



**CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE
OF BOSTON, INC. AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

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June 30, 2020 and 2019

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Independent Auditor's Report

To the Board of Trustees of
Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates:

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates (Massachusetts corporations, not for profit), which comprise the combined statements of financial position as of June 30, 2020 and 2019, and the related combined statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined 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 audits 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 Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates as of June 30, 2020 and 2019, and the combined 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information shown on pages 30 and 31 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such 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, including comparing and reconciling such 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 information is fairly stated in all material respects in relation to the combined financial statements as a whole.

AAFCPA, Inc.

Boston, Massachusetts
January 11, 2021

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statements of Financial Position
June 30, 2020 and 2019

Assets	2020	2019
Cash and Cash Equivalents	\$ 4,457,038	\$ 185,858
Accounts Receivable, net of allowance for doubtful accounts of approximately \$100,000 and \$87,000 at June 30, 2020 and 2019, respectively	2,743,226	3,162,088
Pledges and Bequests Receivable, net	4,913,142	2,885,584
Investments	14,722,887	14,379,914
Beneficial Interests in Perpetual Trusts	4,866,703	4,902,280
Property and Equipment, net	18,504,397	19,034,715
Other Assets	<u>310,593</u>	<u>221,482</u>
Total assets	<u><u>\$ 50,517,986</u></u>	<u><u>\$ 44,771,921</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other	\$ 3,383,698	\$ 2,740,740
Split-interest agreement liability	240,390	226,197
Mortgage and notes payable	4,684,988	2,241,104
Pension benefits liability	<u>2,970,000</u>	<u>2,429,000</u>
Total liabilities	<u>11,279,076</u>	<u>7,637,041</u>
Net Assets:		
Without donor restrictions:		
Operating:		
Working capital	5,003,042	4,048,809
Pension plan	<u>(2,970,000)</u>	<u>(2,429,000)</u>
Total operating	2,033,042	1,619,809
Property and equipment Board designated	<u>17,745,179</u>	<u>18,325,525</u>
Total without donor restrictions	20,239,187	20,389,260
With donor restrictions	<u>18,999,723</u>	<u>16,745,620</u>
Total net assets	<u>39,238,910</u>	<u>37,134,880</u>
Total liabilities and net assets	<u><u>\$ 50,517,986</u></u>	<u><u>\$ 44,771,921</u></u>

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

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support, Revenue and Gains:			
Contributions and fundraising:			
Contributions and fundraising	\$ 8,096,192	\$ 1,715,303	\$ 9,811,495
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of \$390,139)	2,129,687	2,786,274	4,915,961
Contributions from United Way organizations	924,139	55,460	979,599
Total contributions and fundraising	<u>11,150,018</u>	<u>4,557,037</u>	<u>15,707,055</u>
Program service fees, contract revenue and grants :			
Contract revenue from governmental and other agencies	19,991,148	-	19,991,148
Program service fees:			
Individuals	4,323,732	-	4,323,732
Medicaid and Medicare	968,095	-	968,095
Commercial insurance fees	109,067	-	109,067
Grants	1,146,968	-	1,146,968
Total program service fees, contract revenue, and grants	<u>26,539,010</u>	<u>-</u>	<u>26,539,010</u>
Investment return appropriated for operations	377,916	-	377,916
Investment and miscellaneous income	141,898	-	141,898
Net assets released from time restrictions	1,658,148	(1,658,148)	-
Net assets released from purpose restrictions	712,789	(712,789)	-
Subtotal	<u>2,890,751</u>	<u>(2,370,937)</u>	<u>519,814</u>
Total operating support, revenue and gains	<u>40,579,779</u>	<u>2,186,100</u>	<u>42,765,879</u>
Operating Expenses:			
Program services:			
Community social services	18,622,670	-	18,622,670
Child care services	14,468,808	-	14,468,808
Behavioral health and addiction treatment services	1,020,636	-	1,020,636
Total program services	<u>34,112,114</u>	<u>-</u>	<u>34,112,114</u>
Supporting services:			
Management and general	4,226,759	-	4,226,759
Fundraising	1,907,770	-	1,907,770
Total supporting services	<u>6,134,529</u>	<u>-</u>	<u>6,134,529</u>
Total operating expenses	<u>40,246,643</u>	<u>-</u>	<u>40,246,643</u>
Changes in net assets from operations	333,136	2,186,100	2,519,236
Non-Operating Revenue (Expenses):			
Endowment contributions	-	317,044	317,044
Contributions for long-term purposes - capital	165,952	-	165,952
Investment earnings	243,695	(96,272)	147,423
Change in fair value of beneficial interests in perpetual trusts	-	(35,577)	(35,577)
Investment return appropriated for operations	(260,724)	(117,192)	(377,916)
Pension related changes other than net periodic pension cost	(632,132)	-	(632,132)
Changes in net assets	(150,073)	2,254,103	2,104,030
Net Assets:			
Beginning of year	<u>20,389,260</u>	<u>16,745,620</u>	<u>37,134,880</u>
End of year	<u>\$ 20,239,187</u>	<u>\$ 18,999,723</u>	<u>\$ 39,238,910</u>

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

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support, Revenue and Gains:			
Contributions and fundraising:			
Contributions and fundraising	\$ 5,643,969	\$ 1,728,753	\$ 7,372,722
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of \$390,139)	1,729,010	1,099,740	2,828,750
Contributions from United Way organizations	746,946	-	746,946
Total contributions and fundraising	<u>8,119,925</u>	<u>2,828,493</u>	<u>10,948,418</u>
Program service fees, contract revenue and grants :			
Contract revenue from governmental and other agencies	18,830,761	-	18,830,761
Program service fees:			
Individuals	5,756,136	-	5,756,136
Medicaid and Medicare	983,165	-	983,165
Commercial insurance fees	142,938	-	142,938
Grants	808,302	-	808,302
Total program service fees, contract revenue, and grants	<u>26,521,302</u>	<u>-</u>	<u>26,521,302</u>
Investment return appropriated for operations	354,888	-	354,888
Investment and miscellaneous income	181,747	-	181,747
Net assets released from time restrictions	1,007,199	(1,007,199)	-
Net assets released from purpose restrictions	993,662	(993,662)	-
Subtotal	<u>2,537,496</u>	<u>(2,000,861)</u>	<u>536,635</u>
Total operating support, revenue and gains	<u>37,178,723</u>	<u>827,632</u>	<u>38,006,355</u>
Operating Expenses:			
Program services:			
Community social services	16,553,351	-	16,553,351
Child care services	14,496,843	-	14,496,843
Behavioral health and addiction treatment services	1,280,215	-	1,280,215
Total program services	<u>32,330,409</u>	<u>-</u>	<u>32,330,409</u>
Supporting services:			
Management and general	3,795,237	-	3,795,237
Fundraising	2,059,271	-	2,059,271
Total supporting services	<u>5,854,508</u>	<u>-</u>	<u>5,854,508</u>
Total operating expenses	<u>38,184,917</u>	<u>-</u>	<u>38,184,917</u>
Changes in net assets from operations	(1,006,194)	827,632	(178,562)
Non-Operating Revenue (Expenses):			
Endowment contributions	-	2,244,375	2,244,375
Contributions for long-term purposes - capital	12,500	-	12,500
Investment earnings	492,699	434,945	927,644
Change in fair value of beneficial interests in perpetual trusts	-	(26,082)	(26,082)
Investment return appropriated for operations	(223,368)	(131,520)	(354,888)
Pension related changes other than net periodic pension cost	(772,132)	-	(772,132)
Gain on sale of property and equipment	18,124	-	18,124
Changes in net assets	<u>(1,478,371)</u>	<u>3,349,350</u>	<u>1,870,979</u>
Net Assets:			
Beginning of year	<u>21,867,631</u>	<u>13,396,270</u>	<u>35,263,901</u>
End of year	<u>\$ 20,389,260</u>	<u>\$ 16,745,620</u>	<u>\$ 37,134,880</u>

