,182,442	1,182,442
Loss on SWAP agreements	-	-	-	-	-	-	(1,450,700)	(1,450,700)
Total other activity	-	-	-	-	-	-	(4,858,930)	(4,858,930)
Total surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,822,117)	\$ (4,822,117)

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF ARCHBISHOP'S ANNUAL APPEAL

STATEMENTS OF FINANCIAL POSITION

As of June 30,

Schedule IV

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 4,756,781	\$ 3,496,699
Pledges receivable, net of allowance of \$479,779 and \$440,231 in 2020 and 2019, respectively	<u>1,349,457</u>	<u>1,460,101</u>
Total assets	<u><u>\$ 6,106,238</u></u>	<u><u>\$ 4,956,800</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Campaign grants payable	\$ 2,173,867	\$ 1,319,018
Accounts payable and accrued liabilities	<u>2,318,461</u>	<u>2,443,992</u>
Total liabilities	4,492,328	3,763,010
 NET ASSETS		
Designated without donor restrictions	<u>1,613,909</u>	<u>1,193,790</u>
Total liabilities and net assets	<u><u>\$ 6,106,238</u></u>	<u><u>\$ 4,956,800</u></u>

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF ARCHBISHOP'S ANNUAL APPEAL

STATEMENTS OF ACTIVITIES

Years ended June 30,

Schedule V

	<u>2020</u>	<u>2019</u>
Revenues:		
Gifts and pledges	\$ 9,622,000	\$ 8,073,723
Allowance for uncollectibles	(456,520)	(440,485)
Investments, net	34,906	14,273
Total net revenue	<u>9,200,385</u>	<u>7,647,511</u>
Expenses:		
Fundraising costs and administration	<u>1,520,919</u>	<u>1,751,085</u>
Grant expenditures:		
Evangelization and Pastoral Services		
Associated Catholic Charities	1,429,700	1,195,100
Strengthening parishes and forming church leaders	2,809,646	2,923,185
Respect life ministries and programs	118,000	100,000
Chaplaincy (hospital, prison, and Apostleship of the Sea)	120,000	90,000
Care for the elderly and impaired	30,000	30,000
Hispanic ministries	80,000	80,000
Continuing education and Evangelization programs	300,000	300,000
Supporting work for the Holy Father	100,000	100,000
COVID19 Discretionary Grant	1,000,000	-
Total Liturgical and Pastoral Services	<u>5,987,346</u>	<u>4,818,285</u>
Priest Care and Clergy Services:		
Vocations	50,000	-
Sr. Priest medical care	210,000	210,000
Total Priest Care and Clergy Services	<u>260,000</u>	<u>210,000</u>
Young Adult and Youth Education Ministries:		
Tuition and school assistance	515,000	515,000
Newman Centers	352,000	352,000
O'Dwyer retreat house and Youth Ministry Support	120,000	75,000
Pride Program	25,000	25,000
Total Young Adult and Youth Education Ministries	<u>1,012,000</u>	<u>967,000</u>
Total expenses and grant expenditures	<u>8,780,266</u>	<u>7,746,370</u>
NET SURPLUS (DEFICIT)	<u>\$ 420,119</u>	<u>\$ (98,859)</u>

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF PARTNERS IN EXCELLENCE

STATEMENTS OF FINANCIAL POSITION

As of June 30,

Schedule VI

	<u>2020</u>	<u>2019</u>
Assets		
Cash and marketable securities	\$ 778,249	\$ 1,200,606
Pledges receivable, net of allowances of \$15,127 and \$71,844 in fiscal 2020 and 2019, respectively	166,900	579,456
Investments with donor restrictions	<u>598,300</u>	<u>598,300</u>
Total assets	<u><u>\$ 1,543,449</u></u>	<u><u>\$ 2,378,362</u></u>
Net assets		
Without donor restrictions	\$ 778,249	\$ 1,278,020
With donor restrictions	<u>\$ 765,200</u>	<u>\$ 1,100,342</u>
Total net assets	<u><u>\$ 1,543,449</u></u>	<u><u>\$ 2,378,362</u></u>

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

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF PARTNERS IN EXCELLENCE

STATEMENTS OF ACTIVITIES

Years ended June 30,

Schedule VII

	<u>2020</u>	<u>2019</u>
Revenues:		
Gifts and pledges	\$ 1,039,247	\$ 1,104,602
Investment income, net	17,671	26,772
Total revenues	<u>1,056,918</u>	<u>1,131,374</u>
Expenses:		
Fund raising expenditures	326,502	354,017
Adult and faith education ministries - tuition assistance	1,565,329	1,546,325
Total expenses	<u>1,891,831</u>	<u>1,900,342</u>
Net deficit	<u>\$ (834,913)</u>	<u>\$ (768,968)</u>

