Catholic Charities, Diocese of Brooklyn and Related Agencies

Consolidated Financial Statements
Year Ended June 30, 2020

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Contents

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Independent Auditor's Report

The Board of Directors
Catholic Charities, Diocese of Brooklyn
Brooklyn, New York

We have audited the accompanying consolidated financial statements of Catholic Charities, Diocese of Brooklyn and Related Agencies (the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Charities, Diocese of Brooklyn and Related Agencies as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

January 15, 2021

Catholic Charities, Diocese of Brooklyn and Related Agencies

Consolidated Statement of Financial Position

June 30, 2020		
Assets		
Current		
Cash and cash equivalents	$	80,090,122
Cash held in escrow for construction		2,809,385
Investments		54,510,136
Accounts receivable, net		22,342,445
Miscellaneous current assets		265,446
Prepaid expenses		6,635,078
Due from affiliated agencies, net		270,876
Amounts held for others		25,692
Total Current Assets		166,949,180
Amounts Held by Others		1,115,457
Tenant Security Deposits		828,413
Restricted Deposits and Funded Reserves		53,501,481
Beneficial Interest in Charitable Trust		4,306,136
Developer Fee Receivable, Net		1,781,043
Intangible Assets, Net		525,982
Other Assets		293,954
Fixed Assets, Net		310,995,381
Total Assets	$	540,297,027
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$	18,686,266
Construction advance		2,809,385
Other liabilities		903,316
Amounts held for others		380,215
Annuities payable		357,436
Program advances		7,553,687
Program liabilities		4,437,892
Accrued interest - long-term debt, current portion		1,245,321
Long-term debt, current portion		18,191,644
Total Current Liabilities		54,565,162
Other Long-Term Liabilities		71,500,532
Due to Affiliated Agencies		12,727,793
Developer Fees Payable		2,287,240
Tenant Security Deposits		828,413
Accrued Interest - Long-Term Debt, net of current portion		2,091,124
Long-Term Debt, net of current portion and unamortized debt issuance costs		267,264,733
Total Liabilities		411,264,997
Commitments and Contingencies		
Net Assets		
Without donor restrictions:		
Without donor restrictions		53,835,057
Non-controlling interest in limited partnerships		60,363,560
Total Net Assets Without Donor Restrictions		114,198,617
With donor restrictions		14,833,413
Total Net Assets		129,032,030
Total Liabilities and Net Assets	$	540,297,027

See accompanying notes to consolidated financial statements.

Catholic Charities, Diocese of Brooklyn and Related Agencies

Consolidated Statement of Activities

Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support:			
Contributions, grants and bequests	$ 11,241,724	$ 9,148,870	$ 20,390,594
Contributed goods, services, and rent	4,281,089	-	4,281,089
Special events, net of direct expenses of $88,975	64,976	-	64,976
Net assets released from restrictions	5,911,574	(5,911,574)	-
Total Support	21,499,363	3,237,296	24,736,659
Affiliate support:			
Subsidy for programs	903,760	-	903,760
Total Affiliate Support	903,760	-	903,760
Revenue:			
Service fees from governmental agencies	79,324,069	-	79,324,069
Service fees from third-party reimbursement	19,764,598	-	19,764,598
Service fees from other sources	1,382,184	-	1,382,184
Net residence service revenue	23,856,210	-	23,856,210
Rental revenue	50,654,212	-	50,654,212
Investment income (loss), net	(1,705,234)	51,375	(1,653,859)
Unrealized gain on investments	838,422	-	838,422
Other revenue, gains, and losses, net	12,965,653	-	12,965,653
Total Revenue	187,080,114	51,375	187,131,489
Total Support and Revenue	209,483,237	3,288,671	212,771,908
Expenses			
Program services:			
Family Stabilization	19,968,388	-	19,968,388
Early Childhood Services	25,047,224	-	25,047,224
Senior Services	19,822,000	-	19,822,000
Housing	17,352,925	-	17,352,925
Clinic, Recovery and Rehabilitation Services	15,255,934	-	15,255,934
Care Coordination and Case Management	5,837,396	-	5,837,396
Office of Community Programming	558,459	-	558,459
Comprehensive Human Resources	4,310,809	-	4,310,809
Aging Programs	247,934	-	247,934
Pastoral care of sick and prison ministries	68,878	-	68,878
Other community programs	551,664	-	551,664
Program expenses for low-income housing	51,070,214	-	51,070,214
Long-term care services	20,183,051	-	20,183,051
Total Program Services	180,274,876	-	180,274,876
Support services:			
General and administration	28,420,874	-	28,420,874
Fundraising	1,370,255	-	1,370,255
Total Support Services	29,791,129	-	29,791,129
Total Expenses	210,066,005	-	210,066,005
Change in Net Assets, before allocation to non-controlling interest	(582,768)	3,288,671	2,705,903
Change in Net Assets Attributable to Non-Controlling Interest	(6,084,224)	-	(6,084,224)
Change in Net Assets Attributable to Controlling Interest	$ 5,501,456	$ 3,288,671	$ 8,790,127