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 2,104,030	\$ 1,870,979
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,218,466	1,214,458
Net change in pension benefits liability	541,000	681,000
Net realized and unrealized (gain) loss on investments	391,249	(176,380)
Bad debt	112,156	42,294
Change in fair value of beneficial interests in perpetual trusts	35,577	26,082
Discount on pledges and bequests receivable	29,739	55,342
Gain on sale of property and equipment	-	(18,124)
Allowance for doubtful accounts - pledges	(29,739)	155,793
Contributions for long-term purposes - capital	(165,952)	(12,500)
Endowment contributions	(317,044)	(2,244,375)
Changes in operating assets and liabilities:		
Accounts receivable	306,706	(653,980)
Pledges and bequests receivable	(2,352,933)	(523,867)
Other assets	(89,111)	(15,244)
Accounts payable, accrued expenses and other	573,815	(86,481)
	<u>2,357,959</u>	<u>314,997</u>
Cash Flows from Investing Activities:		
Purchases of investments	(4,254,388)	(876,082)
Proceeds from sale of investments	4,176,777	990,150
Proceeds from sale of property and equipment	-	18,124
Purchase of property and equipment	(619,004)	(514,876)
	<u>(696,615)</u>	<u>(382,684)</u>
Cash Flows from Financing Activities:		
Payment on note payable - line of credit, net	(1,602,781)	(111,828)
Principal payments on mortgage payable	(19,115)	(12,420)
Proceeds from note payable	4,065,780	-
Proceeds from contributions for long-term purposes - capital	165,952	12,500
	<u>2,609,836</u>	<u>(111,748)</u>
Net Change in Cash and Cash Equivalents	4,271,180	(179,435)
Cash and Cash Equivalents:		
Beginning of year	<u>185,858</u>	<u>365,293</u>
End of year	<u>\$ 4,457,038</u>	<u>\$ 185,858</u>
Supplemental Disclosure of Cash and Non-Cash Investing and Financing Activities:		
Cash paid for interest	<u>\$ 89,712</u>	<u>\$ 116,449</u>
Property and equipment included in accounts payable	<u>\$ 140,010</u>	<u>\$ 70,867</u>
Construction in process placed in service	<u>\$ 37,304</u>	<u>\$ 247,179</u>
Investments held by others - purchases	<u>\$ 642,418</u>	<u>\$ 714,875</u>

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

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statement of Functional Expenses

For the Year Ended June 30, 2020

(With Summarized Comparative Totals for the Year Ended June 30, 2019)

	2020						2019		
	Program Services			Supporting Services			Total Expenses	Total Expenses	
	Community Social Services	Child Care Services	Behavioral Health and Addiction Treatment Services	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Expenses:									
Personnel and related costs	\$ 10,605,353	\$ 6,818,680	\$ 638,430	\$ 18,062,463	\$ 3,059,936	\$ 1,012,306	\$ 4,072,242	\$ 22,134,705	\$ 21,456,670
Family child care providers	-	5,017,925	-	5,017,925	-	-	-	5,017,925	4,634,852
Other expenses	882,692	914,806	116,985	1,914,483	440,987	726,179	1,167,166	3,081,649	2,926,145
In-kind	2,640,972	5,944	-	2,646,916	20,651	46,500	67,151	2,714,067	2,155,897
Occupancy	1,242,612	662,426	42,378	1,947,416	159,288	20,282	179,570	2,126,986	2,103,502
Depreciation	605,786	416,830	50,533	1,073,149	124,107	21,210	145,317	1,218,466	1,214,458
Professional services	258,509	160,851	167,201	586,561	378,751	69,872	448,623	1,035,184	1,033,929
Supplies	498,977	471,346	5,109	975,432	43,039	11,421	54,460	1,029,892	1,153,601
Interpreter fees	972,692	-	-	972,692	-	-	-	972,692	1,142,918
Client assistance	915,077	-	-	915,077	-	-	-	915,077	362,945
Total expenses	\$ 18,622,670	\$ 14,468,808	\$ 1,020,636	\$ 34,112,114	\$ 4,226,759	\$ 1,907,770	\$ 6,134,529	\$ 40,246,643	\$ 38,184,917

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

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services			Supporting Services			Total Expenses	
	Community Social Services	Child Care Services	Behavioral Health and Addiction Treatment Services	Total Program Services	Management and General	Fundraising		Total Supporting Services
Expenses:								
Personnel and related costs	\$ 9,662,102	\$ 7,126,961	\$ 868,071	\$ 17,657,134	\$ 2,596,240	\$ 1,203,296	\$ 3,799,536	\$ 21,456,670
Family child care providers	-	4,634,852	-	4,634,852	-	-	-	4,634,852
Other expenses	766,764	946,426	114,995	1,828,185	421,399	676,561	1,097,960	2,926,145
In-kind	2,083,337	11,290	-	2,094,627	20,650	40,620	61,270	2,155,897
Occupancy	1,205,639	635,123	88,180	1,928,942	153,506	21,054	174,560	2,103,502
Depreciation	624,148	393,137	45,395	1,062,680	129,965	21,813	151,778	1,214,458
Professional services	201,007	141,615	159,056	501,678	446,215	86,036	532,251	1,033,929
Supplies	504,491	607,439	4,518	1,116,448	27,262	9,891	37,153	1,153,601
Interpreter fees	1,142,918	-	-	1,142,918	-	-	-	1,142,918
Client assistance	362,945	-	-	362,945	-	-	-	362,945
Total expenses	\$ 16,553,351	\$ 14,496,843	\$ 1,280,215	\$ 32,330,409	\$ 3,795,237	\$ 2,059,271	\$ 5,854,508	\$ 38,184,917

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

1. OPERATIONS AND NONPROFIT STATUS

Operations

The Catholic Charitable Bureau of the Archdiocese of Boston, Inc. and Affiliates (collectively, the Organization) is an affiliate of Catholic Social Services, Inc. (CSS), its sole corporate member. CSS is a not-for-profit corporation under the auspices of the Roman Catholic Archdiocese of Boston (RCAB). The following is a summary of entities which are included in the Organization's combined financial statements:

Catholic Charitable Bureau of the Archdiocese of Boston, Inc. (the Agency), a Massachusetts not-for-profit corporation under the auspices of the RCAB, provides emergency response and basic needs, family and youth services, refugee and immigrant services and workforce development programs.

West Broadway Community Development Corporation, Inc. (WBCDC) is a not-for-profit corporation that was organized during fiscal year 2001 for the purpose of owning real estate for the Organization's Shaughnessy Family Center at Labour. WBCDC commenced operations in October 2002.

Columbia Road Community Development Corporation, Inc. (CRCDC) is a not-for-profit corporation that was organized during fiscal year 2005 for the purpose of owning real estate for the Organization's Yawkey Center. CRCDC commenced operations in July 2004.

The Organization has historically relied on financial support from donors and related parties (see Note 10). The accompanying combined financial statements have been prepared assuming such support will continue in the future (see Note 14).

Nonprofit Status

The Agency is listed within *The Official Catholic Directory*. As such, the Agency derives its Internal Revenue Code (IRC) Section 501(c)(3) tax-exempt status from the group tax-exemption of the Roman Catholic Church. WBCDC and CRCDC have previously been determined by the Internal Revenue Service (IRS) to be organizations described in IRC Section 501(c)(2) and, therefore, are exempt from taxation under IRC Section 501(a). WBCDC and CRCDC are not private foundations due to their recognition by the IRS as organizations described in IRC Section 501(c)(2). Although the Agency is exempt from income taxes, certain rental income are considered unrelated business income and are subject to taxes under the IRC and Massachusetts General Law at applicable corporate rates. Unrelated business income for these activities for the years ended June 30, 2020 and 2019, was nominal.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization prepares its combined financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Principles of Combination

The combined financial statements include the accounts of the Agency and its controlled affiliates. Significant intercompany accounts and transactions among the combined organizations have been eliminated in preparing the combined financial statements.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards

During fiscal year 2020, the Organization adopted FASB's 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*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Organization adopted ASU 2018-08 using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the fiscal year 2019 combined financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019.