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF CHILD NUTRITION PROGRAM

STATEMENTS OF FINANCIAL POSITION

As of June 30,

Schedule VIII

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 27,949	\$ 118,719
Accounts receivable	12,514	21,069
Office and kitchen equipment, net	<u>21,636</u>	<u>21,374</u>
Total assets	<u>\$ 62,100</u>	<u>\$ 161,162</u>
 LIABILITIES AND NET DEFICIT		
LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 1,364,345</u>	<u>\$ 1,125,909</u>
Total liabilities	<u>1,364,345</u>	<u>1,125,909</u>
 NET DEFICIT		
Without donor restriction	<u>(1,302,245)</u>	<u>(964,747)</u>
Total liabilities and net deficit	<u>\$ 62,100</u>	<u>\$ 161,162</u>

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF CHILD NUTRITION PROGRAM

STATEMENTS OF ACTIVITIES

Years ended June 30,

Schedule IX

	<u>2020</u>	<u>2019</u>
Revenues:		
Federal reimbursements	\$ 362,499	\$ 496,957
State reimbursements	39,311	30,595
Commodities received	54,952	43,948
Food sales at schools	174,481	194,538
Other income	1,014	-
Total revenues	<u>632,255</u>	<u>766,038</u>
Expenses:		
Salaries and benefits	533,787	468,757
Food services, storage and commodities	364,042	476,456
Equipment rentals and expenses	7,637	16,398
Office supplies and miscellaneous	64,288	77,400
Total expenses	<u>969,753</u>	<u>1,039,011</u>
Net deficit	<u><u>\$ (337,498)</u></u>	<u><u>\$ (272,973)</u></u>

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF EMBRACING OUR MISSION PROGRAM

STATEMENTS OF FINANCIAL POSITION

As of June 30,

Schedule X

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 5,446,183	\$ 8,156,972
Pledges receivable, net of allowances of \$2,794,106 and \$2,551,730 in 2020 and 2019, respectively	<u>3,619,865</u>	<u>6,073,873</u>
Total assets	<u><u>\$ 9,066,048</u></u>	<u><u>\$ 14,230,845</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Campaign grants payable	\$ 3,755,651	\$ 5,067,488
Accounts payable and accrued liabilities	<u>2,742,795</u>	<u>6,136,505</u>
Total liabilities	<u>6,498,446</u>	<u>11,203,993</u>
 NET ASSETS		
With donor restrictions	<u>2,567,602</u>	<u>3,026,852</u>
Total liabilities and net assets	<u><u>\$ 9,066,048</u></u>	<u><u>\$ 14,230,845</u></u>

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF EMBRACING OUR MISSION PROGRAM

STATEMENTS OF ACTIVITIES

Years ended June 30,

Schedule XI

	2020	2019	Campaign to Date
Revenues:			
Gifts and pledges	\$ 240,755	\$ 454,376	\$ 127,677,805
Allowance for uncollectible amounts	(595,887)	(644,812)	(21,196,080)
Total net revenue	(355,133)	(190,436)	106,481,725
Expenses:			
Fundraising costs and administration	383,761	514,187	15,777,297
Grant commitments:			
Support of Catholic Charities	25,000	25,000	\$ 8,175,000
Support of Catholic Education:			
Capital improvements to schools	526,610	1,225,427	13,911,749
Academic program enhancements	10,000	5,000	3,540,845
Tuition assistance endowment	1,000,000	1,000,000	11,915,085
Direct tuition assistance	-	300,000	1,257,501
Support of Cathedrals	-	67,379	6,440,000
Support of Clergy:			
Vocations	285,000	350,000	1,315,050
Priest retirement/medical	-	96,200	6,904,751
Support of evangelization and religious education	-	800,000	3,131,378
Other	-	-	4,184,249
Parish share	(2,126,253)	(102,763)	27,361,219
Total grant commitments	(279,643)	3,766,243	88,136,827
Total expenses and support area grant commitments	104,117	4,280,430	103,914,124
CHANGES IN NET ASSETS			
(will be allocated to support areas when cash is available)	\$ (459,250)	\$ (4,470,866)	\$ 2,567,602

Note: For accounting purposes, campaign support areas associated directly with other established campaign areas such as PIE and CCF, Inc. are not included in the above. Such amounts are included within the separately reported campaigns. A summary of total campaign support goals and progress including these other campaign areas:

	Through June 30, 2020	Campaign Overall Goal
Campaign Priority Areas of Support:		
Support of Catholic Charities (includes \$350,000 in CCF, Inc.)	\$ 9,175,000	\$ 9,200,000
Support of Catholic Education:		
Tuition assistance and endowments (includes \$10,189,935 in CCF, Inc.)	22,105,020	22,200,000
Capital improvements to schools	13,911,749	14,294,200
Academic program enhancements (includes \$400,000 in CCF, Inc.)	3,948,846	4,600,000
Direct tuition assistance (includes \$2,238,109 in PIE)	4,105,793	4,105,800
Support of Clergy (Retirement Vocations) (includes \$387,310 in CCF, Inc.)	8,607,111	9,200,000
Support of Cathedrals	6,440,000	6,440,000
Support of Evangelization and Rel. Educ (includes \$25,000 in CCF, Inc.)	3,156,379	3,560,000
Local Parish Support (includes \$461,333 in CCF, Inc.)	28,047,578	18,400,000
Unallocated but expected future collections	2,567,602	-
Total Priority Areas of Campaign	\$ 102,065,078	\$ 92,000,000

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