See accompanying notes to consolidated financial statements.

Catholic Charities, Diocese of Brooklyn and Related Agencies

Consolidated Statement of Changes in Net Assets

	Net Assets Without Donor Restrictions			Net Assets with Donor Restrictions	Total Net Assets
	Controlling	Non-Controlling	Total		
Balance, June 30, 2019	$ 51,990,300	$ 66,611,657	$ 118,601,957	$ 11,544,742	$ 130,146,699
Distributions	(16)	(163,873)	(163,889)	-	(163,889)
Pension related charges other than net periodic pension costs	(3,656,683)	-	(3,656,683)	-	(3,656,683)
Change in net assets	5,501,456	(6,084,224)	(582,768)	3,288,671	2,705,903
Balance, June 30, 2020	$ 53,835,057	$ 60,363,560	$ 114,198,617	$ 14,833,413	$ 129,032,030

See accompanying notes to consolidated financial statements.

Catholic Charities, Diocese of Brooklyn and Related Agencies

Consolidated Statement of Cash Flows

Year ended June 30, 2020		
Cash Flows from Operating Activities		
Change in net assets	$	(950,780)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		14,887,207
Interest expense related to amortization of debt issuance costs		226,725
Interest expense accrued for long-term debt		4,997,463
Change in provision for doubtful accounts		47,962
Net realized and unrealized gains on investments		(1,502,169)
Change in accumulated benefit obligation		3,656,683
Change in assets and liabilities:		
Accounts receivable		(987,763)
Miscellaneous current assets and other assets		3,457,812
Prepaid expenses		(766,264)
Due from (to) affiliated agencies, net		(70,111)
Amounts held for others, net		364,717
Amounts held by others		(2,479)
Tenant security deposits, net		1,038
Beneficial interest in charitable trust		(64,889)
Intangible assets		264,753
Accounts payable and accrued expenses		900,585
Contruction advance		(166,455)
Other liabilities		(3,600,848)
Annuities payable		(12,165)
Program advances		2,010,528
Program liabilities		360,572
Other long-term liabilities		4,344,874
Developer fees payable		(379,557)
Net Cash Provided by Operating Activities		27,017,439
Cash Flows from Investing Activities:		
Purchases of investments		(48,975,946)
Proceeds from sale of investments		46,054,036
Purchases of fixed assets		(23,331,619)
Net Cash Used in Investing Activities		(26,253,529)
Cash Flows from Financing Activities:		
Proceeds from long-term debt		86,167,387
Principal payments on long-term debt		(23,089,983)
Payments accrued interest - long-term debt		(4,848,556)
Distributions paid to partners (controlling interest)		(16)
Distributions to partners (noncontrolling interest)		(163,873)
Net Cash Provided by Financing Activities		58,064,959
Net Increase in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents		58,828,869
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, beginning of year		77,572,119
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, end of year	$	136,400,988
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$	6,027,430
Non-cash changes in fixed assets and deferred revenue		15,061,597

See accompanying notes to consolidated financial statements.