The Organization also adopted FASB's ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also includes expanded disclosure requirements that result in an entity providing users of the combined financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Organization's program service fees, including child care fees, clinic service revenue, interpreter services fees, legal services, Certified Nursing Assistant (CNA) class fees, and ticket sales related to special events are recognized in accordance with Topic 606. The Organization adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of July 1, 2019. Results for the reporting period beginning after July 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Organization's historic accounting under Topic 605. This adoption did not have an impact on the Organization's revenues for the fiscal year ended June 30, 2020.

Combined Statements of Activities and Changes in Net Assets

The combined statements of activities and changes in net assets present operating revenues and expenses from program activities as changes in net assets from operations. Gains from the sale of property and equipment, endowment contributions, all investment returns in excess of the earnings used for operations under the spending policy, amounts recorded in connection with the defined benefit pension plan (see Note 7), changes in the fair value of beneficial interests in perpetual trusts and contributions for long term purposes - capital are included as non-operating revenue (expenses) in the accompanying combined statements of activities and changes in net assets.

Use of Estimates

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

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

Operating - working capital net assets - represent funds available to carry on the operations of the Organization which bear no external restrictions.

Operating - pension plan net assets - represent pension plan activity in accordance with ASC Topic, *Compensation - Retirement Benefits* (see Note 7).

Property and equipment net assets - reflect and account for the activities relating to the Organization's property and equipment, net of related debt.

Board designated net assets - represent amounts set aside by the Board of Trustees that may only be used with the approval of the Board of Trustees. Board designated net assets are restricted for future capital expenditures.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those net assets whose use by the Organization has been limited by donors for a specific period or purpose. There are certain net assets with donor restrictions that have been restricted by donors to be maintained by the Organization in perpetuity (see Notes 12 and 13).

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Cash and Cash Equivalents

The Organization considers all highly liquid securities purchased with initial maturities of three months or less, other than investments limited as to use, to be cash. Highly liquid securities are considered Level 1 in the fair value hierarchy. Cash and cash equivalents include the unspent portion of Paycheck Protection Program (PPP) loan proceeds (see Note 6).

Investments

Investments are recorded in the combined financial statements at fair value. If a security is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year.

A summary of inputs used in valuing the Organization's investments as of June 30, 2020 and 2019, is included in Note 3.

Investments - Common Investment Fund (CIF) (see Note 3) represent the Organization's unit holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the Common Investment Fund), a separate related organization established to provide a common investment pool in which the Organization and other related organizations may participate. The Common Investment Fund invests nearly all of its funds in the RCAB Collective Investment Partnership (the Investment Partnership); the underlying investments of which are primarily equity and fixed-income securities (U.S. Government and agency securities, asset-backed securities and corporate bonds) owned either directly or indirectly through mutual funds and private investment entities.

The fair value of the Investment Partnership's investments in actively traded domestic securities is determined by State Street Corporation. Securities listed on a securities exchange for which market quotations are readily available are valued at the last sales price or official closing price on each business day, or, if there is no such reported sale or official closing price, at the most recent quoted bid price. Securities which are primarily traded on foreign exchanges are generally valued at the preceding closing values of such securities on their respective exchanges and those values are then translated into U.S. dollars at the current exchange rate. Investments in traded foreign securities are valued by State Street Corporation at the mean between bid and asked prices. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by State Street Corporation from principal market makers in those securities or at fair value as determined in good faith by management.

Investment holdings of private investment entities that are not actively traded are valued by the managers of these entities at the net asset value per share. In accordance with such guidance, the Investment Partnership has the ability to measure the fair value of an investment in an investee based on the investee's net asset value per share or its equivalent.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Beneficial Interests in Perpetual Trusts

The Organization is a beneficiary of certain trusts that have been established by donors with funds contributed to be held in perpetuity. Under provisions of the trusts, the Organization receives, annually, income on the trusts' assets, as stipulated by the donor, which can be utilized in any way that is consistent with the Organization's mission. Distributions are recorded as investment income included in investment and miscellaneous income without donor restrictions in the combined statements of activities and changes in net assets. Changes in market value, as determined using Level 1 (fair value of trust assets) and Level 3 (the Organization's beneficial interest percentage) inputs, are recorded as increases or decreases to net assets with donor restrictions in the accompanying combined statements of activities and changes in net assets.

Split-Interest Agreement Liability

The Organization has gift annuities totaling \$420,000 at June 30, 2020 and 2019, that were given to the Organization on the condition that the Organization bind itself to make periodic stipulated payments to the donor. Payments terminate upon death of the donor. A liability for split-interest obligations is recorded when the split-interest agreement is established at the estimated net present value of future cash flows using a risk-adjusted discount rate commensurate with the duration of the estimated payments. The present value of the liability was \$240,390 and \$226,197 as of June 30, 2020 and 2019, respectively. The inputs used to estimate the fair value are considered Level 3 in the fair value hierarchy.

All Other Assets and Liabilities

The carrying value of all other qualifying assets and liabilities, including notes payable, does not differ materially from its estimated fair value. These qualifying assets and liabilities are considered Level 1 in the fair value hierarchy.

Accounts Receivable and Allowance for Doubtful Accounts

Included in accounts receivable are contract service and individual receivables (see page 17) which are recorded at the invoiced amount, do not bear interest and are due on demand. The allowance for doubtful accounts is based on management's best estimate of the amount of probable losses in accounts receivable. The allowance is based on specific identification of probable losses and an estimate of additional losses based on historical write-off experience. Management reviews the allowance for doubtful accounts monthly. Past due balances over 120 days and over a specified amount are reviewed individually for collectability.

Included in accounts receivable is patient service receivable (see page 17) which are stated at the amount of consideration to which the Organization expects to be entitled in exchange for providing patient care. The Organization records any implicit price concessions based upon management's experience and other circumstances, which may affect the ability of patients or third-party payors to meet their obligations. Receivables are considered impaired if full payment is not received in accordance with the contractual terms. Account receivable balances are charged off against the allowance when it is probable the receivable will not be recovered.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges and Bequests Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at fair value at the date the promise is received and included in pledges and bequests receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows net of an allowance for uncollectable amounts. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received.

Investment Return and Spending Policy

The Organization has approved a formal spending policy in which up to 5% of the average investment portfolio's market value, excluding specific amounts with donor restrictions, using a rolling quarterly average for the preceding three years, ending March 31st, is applied to operations (see Notes 3 and 13).

Investment income from net assets without donor restrictions and investment income from beneficial interests in perpetual trusts are reported as revenue without donor restrictions. Restricted investment income and gains (losses) on investments held in perpetuity are reported as increases (decreases) in net assets with donor restrictions, unless donor-restricted in perpetuity (change in fair value of beneficial interests in perpetual trusts), in which case they are recorded as increases (decreases) in net assets with donor restrictions in perpetual nature. Net gains on net assets with donor restrictions are classified as net assets with donor restrictions until appropriated under the spending policy by the Board of Trustees and expended. Investment interest and gains (losses) on investments of net assets with donor restrictions are reported as increases (decreases) in net assets with donor restrictions. Investment earnings without donor restrictions used for operations in accordance with the spending policy are reflected as operating income and as a decrease in non-operating revenue (expenses).

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

Property and Equipment

Property and equipment are stated at cost. Maintenance, repairs and minor renewals are expensed as incurred, and major renewals and renovations over the Organization's capitalization policy of \$2,000 are capitalized. When an asset is retired or disposed of, the related cost and accumulated depreciation or amortization are removed from the accounts and any gain or loss on the disposition is reflected in non-operating revenue (expenses) in the accompanying combined statements of activities and changes in net assets.

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment losses recorded during the years ended June 30, 2020 and 2019. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less the anticipated cost to sell.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

Depreciation is calculated by use of the straight-line method. Building and improvements, and equipment are depreciated over the useful lives of the assets; leasehold improvements and leased property under capital leases are depreciated over the terms of the leases or the useful lives of the assets, if shorter. Land is not depreciated. Estimated useful lives are as follows:

Buildings and improvements	20 - 40 years
Equipment	3 - 10 years
Vehicles	5 - 7 years
Leasehold improvements	Life of the lease

Expense Allocation

Expenses related directly to a program or function are distributed to that program or function, while other expenses are allocated based upon management's estimate of the percentage attributable to each program or function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated on the basis of estimates of time and effort; occupancy and depreciation, which are allocated on a square footage basis; and supplies and information technology costs, included in other expense, which are allocated based on usage studies conducted annually.

Revenue Recognition

Revenue from Contracts with Customers – Topic 606

Child Care Fees

Child care parent fees and private tuition are recognized as services are provided. The performance obligations of delivering child care services are simultaneously received and consumed by the recipients; therefore, the revenue is recognized over time as child care services are provided. Child care parent fees and private tuition are included in program service fees from individuals on the combined statements of activities and changes in net assets.

Certified Nursing Assistant Class Fees

Certified Nursing Assistant (CNA) class fees are derived from the Organization's performance to provide courses in which revenues are recognized over time based on the duration of the course. CNA class fees are included in program service fees from individuals on the combined statements of activities and changes in net assets.

Interpreter Service Fees

Interpreter services fees are recognized as services are provided. The performance obligations of interpretation services are simultaneously received and consumed by the recipients; therefore, the revenue is recognized as services are provided and are included in program service fees from individuals on the combined statements of activities and changes in net assets.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenue from Contracts with Customers – Topic 606 (Continued)

Clinical Services Revenue

Revenue from clinical and counseling services is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from individuals, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills individuals and third-party payors several days after the services are performed. Revenue is recognized as the Organization satisfies performance obligations under its contracts with clients. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care.

Performance obligations are determined based on the nature of the services provided by the Organization and consists of outpatient behavioral health and other specialty services. Outpatient services are generally provided at a point in time (date of service) and revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to patients and the Organization does not believe it is required to provide additional goods or services related to that date of service.

The Organization determines the transaction price based on standard charges for goods and services provided (fee schedule), reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's sliding fee policy, or implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience within a given class of patients or payors.

The Organization has elected the practical expedient allowed under Topic 606 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payor pays for that service will be one year or less.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected primarily by differences among payors (for example, Medicare, MassHealth or commercial insurances have different reimbursement payment and adjudication methodologies).

Agreements with third-party payors provide for payments at amounts less than established charges. A summary of the payment arrangements with significant third-party payors for various types of program service fees is as follows:

- **Medicaid (MassHealth)** - Reimbursements for MassHealth services are generally paid at prospectively determined rates per occasion of service, or per covered member. MassHealth accounted for approximately \$873,000 and \$867,000 (which is 90% and 88% of total program service fees relating to Medicaid and Medicare) for the years ended June 30, 2020 and 2019, respectively.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Clinical Services Revenue (Continued)

- **Medicare** - Services are paid based on cost-reimbursement methodologies subject to certain limits. Throughout the year, the Organization is reimbursed based upon prospectively determined rates for services provided. Medicare accounted for approximately \$95,000 and \$116,000 (which is 10% and 12% of total program service fees relating to Medicaid and Medicare) for the years ended June 30, 2020 and 2019, respectively.
- **Commercial Insurance and Other** - Payment agreements with certain commercial insurance carriers and health maintenance organizations provide for payment using prospectively determined rates and discounts from established charges.

Any provider of third-party services, including the Organization, could be subject to audits by various government sources, MassHealth, Medicare, and commercial insurers. There is no reason to believe that any such audit might lead to adjustments to revenue of any material impact.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected primarily by differences among payors (for example, MassHealth, Medicare, or other commercial insurances) as each has a different reimbursement, payment, and adjudication methodology.

Disaggregation of Accounts Receivable

The Organization's accounts receivable are recognized under Topics 606 and 958. The following table presents a disaggregation of accounts receivable, by type, for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Contract service receivables – Topic 958	\$ 2,430,556	\$ 2,599,790
Patient service receivables – Topic 606	284,244	347,559
Individual receivables – Topic 606	<u>128,426</u>	<u>302,031</u>
	2,843,226	3,249,380
Less - allowance for doubtful accounts	<u>100,000</u>	<u>87,292</u>
Total	<u>\$ 2,743,226</u>	<u>\$ 3,162,088</u>

Disaggregation of Program Service Fees - Individuals

The Organization's program service fees revenue from individuals is considered point in time and over time revenue, under Topic 606. The following table presents a disaggregation of revenue, by type, for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Child care fees – over time	\$ 2,331,730	\$ 3,268,506
Interpreter service fees – point in time	1,721,602	2,032,909
CNA class fees – over time	155,193	291,658
Other – point in time	<u>115,207</u>	<u>163,063</u>
Total	<u>\$ 4,323,732</u>	<u>\$ 5,756,136</u>

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions Received and Contributions Made – Topic 958

Contributions, Contract Revenue and Grants

The Organization's primary sources of revenue are from various Commonwealth of Massachusetts agencies (see Note 11). Amounts received under contracts with various government agencies have been recorded in accordance with ASU Subtopic 958-605 (see below). These contracts totaled \$21,138,116 and \$19,639,063 for the years ended June 30, 2020 and 2019, respectively, and are considered nonreciprocal transactions because the general public receives the benefit as a result of the assets transferred. These conditional contributions are recognized as services are provided or as costs are incurred.

Contributions, contract revenue and grants are recorded as revenue when received or unconditionally committed. Contributions with donor restrictions are recorded as net assets with donor restrictions when unconditionally received or pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists (see Note 9). Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

A portion of the Organization's revenue is derived from unit-rate and cost-reimbursable Federal and State contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditure in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as conditional grant liabilities in the combined statements of financial position.

Legacies and Bequests

The Organization is occasionally named as the beneficiary under various wills and trust agreements; the total realizable amounts of which are not presently determinable. Such bequests are recorded when there is an irrevocable right to the bequest and the proceeds are determinable. These amounts were without donor restrictions and are included in contributions and fundraising in the accompanying combined statements of activities and changes in net assets. Total bequests received or committed were \$903,085 and \$593,931 for the years ended June 30, 2020 and 2019, respectively.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special Events

Special events revenue, included in contributions and fundraising in the accompanying combined statements of activities and changes in net assets, is from the Organization's ability to host fundraising events. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received in accordance with Topic 958. Special events are considered donor restricted if the proceeds of the event are restricted for specific purposes or time periods at the time of the event. The sales portion of the special event income is recognized in accordance with Topic 606 and is derived from various components, including ticket sales from the Organization's Spring Celebration event and other fundraising events held in which the transaction price is determined annually. Registration fees for these events are set by the Organization and have not been allocated as the events are each considered to be separate performance obligations. Fees collected in advance of the special events are initially recorded as deferred revenue (contract liabilities) and are only recognized in the combined statements of activities and changes in net assets after the special event has occurred and the performance obligations have been met. There was no deferred revenue as of June 30, 2020 and 2019, as fees were collected and the events were held in the same period.

Donated Materials and Services

Donated materials and services are reflected as contributions and fundraising revenue and as assets or expenses at the date of receipt in amounts equal to their estimated fair values. Contributions and expenses in the amount of \$390,139 for the years ended June 30, 2020 and 2019, have been recorded for the use of office or other building space donated by RCAB and other parties. These amounts are based on the fair rental value of similar space in the respective areas.