1. Organization

Catholic Charities, Diocese of Brooklyn (Catholic Charities) is a not-for-profit corporation that provides a variety of social services throughout the boroughs of Brooklyn and Queens. Catholic Charities is the sole corporate member of the following organizations:

- Catholic Charities Neighborhood Services (CCNS) is a not-for-profit corporation that provides a variety of social services throughout the boroughs of Brooklyn and Queens. CCNS has experienced decreases in net assets for several years and has an accumulated net deficit at June 30, 2020. CCNS has received internal grants and capital loans from Catholic Charities through June 30, 2020 and is economically dependent on Catholic Charities for financial support. Catholic Charities has committed to CCNS that it will provide financial support to CCNS sufficient for it to satisfy its obligations as they come due until December 31, 2021 and will satisfy, on a timely basis, all liabilities and obligations of CCNS that CCNS is unable to satisfy when due, through and including December 31, 2021.
- Progress of Peoples Management Corporation (POP Management) is a not-for-profit organization that was organized for the purpose of providing management and operational services for low-income housing projects located in the boroughs of Brooklyn and Queens. POP Management derives most of its revenue from fees earned for services provided to affiliated low-income housing projects.
- Catholic Charities Progress of Peoples Development Corporation (POP Development) is a not-for-profit organization whose primary function is to sponsor, arrange, and provide affordable housing to low-, moderate-, or middle-income residents, including the elderly. All properties are located in Brooklyn and Queens. POP Development wholly owns or controls the sole stockholder of 22 for-profit entities, collectively referred to as “General Partner Corporations.” The General Partner Corporations have a minority interest in 22 limited partnerships. POP Development also controls 17 Not-for-Profit Housing Affiliates and 18 For-Profit Housing Affiliates (the Housing Affiliates). Support for POP Development comes primarily from developer fees.
- Pierrepont Charitable Fund (PCF) is a not-for-profit organization whose primary purpose is to assist in the support and funding of the activities of Catholic Charities.
- J. Jerome Reddy Foundation, Inc. (the Foundation) assists Catholic Charities in the fulfillment of its mission to the poor, dependent, handicapped, aged, families, and children in Brooklyn and Queens by leasing its property to senior citizen centers for various social activities, including meal programs.
- Saints Joachim & Anne Nursing and Rehabilitation Center (the Center) is a not-for-profit voluntary nursing home located in Brooklyn, New York. The Center is a skilled nursing facility with a 200-bed capacity. The Center’s primary source of revenue is from Medicaid and Medicare patients.

The General Partner Corporations are comprised of the following:

General Partner Corporation	State Incorporated	Date Formed	Invested in General Partner Interest of For-Profit Housing Entity
55 Pierrepont Apartments Corp.	New York	August 22, 2011	55 Pierrepont LLC
Bedford-St. John's Associates, Inc.	New York	August 2, 2001	715 St. John's Place, LP
Bishop Boardman Apartments, Inc.	New York	May 17, 2005	Bishop Boardman Senior Apartments, LP
Bishop Mugavero Apartments, Inc.	New York	May 17, 2005	Bishop Francis J. Mugavero Senior Apartments, LP
Caring Supported Housing Managing Member Corporation (Managing Member)	New York	August 13, 2013	Caring Supported Housing LLC
Caring Supported Housing Development Fund Corporation (Managing Member)	New York	October 17, 2013	Caring Supported Housing LLC
Holy Spirit Apartments, Inc.	New York	May 17, 2005	Holy Spirit Senior Apartments, LP
Howard Beach Housing Corporation	New York	August 19, 2011	Howard Beach Apartments LLC
Jefferson Melrose Associates, Inc.	New York	August 25, 2003	Wilson Avenue, LP
Mary Star of the Sea Apartments, Inc.	New York	May 17, 2005	Mary Star of the Sea Senior Apartments, LP
Msgr. Burke Apartments, Inc.	New York	May 17, 2005	Msgr. Edward Burke Senior Apartments, LP
Msgr. John O'Brien Apartments, Inc.	New York	May 17, 2005	Msgr. John O'Brien Senior Apartments, LP
Msgr. Thomas Campbell Apartments, Inc.	New York	May 17, 2005	Msgr. Thomas Campbell Senior Apartments, LP
O.L. Loreto Housing Corp. (Managing Member)	New York	October 25, 2010	Loreto Preservation LLC
O.L. Loreto Housing Development Fund Corporation (Managing Member)	New York	November 30, 2010	Loreto Preservation LLC
Pope John Paul II Apartments, Inc.	New York	May 17, 2005	Pope John Paul II Senior Apartments, LP
Sr. Lucian Apartments, Inc.	New York	May 17, 2005	Sr. Lucian Senior Apartments, LP
St. Brendan's Apartments, Inc.	New York	May 17, 2005	St. Brendan's Senior Apartments, LP
Taaffe/Kent Associates, Inc.	New York	March 20, 1998	918 Kent Avenue, LP
Willoughby Classon Apartments, Inc.	New York	December 1, 1990	Classon Avenue Housing Associates, LP
Sheridan II MM Corporation	New York	March 26, 2019	Sheridan II LLC
Loreto II MM Corporation	New York	March 26, 2019	Loreto II LLC