In addition, other donated materials and services totaling \$2,323,928 and \$1,765,758 for the years ended June 30, 2020 and 2019, respectively, were received from individuals and organizations and are included in contributions and fundraising in the accompanying combined statements of activities and changes in net assets.

The Organization receives services of volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying combined financial statements since the value assigned to these services by the donating volunteers is not ascertainable and does not meet the criteria recognition of *Accounting for Contributions Received and Contributions Made* standard.

Advertising Costs

The Organization expenses advertising costs as incurred. Total advertising costs were \$111,249 and \$12,767 for the years ended June 30, 2020 and 2019, respectively, and are included in other expenses in the accompanying combined statements of functional expenses.

Subsequent Events

Subsequent events have been evaluated through January 11, 2021, which is the date the combined financial statements were available to be issued. There were events that met the criteria for recognition or disclosure in the combined financial statements as described in Notes 6 and 8.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at June 30, 2020 and 2019. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

3. INVESTMENTS

The Organization's unit holdings in the Common Investment Fund (CIF) do not have quoted prices in active markets or significant other observable inputs that have quoted market prices, although the Organization can redeem its investments at the net asset value per share at June 30, 2020 and 2019. In accordance with ASC Subtopic 820-10, *Fair Value Measurements*, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying combined statements of financial position (see Note 2). The Organization estimates the fair value of its unit holdings in the CIF, based on the Organization's share of the underlying investment portfolio that consists of actively-traded equities, bonds, private investment entities, mutual funds, and money market funds.

Investments were composed of the following as of June 30:

	2020			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 37,470	\$ -	\$ -	\$ 37,470
Common stock	44,407	-	-	44,407
Mutual funds - equity investments:				
Large cap blend	2,214,083	-	-	2,214,083
Large cap growth	2,056,542	-	-	2,056,542
Large cap value	1,649,416	-	-	1,649,416
Other	745,591	-	-	745,591
Total mutual funds - equity investments	6,665,632	-	-	6,665,632
Mutual funds - fixed income:				
Long-term bonds	1,831,718			1,831,718
High yield bonds	1,239,163	-	-	1,239,163
Intermediate term bonds	1,081,193	-	-	1,081,193
Other	964,012	-	-	964,012
Total mutual funds - fixed income	5,116,086	-	-	5,116,086
Investments - CIF*				2,859,292
Total	\$ 11,863,595	\$ -	\$ -	\$ 14,722,887

* Investments - CIF include \$420,000 of assets pertaining to gift annuities.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

3. INVESTMENTS (Continued)

Investments were composed of the following as of June 30:

	2019			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 237,055	\$ -	\$ -	\$ 237,055
Common stock	44,407	-	-	44,407
Mutual funds - equity investments:				
Large cap value	2,703,688	-	-	2,703,688
Large cap blend	2,361,292	-	-	2,361,292
Large cap growth	952,000	-	-	952,000
Other	835,022	-	-	835,022
Total mutual funds - equity investments	<u>6,852,002</u>	<u>-</u>	<u>-</u>	<u>6,852,002</u>
Mutual funds - fixed income:				
Intermediate term bonds	2,057,488	-	-	2,057,488
Long-term bonds	1,677,584	-	-	1,677,584
High yield bonds	1,272,005	-	-	1,272,005
Total mutual funds - fixed income	<u>5,007,077</u>	<u>-</u>	<u>-</u>	<u>5,007,077</u>
Investments - CIF*				<u>2,239,373</u>
Total	<u>\$ 12,140,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,379,914</u>

* Investments - CIF include \$420,000 of assets pertaining to gift annuities.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2020	2019
Land	\$ 306,887	\$ 306,887
Buildings and improvements	29,374,103	29,102,480
Equipment	6,391,985	6,311,951
Vehicles	431,732	358,376
Leasehold improvements	<u>1,651,555</u>	<u>1,641,400</u>
	38,156,262	37,721,094
Construction in process	271,435	37,303
Less - accumulated depreciation	<u>(19,923,300)</u>	<u>(18,723,682)</u>
	<u>\$ 18,504,397</u>	<u>\$ 19,034,715</u>

Construction in process as of June 30, 2020 and 2019, represents primarily the cost of information technology infrastructure and equipment upgrades. Property and equipment with a net book value of approximately \$160,000 as of June 30, 2020, have been acquired with funds received from the Commonwealth of Massachusetts (the Commonwealth). The Commonwealth maintains a reversionary interest in these assets.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

5. PLEDGES AND BEQUESTS RECEIVABLE

Pledges and bequests receivable, net were as follows at June 30:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 1,561,900	\$ 905,217
Due in one to seven years	<u>3,581,525</u>	<u>2,210,650</u>
	5,143,425	3,115,867
Less - allowance for doubtful accounts	126,054	155,793
Less - discount to present value of future cash flows and allowance	<u>104,229</u>	<u>74,490</u>
	<u>\$ 4,913,142</u>	<u>\$ 2,885,584</u>

A discount rate of 1.8%, representing the Organization's risk-free rate, was used to discount multi-year pledges and bequests receivable at June 30, 2020 and 2019.

6. MORTGAGE AND NOTES PAYABLE

During fiscal year 2019, the Organization renegotiated and increased the line of credit available from \$3,000,000 to \$4,000,000, and the note was extended to December 31, 2020. There was no balance outstanding on the line of credit at June 30, 2020. Subsequent to year-end, the note was extended to March 31, 2021. There was \$1,602,781 outstanding on the line of credit at June 30, 2019. Collateral for the line of credit includes \$2,900,000 of marketable securities included on the Organization's investment portfolio. The interest rate on the line of credit was the prime rate (3.25% and 5.50% as of June 30, 2020 and 2019, respectively), or the thirty-day London Interbank Offered Rate (LIBOR) (0.16% and 2.40% as of June 30, 2020 and 2019, respectively), plus 175 basis points, at the Organization's election. The amendment to the line of credit agreement signed during fiscal year 2019 increased the basis points in the interest rate calculation from 170 to 175.

The Organization has elected to calculate and accrue interest based on the thirty-day LIBOR rate, plus 175 basis points. The line of credit agreement places limitations on additional indebtedness, disposal of assets, and mergers, and specifies that certain financial covenants must be maintained. The Organization was in compliance with the financial and non-financial covenants as of June 30, 2020 and 2019.

On September 29, 2015, the Organization entered into a ten-year commercial mortgage note for \$600,000 for the renovation of a child care facility in Lynn, Massachusetts (the Child Care Facility). The loan accrues interest at 5.4% per annum and requires monthly payments of \$3,677 through September 29, 2025, with a final balloon payment of \$452,086 due on the maturity date. This loan is secured by a first mortgage on the Child Care Facility. As of June 30, 2020 and 2019, the balance of this note was \$539,009 and \$554,132, respectively.

The Organization has a note payable to a third party with a 0% interest rate. The total balance of this note payable as of June 30, 2020 and 2019, was \$73,546. This note payable is secured by a first mortgage on a property in Lowell, Massachusetts and matures on June 25, 2036.

During fiscal year 2019, the Organization entered into note payable to enhance and update certain building equipment. The note is payable over twenty-four months at a 0% interest rate with a public utility company. Payments on the note began in fiscal 2020. As of June 30, 2020 and 2019, the outstanding balance was \$6,653 and \$10,645, respectively.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

6. MORTGAGE AND NOTES PAYABLE (Continued)

During fiscal 2020, the Organization applied for and was awarded a forgivable loan of \$4,065,780 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds are being used to pay certain payroll costs, including benefits as well as rent and utilities during a twenty-four week period (the covered period) as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred for a period of ten months from the end of the covered period, when the note, plus interest, will be due in equal monthly payments through April 17, 2022. There are no covenants with which to comply and the note is not secured by any collateral as of June 30, 2020. There was no accrued interest on the note payable as of June 30, 2020, as it would be immaterial to the overall combined financial statements.