The Not-for-Profit Housing Affiliates, whose primary purpose is affordable housing, comprise the following:

Entity Name	State Incorporated	Date Formed/ Acquired	Multi-Family Residential Housing Property	Program
101-105 South 8th Street Housing and Development Financial Corporation (HDFC)	New York	June 24, 2008	25 units located in Brooklyn, New York	Low-Income Housing Preservation and Resident Home Ownership Act (LIHPRA)
176 South 8th Street HDFC	New York	June 24, 2008	30 units located in Brooklyn, New York	LIHPRA
72 Lewis Avenue Apartments HDFC	New York	January 28, 2008	36 units located in Brooklyn, New York	LIHPRA
Bellerose HDFC	New York	July 27, 1989	50 units located in Brooklyn, New York	Section 202 of the National Housing Act
Caring Communities Associates HDFC	New York	April 19, 1993	N/A	N/A
Casa Betsaida HDFC	New York	June 1, 2002	27 units located in Brooklyn, New York	N/A
Catherine Sheridan HDFC	New York	April 18, 2002	240 units located in Queens, New York	Section 207 pursuant to Section 223(f) of the National Housing Act
David Minkin HDFC	New York	September 15, 1995	100 units located in Brooklyn, New York	Section 202 of the National Housing Act
Msgr. Stedman HDFC	New York	September 23, 1997	88 units located in Brooklyn, New York	Section 202 of the National Housing Act
Mt. Carmel HDFC	New York	August 2, 2001	68 units located in Brooklyn, New York	Section 202 of the National Housing Act
Our Lady of Fatima HDFC	New York	January 24, 1994	93 units located in Queens, New York	Section 202 of the National Housing Act
Pierrepont HDFC	New York	November 8, 2000	N/A	N/A
Pierrepont House for the Elderly	New York	August 1979	N/A	N/A
St. Paul the Apostle HDFC	New York	February 10, 2000	86 units located in Brooklyn, New York	Section 202 of the National Housing Act
St. Pius V HDFC	New York	September 23, 1997	70 units located in Queens, New York	Section 202 of the National Housing Act
St. Theresa of Avila HDFC	New York	February 8, 2002	64 units located in Brooklyn, New York	Section 202 of the National Housing Act
Sunset Park HDFC	New York	September 1, 1979	16 units located in Brooklyn, New York	Section 202 of the National Housing Act

The For-Profit Housing Affiliates, whose primary purpose is affordable housing, comprise the following:

Entity Name	State Incorporated	Date Formed/ Acquired	Multi-Family Residential Housing Property	Program
55 Pierrepont LLC	New York	December 22, 2011	188 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
715 St. John's Place, LP	New York	August 15, 2001	31 units located in Brooklyn, New York	Section 42 of the Internal Revenue Code
918 Kent Avenue, LP	New York	March 20, 1998	47 units located in Brooklyn, New York	Section 42 of the Internal Revenue Code
Bishop Boardman Senior Apartments, LP	New York	May 17, 2005	200 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
Bishop Francis J. Mugavero Senior Apartments, LP	New York	May 17, 2005	85 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
Caring Supported Housing LLC	New York	August 13, 2013	215 units located in Brooklyn, New York	Section 42 of the Internal Revenue Code
Classon Avenue Housing Associates, LP	New York	November 1990	79 units located in Brooklyn, New York	Section 42 of the Internal Revenue Code
Holy Spirit Senior Apartments, LP	New York	May 17, 2005	51 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
Howard Beach Apartments, LLC	New York	August 3,2011	96 units located in Howard Beach, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
Loreto Preservation LLC	New York	October 29, 2008	64 units located in Brooklyn, New York	Section 42 of the Internal Revenue Code
Mary Star of the Sea Senior Apartments, LP	New York	May 17, 2005	101 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
Msgr. Edward T. Burke Senior Apartments, LP	New York	May 17, 2005	51 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
Msgr. John P. O'Brien Senior Apartments, LP	New York	May 17, 2005	113 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
Msgr. Thomas Campbell Senior Apartments, LP	New York	May 17, 2005	73 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
Pope John Paul II Senior Apartments, LP	New York	May 17, 2005	61 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
Sr. Lucian Senior Apartments, LP	New York	May 17, 2005	150 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
St. Brendan's Senior Apartments, LP	New York	May 17, 2005	121 units located in Brooklyn, New York	Section 8 of the National Housing Act and Section 42 of the Internal Revenue Code
Wilson Avenue, LP	New York	December 11, 2003	85 units located in Brooklyn, New York	Section 42 of the Internal Revenue Code

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include Catholic Charities, CCNS, POP Management, POP Development, the General Partner Corporations, the Housing Affiliates, PCF, the Foundation and the Center.

Additionally, the consolidated financial statements include the accounts of 22 For-Profit Housing Affiliates in which the General Partner Corporations have a controlling interest. These entities are included in the consolidation in accordance with the accounting standards for determining whether a general partner, or the general partners as a group, controls a limited partnership or similar entity when the limited partners have certain rights. In accordance with the accounting standards, management determined that the presumption of control for the limited partnerships in which POP Development owns the entire stock of the general partners had not been overcome, and as a result, the Organization is required to consolidate the financial statements of those limited partnerships.

Collectively, all of these entities are referred to as the Organization.

All material intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP). In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Basis of Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Organization.

Without Donor Restrictions: Non-Controlling Interest in Limited Partnerships - This consists of the aggregate balance of limited partnership/member equity interest (both positive and negative amounts) in non-wholly owned limited partnerships that are included in the consolidated financial statements.

With Donor Restrictions – This class consists of net assets with donor restrictions whose use is limited by donor-imposed, time and/or purpose restrictions. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board-approved spending policy. At June 30, 2020, the Organization has net assets with donor restrictions held in perpetuity of $2,822,008. See Note 9 for further discussion of net assets with donor restrictions in perpetuity.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. The following table provides a reconciliation of cash and total deposits (restricted cash) reported within the consolidated statement of financial position that sum to the total of the cash and restricted cash shown in the consolidated statement of cash flows:

June 30, 2020	
Cash and cash equivalents	$ 80,090,122
Cash held in escrow for construction	2,809,385
Restricted deposits and funded reserves	53,501,481
Total	$ 136,400,988

Amounts held for others have not been included above as they are held in separate accounts and are not available for spending.

Restricted Deposits and Funded Reserves

Many of the Organization's non-profit housing affiliates and limited partnerships are subject to U.S. Department of Housing and Urban Development (HUD) regulatory agreements, which restrict the use of the property and limit the use of project cash. Under these regulatory agreements, many of the subsidiaries are precluded from receiving any distributions of operating cash. A surplus cash calculation is required to be prepared annually and any surplus cash, as defined, is required to be deposited in a residual receipts account controlled by HUD. The existing deposits to this account at June 30, 2020 (which includes all prior required contributions less withdrawals) are included in restricted deposits and funded reserves on the accompanying consolidated statement of financial position.