As of June 30, 2020, the Organization has not submitted the application for forgiveness. However, the Organization anticipated the note payable will be forgiven in full.

Aggregate maturities of mortgage and notes payable, excluding the PPP loan, over the next five years ended June 30 are as follows:

2021	\$ 20,305
2022	\$ 17,154
2023	\$ 16,711
2024	\$ 17,577
2025	\$ 18,636

Interest expense was \$86,639 and \$115,523 for the years ended June 30, 2020 and 2019, respectively, and is included in other expenses in the accompanying combined statements of functional expenses.

7. RETIREMENT BENEFITS

Defined Benefit Plan

Prior to January 1, 2006, the Organization provided retirement benefits for substantially all employees through participation in a non-contributory, multi-employer, defined benefit pension plan administered by the Trustees of the Roman Catholic Archdiocese of Boston Pension Trust (the RCAB Plan). Effective December 31, 2005, the Organization froze its benefits and participation in the RCAB Plan.

The Trustees of the RCAB Plan provide an actuarial valuation of the present value of the accumulated plan benefits as of the end of each RCAB Plan year. The valuations indicate cumulative estimated funding deficits of \$2,970,000 and \$2,429,000 as of June 30, 2020 and 2019, respectively, and the Organization has recorded a liability equal to these amounts. The Organization renegotiated the freeze agreement during fiscal year 2012 with the Trustees of the RCAB Plan and is making payments into the RCAB Plan in accordance with terms of the agreement. The annual payments are intended to extinguish the unfunded liability of the RCAB Plan no later than the date the final payment is due, September 1, 2025.

Payment amounts are fixed per the agreement and were subject to change as of June 30, 2020. As of June 30, 2020, the RCAB Plan's actuary provided an updated unfunded liability calculation and re-amortized the remaining required payments through September 1, 2025. The actuarial valuation as of June 30, 2020, and re-amortization as required by the renegotiated freeze agreement requires a payment of \$700,073 annually beginning in fiscal year 2022 through fiscal 2026. If the unfunded liability should ever become zero or reflect a surplus, then the Organization's required payments to the RCAB Plan would be suspended.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

7. RETIREMENT BENEFITS (Continued)

During fiscal years 2020 and 2019, the Organization offered lump-sum distributions to certain vested participants as defined in the agreement. Amounts paid to those who opted to accept the lump-sum are included in benefits paid.

Obligations, funded status and other information are as follows at June 30:

	<u>2020</u>	<u>2019</u>
Funded Status:		
Fair value of plan assets	\$ 12,989,000	\$ 14,172,000
Projected benefit obligation	<u>(15,959,000)</u>	<u>(16,601,000)</u>
Pension benefit liability	<u>\$ (2,970,000)</u>	<u>\$ (2,429,000)</u>
Other Disclosures:		
Employer contributions	<u>\$ 91,000</u>	<u>\$ 91,000</u>
Benefits paid	<u>\$ 1,382,000</u>	<u>\$ 1,435,000</u>
Funded status	<u>81%</u>	<u>85%</u>

The following assumptions were used to determine benefit obligations as of June 30, 2020 and 2019:

Weighted average discount rate	6.5%
Expected return on plan assets	6.5%

Future Plan Benefit Payments

The approximate benefits and employer contributions expected to be paid in the future are as follows:

	<u>Benefits</u>	<u>Employer Contributions</u>
2021	\$ 1,452,000	\$ 91,000
2022	\$ 1,439,000	\$ 700,073
2023	\$ 1,391,000	\$ 700,073
2024	\$ 1,373,000	\$ 700,073
2025	\$ 1,377,000	\$ 700,073
2026 - 2030	\$ 6,632,000	\$ 700,073

The following table discloses the funded status of the frozen RCAB Plan as a whole as of June 30, 2020, for all participant organizations in the RCAB Plan as of the date of the last actuarial valuation:

Actuarial present value of accumulated plan benefits	\$ 162,633,137
Fair value of Plan Assets	\$ 137,550,805
Total contributions in 2020	\$ 6,225,817
Funded status of the RCAB Pension Plan	85%

The risks of participating in a multi-employer plan are different from a single-employer plan because assets contributed to the plan by one employer may be used to provide benefits to employees of other participating organizations. If a participant employer suspended contributions to the plan, the unfunded obligations could be required to be borne by the remaining participant employers in the plan.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

7. RETIREMENT BENEFITS (Continued)

Defined Contribution Plan

Effective January 1, 2006, the Organization began providing retirement benefits for substantially all employees through a 403(b) defined contribution plan, (the 403(b) Plan). For employees who participated in the Defined Benefit Plan, the Organization contributes between 3% and 8% of eligible annual employees' compensation to the 403(b) Plan based on the employee's age and years of service as of the date of the freeze of the Defined Benefit Plan. For all other employees, employer contributions are 3% of eligible employees' compensation. The 403(b) Plan also allows additional discretionary matching contributions of up to 2% of employees' compensation by the Organization. These additional matching contributions were suspended for fiscal years 2020 and 2019. All contributions made by the Organization vest over a period of three years. The Organization's benefit expense for the 403(b) Plan totaled \$469,945 and \$504,760 for the years ended June 30, 2020 and 2019, respectively, and is included in personnel and related costs in the accompanying combined statements of functional expenses.

8. LEASES

The Organization rents certain office and program space from outside parties and the RCAB under operating lease agreements expiring at various dates through June 2026. Rent expense for all offices was \$923,000 and \$896,466 for the years ended June 30, 2020 and 2019, respectively, and in-kind rent totaled \$390,139 for the years then ended (see Notes 2 and 10). These amounts are included in occupancy in the accompanying combined statements of functional expenses.

The Organization leases certain office equipment and vehicles from outside parties under operating lease agreements expiring at various dates through December 2025. Lease expense for all equipment and vehicles was \$136,394 and \$139,032 for the years ended June 30, 2020 and 2019, respectively, and is included in other expenses in the accompanying combined statements of functional expenses.

Future minimum lease payments under non-cancelable facility and equipment and vehicle leases consist of the following at June 30, 2020:

<u>Year Ending June 30,</u>	<u>Facility</u>	<u>Equipment and Vehicles</u>
2021	\$ 340,494	\$ 102,936
2022	277,613	102,936
2023	259,523	102,936
2024	224,740	102,936
2025	226,740	52,169
Thereafter	<u>178,370</u>	<u>-</u>
Total minimum lease payments	<u>\$ 1,507,480</u>	<u>\$ 463,913</u>

Effective August 31, 2020, the Organization vacated rental space at one of its child care centers. Payments due prior to the expiration of this lease are reflected as future minimum facility lease payments in the above table.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

9. CONTINGENCIES

In conducting its activities, the Organization, from time-to-time, is the subject of various litigation and other potential claims. In management's opinion, the ultimate resolution of such matters will not have a material effect on the combined statements of financial position or combined statements of activities and changes in net assets as of and for the years ended June 30, 2020 and 2019.

Community Economic Development Assistance Corporation (CEDAC) Grant

The Organization received an Early Education and Out of School Time Capital Fund grant agreement for \$750,000 from CEDAC in September 2015 to pay for the construction costs associated with the renovation of its Massachusetts Department of Early Education and Care funded child care facility. The grant was recorded as income in 2016. Under the terms of the agreement, the Organization must operate the property as a child care facility with 25% of child care slots reserved for low-income families for twenty-five years and four months commencing on September 29, 2015. Failure to meet this requirement will result in a liability to CEDAC. As of June 30, 2020, the Organization believes the remaining restriction will be met.