Fair Value Measurements

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Organization would use in pricing the Organization's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Organization are traded. The Organization estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or liabilities would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuations are based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Accounts Receivable and Bad Debts

Accounts receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Fixed Assets, Net

Fixed assets, net, are stated at cost less accumulated depreciation and amortization, computed using the straight-line method. Items with a cost of more than $1,000 and an estimated useful life of more than one year are capitalized. Leasehold improvements are amortized using the straight-line method over the life of the lease or useful life of the asset, whichever is shorter.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, as follows:

	Years
Buildings and building improvements	5-40
Furniture and equipment	3-25

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be fully recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended June 30, 2020.

Predevelopment Costs

The Organization incurs costs in connection with properties it is considering for development, as well as costs associated with properties in the initial stages of development. These costs include such items as market studies, purchase options, environmental study cost, legal, and accounting costs. These costs are capitalized and recorded as predevelopment project costs until such time as the project either is abandoned or becomes an approved project with independent funding sources. Predevelopment project costs are charged to operations at either the time a potential project is no longer considered desirable or feasible, or the project has incurred excess development costs, which are absorbed by the Organization and charged to operations per terms of the related partnership agreement. Predevelopment project costs related to projects that are ultimately developed are recorded as receivables and are included in other assets in the accompanying consolidated statement of financial position.

Amounts Held for Others

Amounts held for others include amounts held for residents in the nursing home, intermediate care facilities, independent residences assistance, and the community residences programs. The account is primarily cash, funded by social security checks for the residents, which is used to fund the personal needs of the residents and to reimburse CCNS and the Center for general costs associated with the maintenance of the residents.

Annuities Payable

Charitable gift annuities are recorded at the date the assets are received after recording liabilities for the actuarial present value of the estimated payments to be made to donors and/or other beneficiaries. Such contributions are recorded as increases in net assets with donor restrictions, if received with donor restrictions. The liabilities are adjusted annually for changes in the value of the assets and changes in the estimates for future benefits. The change in value of split-interest agreements is recorded in contributions in the accompanying consolidated statement of activities.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Investment in Unconsolidated Entities

The Organization holds an investment in a limited partnership that is not consolidated as it is not controlled by the Organization. The investment is accounted for under the cost method of accounting and recorded at cost.

Revenue Recognition

Service Fees

Grants and contracts from government agencies are recognized as the related costs are incurred. Amounts received in advance are reported as program advances in the accompanying consolidated statement of financial position. Accounts receivable at June 30, 2020 are generally expected to be collected in fiscal year 2021.

Revenue from service fees provided under contract or other regulations with various government agencies may be subject to predetermined budgets or provisional rates. Amounts reported as revenue and receivables from governmental and third-party reimbursements are subject to possible adjustment after audit. Amounts related to the third-party reimbursement and/or settlements are reported as program liabilities in the accompanying consolidated statement of financial position. Management is of the opinion that adjustments, if any, resulting from any audit will not be material to the Organization's consolidated financial statements.

Rental Revenue

Rental income is recognized as income on the accrual basis as it is earned. Advance receipts of rental income are deferred and classified as liabilities until earned. All leases between the properties and tenants are considered to be operating leases.

Management and Developer Fees

Development and builder fees are recognized as income in the year earned based on the percentage-of-completion method, taking into account the total anticipated development costs of the related project and the completion, tax credit, and operating deficit guarantee obligations of POP Development to the respective limited partnerships. The unearned portion is deferred and included in other liabilities on the accompanying consolidated statement of financial position.

Net Residence Service Revenue

Net residence service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for services rendered. These amounts are due from residents and third-party payors (including health insurers and government payors) and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Center bills the residents and third-party payors several days after services have been rendered. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Center. The Center's contracts include various obligations to deliver goods and services, but in the context of the contract, none of them are distinct. As such, the Center typically only has one performance obligation.

The Center determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors. The Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience with each class of residents.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Center's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims, or penalties would have upon the Center. In addition, the contracts the Center has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing care to the Center's residents. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Center's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Center estimates the transaction price for residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to nursing home/assisted living/board and care/other elderly care/coop and other revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the residents' ability to pay are recorded as bad debt expense.