Conditional Grants

During fiscal year 2020, the Organization received multiple contracts with various government agencies through fiscal year 2022 under unit-rate and cost reimbursable service contracts. Cost reimbursable contract commitments are considered conditional under ASC Topic 958, as the Organization must incur qualified costs to meet performance requirements prior to recognizing revenue. Total contracts committed, but not recognized, as of June 30, 2020, summarized by programs are as follows:

Unit rate	\$ 7,324,985
Cost-reimbursable	\$ 205,499
Other	\$ 195,118

COVID-19

During fiscal year 2020, COVID-19 was recognized as a global pandemic. The impact of COVID-19 on the Organization's future operations and the demand for its products/services will depend upon, among other things, the duration, spread and intensity of the pandemic, related government responses such as required physical distancing, restrictions on business operations and travel, the pace of recovery of economic activity, and the impact to consumers, all of which are uncertain and impossible to predict. The financial impact to the Organization, if any, cannot be reasonably estimated at this time.

10. RELATED PARTIES

As discussed in Note 1, the Organization is organized under the auspices of RCAB. Certain transactions between the Organization and RCAB are described elsewhere in these notes to the combined financial statements. In addition, the Organization has the following transactions with RCAB:

The Organization received contributions through RCAB to support operations. These contributions totaled \$405,776 and \$428,239 for the years ended June 30, 2020 and 2019, respectively. The contributions included \$316,956 and \$363,056 from Archdiocesan parish collections for the years ended June 30, 2020 and 2019, respectively.

RCAB donated office and building space with a fair rental value of \$390,139 for the years ended June 30, 2020 and 2019 (see Notes 1 and 8).

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

10. RELATED PARTIES (Continued)

The Organization purchases all of its insurance policies (directors' and officers' liability, general liability, automobile, fire and theft, and workers' compensation) through RCAB from various insurance carriers with annual costs totaling \$447,889 and \$369,459 for the years ended June 30, 2020 and 2019, respectively.

During fiscal years 2020 and 2019, the Organization received contributions and recorded pledges received through participation in the quiet phase of the Inspiring Hope Campaign, an RCAB capital campaign designed to raise significant funding for endowments, programs and capital needs to benefit virtually every institution in the Archdiocese. Contributions for operations totaled \$1,736,256 in 2020 and \$1,022,540 in 2019; gifts received for endowment totaled \$317,044 and \$2,244,375 in 2020 and 2019, respectively. Pledges secured through the campaign of \$4,046,838 and \$4,442,309 were received or secured during fiscal years 2020 and 2019, respectively. The endowment funds raised will be managed by the Catholic Community Foundation (CCF), another agency organized under RCAB, and invested as part of the Common Investment Fund (see Note 3). A memorandum of understanding was negotiated with RCAB outlining responsibilities of each party as part of this campaign.

The Organization's Chief Executive Officer (CEO) and President is also a voting member of the Board of Trustees. Compensation is paid only for the role as CEO and President.

11. CONCENTRATIONS

The Organization derives a significant amount of its support and revenue without donor restrictions (approximately 49% and 51% for the years ended June 30, 2020 and 2019, respectively) from contracts negotiated with various agencies of the Commonwealth of Massachusetts (the "Commonwealth") and other governmental agencies. Therefore, the Organization is subject to the regulations and rate formulas of the Massachusetts Division of Purchased Services and other state agencies. These contracts are generally renewable on an annual basis, and there is no assurance that such contracts will be renewed in the future.

Accounts receivable include approximately 87% and 78% due from Federal and state agencies as of June 30, 2020 and 2019, respectively.

Certain amounts from Federal and state agencies are subject to possible audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined financial position of the Organization as of June 30, 2020 and 2019, or on its combined changes in net assets for the years then ended.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of donor-restricted gifts and contributions and investment return appropriated on restricted funds and are summarized as follows at June 30:

	<u>2020</u>	<u>2019</u>
Endowment assets to be held in perpetuity; the income from which is expendable for purposes designated by the donor (see Note 13)	\$ 6,394,253	\$ 6,077,209
Beneficial interests in perpetual trusts	4,866,703	4,902,280
Program services	3,782,563	1,850,752
Time restricted	3,022,270	2,953,319
Accumulated unspent investment return with donor restrictions	<u>933,934</u>	<u>962,060</u>
Total	<u>\$ 18,999,723</u>	<u>\$ 16,745,620</u>

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

12. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During the years ended June 30, 2020 and 2019, the fair value of the beneficial interest in perpetual trusts changed by \$(35,577) and \$(26,082), respectively.

13. ENDOWMENT

Interpretation of Relevant Law and Spending Policy

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requiring the preservation of the original value of the gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original gift value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as donor restricted net assets (purpose restricted) until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources.
- (7) The investment policies of the Organization.

Earnings on investments are appropriated using a total return spending policy. Investment income or loss is allocated to operating and non-operating activities under this policy. To preserve the investments' long-term value, up to five percent of the investment portfolio's average market value for the preceding three years, (twelve fiscal quarters), can be used to support operating activities. For the years ended June 30, 2020 and 2019, the Organization budgeted 5% spending amounting to \$377,916 and \$354,888, respectively, to operations, excluding a specific investment vehicle with donor restrictions. The total spending policy and appropriation for fiscal years 2020 and 2019 of \$377,916 and \$354,888, respectively, is included in operating support, revenue and gains in the accompanying combined statements of activities and changes in net assets. The remaining investment income earned on the investment portfolio is included in non-operating revenue (expenses).

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

13. ENDOWMENT (Continued)

Return Objectives and Risk Parameters

The primary financial objectives of the Investment Portfolio are to provide a stream of relatively predictable, stable, and constant earnings in support of annual budgetary needs, to preserve and enhance the real, inflation adjusted, purchasing power of endowment assets, and to provide support for capital investment needs as they arise. To satisfy these objectives, the portfolio is managed to the total return concept, which envisions the sources of spending as being from interest, dividends, and capital gains. The investment portfolio is managed to provide for the long-term support of the Organization. To achieve its long-term investment objective, the portfolio should be invested primarily in equities, and will include asset classes to hedge against deflation and inflation. The purpose of diversification is to provide reasonable assurance that no manager, class of securities, or individual holding will have a disproportionate impact on the aggregate investment return. The asset allocation is to reflect the proper balance of the Organization's need for liquidity, preservation of purchasing power, and risk tolerance.

Strategies Employed for Achieving Objectives

Specific asset allocation targets and acceptable range of the percentage of portfolio investment by asset class have been defined in the Investment Policies and Procedures. The Organization targets an asset allocation strategy wherein assets are diversified among several asset classes. The investments are to be diversified by manager, by assets class, and within asset class (by economic sector, industry, quality, and size). Additionally, returns are to be measured against specified indexes as benchmarks. The purpose of the equity allocation is to provide a stream of current income and appreciation of principal that more than offsets inflation. The purpose of the fixed income allocation is to provide a steady stream of income relative to an all-equity fund and to provide a hedge against deflation. The Board Finance/Investment Committee shall review the asset allocation and rebalancing policy annually.

The following schedule summarizes the changes in the Organization's donor-restricted endowment:

Endowment net assets, June 30, 2018	\$ 4,709,191
Investment return	217,223
Appropriations to operations:	
Investment return appropriated for operations under the spending policy	(131,520)
Contributions	<u>2,244,375</u>
Endowment net assets, June 30, 2019	7,039,269
Investment return	89,066
Appropriations to operations:	
Investment return appropriated for operations under the spending policy	(117,192)
Contributions	<u>317,044</u>
Endowment net assets, June 30, 2020	<u>\$ 7,328,187</u>

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2020 and 2019

14. OPERATIONS, LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the combined statements of financial position date for general operating expenses as of June 30, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,457,038	\$ 185,858
Accounts receivable	2,743,226	3,162,088
Current portion of pledges receivable	1,117,775	577,225
Estimated fiscal year 2021 distribution from beneficial interest in perpetual trusts	309,000	315,000
Investments budgeted to be utilized during fiscal year 2021	<u>500,096</u>	<u>603,916</u>
Total financial assets	9,127,135	4,844,087
Less - assets with donor restrictions not expected to be utilized during fiscal year 2021	<u>(49,320)</u>	<u>(148,858)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,077,815</u>	<u>\$ 4,695,229</u>

For the years ended June 30, 2020 and 2019, the Organization had operating results without donor restrictions of \$333,136 and \$(1,006,194), respectively, including depreciation expense totaling \$1,218,466 and \$1,214,458 for the years ended June 30, 2020 and 2019, respectively. During fiscal years 2020 and 2019, the Organization reduced the annual operating deficit through strategic initiatives focused on enhancing revenues and program and expense management. Operating working capital net assets without donor restrictions increased from \$4,048,809 to \$5,003,042 from June 30, 2019 to June 30, 2020, with significant increases in contributions and pledges. Endowment resources for the future also increased from commitments through the Inspiring Hope Capital Campaign (see Note 10).