Revenue for performance obligations satisfied over time is recognized based on actual timing of services provided. The Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the Center receiving services. The Center measures the performance obligation from admission into the Center to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge.

Net residence service revenue disaggregated by payor is as follows:

Year ended December 31, 2019	
Medicaid	$ 12,135,412
Medicare	9,589,201
Commercial	2,131,597
	$ 23,856,210

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Contributed Goods and Services

The Organization uses rent-free and below fair market value facilities at certain program locations. The fair value of the in-kind rent is reflected as support and occupancy cost. Total contributed rent for the year ended June 30, 2020 was $1,262,838.

Contributed services of $939,510 have been reflected in the consolidated statement of activities. The computation of these services represents the difference between the compensation that would have been paid to the volunteer and the comparable compensation that would be paid if an employee were to hold these positions. The Organization also received other contributed in-kind contributions of food, clothing, transportation, and consulting services of $2,078,741 in 2020.

Total in-kind contributions of $4,281,089 have been recorded in contributed goods and services on the accompanying consolidated statement of activities.

Functional Allocation of Expenses

The cost of providing programs by the Organization has been summarized on a functional basis in the accompanying consolidated financial statements. Accordingly, expenses have been charged to program and supporting services based on direct expenses and other specific allocation methods. Costs common to multiple functions have been allocated among the program and supporting services based on time and effort measurements and other methods:

- Staff costs are allocated based on time and effort
- Occupancy, depreciation and information technology costs are allocated based on square footage
- General and administrative expenses include costs not identifiable with any specific program, but which provide for the overall support and direction of the Organization

Endowment

The Organization follows the provisions of ASC 958, *Not-for-Profit Entities*, related to enhanced disclosures for all endowment funds. The Organization has also adopted the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA), which was enacted by the state of New York on September 17, 2010. The law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times. It also expands the options available to organizations seeking relief from donor restrictions on funds that have become obsolete, impracticable or wasteful. The adoption of this law did not have a material effect on the Organization's consolidated financial statements.

Tax Status

Catholic Charities, CCNS, PCF, the Foundation, the Center, POP Development, POP Management, and the Not-for-Profit Housing Affiliates are classified as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, have made no provision for income taxes in the accompanying consolidated financial statements.

Catholic Charities, CCNS, PCF, the Foundation, the Center, POP Development, POP Management and the Not-for-Profit Housing Affiliates have not taken an unsubstantiated position that would require provision of a liability under U.S. GAAP. Under U.S. GAAP, an organization must recognize the tax liabilities associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination. Catholic Charities, CCNS, PCF, the Foundation, the Center, POP Development, POP Management and the Not-for-Profit Housing Affiliates do not believe there are any material uncertain tax positions and, accordingly, have not recognized any liability for unrecognized tax benefits as of June 30, 2020. Catholic Charities, CCNS, PCF, the Foundation, the Center, POP Development, POP Management and the Not-for-Profit Housing Affiliates have filed Internal Revenue Service (IRS) Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended June 30, 2020, there were no interest or penalties recorded or included in the accompanying consolidated financial statements. Catholic Charities, CCNS, PCF, the Foundation, the Center, POP Development, POP Management and the Not-for-Profit Housing Affiliates are subject to routine audits by taxing authorities. As of June 30, 2020, Catholic Charities, CCNS, PCF, the Foundation, the Center, POP Development, POP Management and the Not-for-Profit Housing Affiliates were not subject to any examinations by a taxing authority.

The For-Profit Housing Affiliates have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by the owners on their respective income tax returns. The For-Profit Housing Affiliates' federal tax status as pass-through entities is based on their legal status as partnerships or limited liability companies. Accordingly, the For-Profit Housing Affiliates are not required to take any tax positions in order to qualify as pass-through entities. The For-Profit Housing Affiliates are required to file and do file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Housing Affiliates have no other tax positions that must be considered for disclosure.