The Organization relies on a diverse stream of government contractual revenues, contributions from donors, third-party payments, and individual payments related to Childcare, Interpreter services, and Behavioral Health services. The Organization receives contributions with donor restrictions that require resources to be used in a particular manner or in a future period, therefore, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year. The Organization also has certain donor restricted assets limited to use which are available for general expenditures within one year in the normal course of operations.

In response to the current environment, in fiscal 2021, the Organization plans to continue to focus on key programs to care for those most impacted by the global health crisis through support from donors, partners, volunteers, and the community-at-large and will continue to proactively manage results.

The Organization adapted and modified its overall operations in response to the global health crisis and has remained operational throughout COVID-19. As previously noted, as the pandemic wears on, the financial impact to the Organization, if any, cannot be reasonably estimated at this time. However, the Organization has available to it a \$4,000,000 unused line of credit (see Note 6) and funds provided through the PPP (see Note 6) to support its ongoing operations.

15. RECLASSIFICATIONS

Certain amounts in the fiscal year 2019 combined financial statements have been reclassified to conform with the fiscal year 2020 presentation.

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combining Statement of Financial Position
June 30, 2020

Assets	The Agency	WBCDC	CRCDC	Eliminations	Combined Total
Cash and Cash Equivalents	\$ 4,457,038	\$ -	\$ -	\$ -	\$ 4,457,038
Accounts Receivable, net of allowance for doubtful accounts of \$100,000	2,743,226	-	-	-	2,743,226
Due from Affiliates	6,932,530	-	-	(6,932,530)	-
Pledges and Bequests Receivable, net	4,913,142	-	-	-	4,913,142
Investments	14,722,887	-	-	-	14,722,887
Beneficial Interests in Perpetual Trusts	4,866,703	-	-	-	4,866,703
Property and Equipment, net	8,280,588	4,657,404	5,566,405	-	18,504,397
Other Assets	310,593	-	-	-	310,593
Total assets	\$ 47,226,707	\$ 4,657,404	\$ 5,566,405	\$ (6,932,530)	\$ 50,517,986
Liabilities and Net Assets					
Liabilities:					
Accounts payable, accrued expenses and other	\$ 3,383,698	\$ -	\$ -	\$ -	\$ 3,383,698
Split-interest agreement liability	240,390	-	-	-	240,390
Due to Catholic Charitable Bureau of the Archdiocese of Boston, Inc.	-	1,162,460	5,770,070	(6,932,530)	-
Mortgage and notes payable	4,684,988	-	-	-	4,684,988
Pension benefits liability	2,970,000	-	-	-	2,970,000
Total liabilities	11,279,076	1,162,460	5,770,070	(6,932,530)	11,279,076
Net Assets:					
Without donor restrictions:					
Operating:					
Working capital	5,003,042	-	-	-	5,003,042
Pension plan	(2,970,000)	-	-	-	(2,970,000)
Total operating	2,033,042	-	-	-	2,033,042
Property and equipment	14,453,900	3,494,944	(203,665)	-	17,745,179
Board designated	460,966	-	-	-	460,966
Total without donor restrictions	16,947,908	3,494,944	(203,665)	-	20,239,187
With donor restrictions	18,999,723	-	-	-	18,999,723
Total net assets	35,947,631	3,494,944	(203,665)	-	39,238,910
Total liabilities and net assets	\$ 47,226,707	\$ 4,657,404	\$ 5,566,405	\$ (6,932,530)	\$ 50,517,986

CATHOLIC CHARITABLE BUREAU OF THE ARCHDIOCESE OF BOSTON, INC. AND AFFILIATES

Combining Statement of Activities
For the Year Ended June 30, 2020

	The Agency		WBCDC	CRCDC	Eliminations	Combined Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
Operating Support, Revenue and Gains:						
Contributions and fundraising:						
Contributions and fundraising	\$ 8,096,192	\$ 1,715,303	\$ -	\$ -	\$ -	\$ 9,811,495
Contributions from the Roman Catholic Archdiocese of Boston (including in-kind contributions of \$390,139)	2,129,687	2,786,274	-	-	-	4,915,961
Contributions from United Way organizations	924,139	55,460	-	-	-	979,599
Total contributions and fundraising	<u>11,150,018</u>	<u>4,557,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,707,055</u>
Program service fees, contract revenue and grants :						
Contract revenue from governmental and other agencies	19,991,148	-	-	-	-	19,991,148
Program service fees:						
Individuals	4,323,732	-	-	-	-	4,323,732
Medicaid and Medicare	968,095	-	-	-	-	968,095
Commercial insurance fees	109,067	-	-	-	-	109,067
Grants	1,146,968	-	-	-	-	1,146,968
Total program service fees, contract revenue, and grants	<u>26,539,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,539,010</u>
Investment return appropriated for operations	377,916	-	-	-	-	377,916
Investment and miscellaneous income	141,898	-	209,844	221,604	(431,448)	141,898
Net assets released from time restrictions	1,658,148	(1,658,148)	-	-	-	-
Net assets released from purpose restrictions	712,789	(712,789)	-	-	-	-
Subtotal	<u>2,890,751</u>	<u>(2,370,937)</u>	<u>209,844</u>	<u>221,604</u>	<u>(431,448)</u>	<u>519,814</u>
Total operating support, revenue and gains	<u>40,579,779</u>	<u>2,186,100</u>	<u>209,844</u>	<u>221,604</u>	<u>(431,448)</u>	<u>42,765,879</u>
Operating Expenses:						
Program services:						
Community social services	18,622,670	-	104,247	128,401	(232,648)	18,622,670
Child care services	14,468,808	-	41,735	69,442	(111,177)	14,468,808
Behavioral health and addiction treatment services	1,020,636	-	4,890	-	(4,890)	1,020,636
Total program services	<u>34,112,114</u>	<u>-</u>	<u>150,872</u>	<u>197,843</u>	<u>(348,715)</u>	<u>34,112,114</u>
Supporting services:						
Management and general	4,226,759	-	55,659	16,912	(72,571)	4,226,759
Fundraising	1,907,770	-	3,313	6,849	(10,162)	1,907,770
Total supporting services	<u>6,134,529</u>	<u>-</u>	<u>58,972</u>	<u>23,761</u>	<u>(82,733)</u>	<u>6,134,529</u>
Total operating expenses	<u>40,246,643</u>	<u>-</u>	<u>209,844</u>	<u>221,604</u>	<u>(431,448)</u>	<u>40,246,643</u>
Changes in net assets from operations	333,136	2,186,100	-	-	-	2,519,236
Non-Operating Revenue (Expenses):						
Endowment contributions	-	317,044	-	-	-	317,044
Contributions for long-term purposes - capital	165,952	-	-	-	-	165,952
Investment earnings	243,695	(96,272)	-	-	-	147,423
Change in fair value of beneficial interests in perpetual trusts	-	(35,577)	-	-	-	(35,577)
Investment return appropriated for operations	(260,724)	(117,192)	-	-	-	(377,916)
Pension related changes other than net periodic pension cost	(632,132)	-	-	-	-	(632,132)
Changes in net assets	<u>\$ (150,073)</u>	<u>\$ 2,254,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,104,030</u>