The General Partner Corporations operate as C corporations and are not exempt from income taxes. The General Partner Corporations account for income taxes in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for temporary differences between financial statement and income tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. No taxable income was reported by the General Partner Corporations as of June 30, 2020, and no temporary differences between financial statement and income tax bases of assets or liabilities that are required to be reported existed at June 30, 2020. Accordingly, these consolidated financial statements do not reflect a provision for income taxes or deferred tax assets or liabilities, and the General Partner Corporations have no other tax positions that must be considered for disclosure.

Use of Estimates

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

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. At times, the Organization has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Risks and Uncertainties - Investments

The Organization's investments consist of a variety of investment securities. Such securities are subject to various risks that determine the value of the funds, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain securities and the level of uncertainty related to changes in the value of these securities, it is reasonably possible that changes in market conditions in the near term could materially affect the value of the Organization's investments reported in the accompanying consolidated financial statements.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of 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 and services. The FASB issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2019. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Center adopted this ASU for the year ended June 30, 2020 using the modified retrospective method. The remaining entities of the Organization were not required to adopt this ASU in 2020 due to the issuance of ASU 2020-05, which deferred the mandatory effective date until annual periods beginning after December 15, 2019. The Organization is currently evaluating the impact of this standard on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires entities to show the changes in the total cash, cash equivalents, restricted cash and restricted cash equivalents in the consolidated statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the consolidated statement of cash flows. The Organization has adopted this ASU for the year ended June 30, 2020 using the modified retrospective method.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which, depending on the outcome, determines whether the Organization follows contribution guidance or exchange transactions guidance in the revenue recognition and other applicable standards. The update also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization has adopted this ASU for the year ended June 30, 2020. The adoption of this standard did not have a material impact on the Organization's consolidated financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The ASU is effective for the Organization's fiscal year 2021. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and to recognize a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The FASB issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2021. The Organization is currently evaluating the impact of this standard on its consolidated financial statements.

3. Related-Party Transactions

The Organization transacts business on behalf of and with other affiliated agencies of the Roman Catholic Diocese of Brooklyn (the Diocese). It has availed itself of services provided by such related organizations, including the rental of facilities, insurance, and pension. In addition, the Organization provides certain administrative services to related entities for which it is reimbursed. Amounts due from and to affiliated agencies consist of the following:

June 30, 2020	
Due from affiliated agencies:	
Family Home Care	$ 67,204
Other affiliates	203,672
	$ 270,876
Due to affiliated agencies:	
Mary's Hall, Inc.	$ 3,800,000
Roman Catholic Diocese of Brooklyn	8,844,643
Other affiliates	83,150
	$ 12,727,793

In 2012, the Organization entered into a $3,800,000 related-party note receivable that was assigned to Mary's Hall, Inc (Mary's Hall). The note does not bear interest and is due on December 22, 2051. There are no payments required until the maturity date.

In 2011, Catholic Charities entered into an agreement with the Diocese to purchase the property in Brooklyn for $12,350,000. Prior to 2011, Catholic Charities leased the premises for $1 per year. Catholic Charities paid the Diocese $1,350,000 at closing and paid the Diocese $1,000,000 on both January 2, 2012 and 2013. In addition, Catholic Charities entered into a mortgage note with the Diocese for the remaining $9,000,000. The mortgage note requires principal and interest of $275,000 semiannually through July 1, 2059. In addition, the purchase sale agreement gives the Diocese the right to repurchase the property for $1 at the end of the agreement. The interest rate on the note approximates 6%. At June 30, 2020, the Organization had $8,844,643 outstanding on the mortgage note.

4. Investments, at Fair Value

Investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with U.S. GAAP. See Note 2 for a discussion of the Organization's policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy levels.

A description of the valuation techniques applied to the Organization's assets measured at fair value is as follows:

Short-Term Investments and Equities – These investments are carried at their aggregate market value, as determined by quoted market prices. These investments are classified as Level 1.

Fixed Income – These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Beneficial Interest in Charitable Trust – The Organization is a beneficiary of a charitable trust administered by an outside party. Under the terms of the trust, the Organization has the right to receive income earned on the trust assets and will receive the trust assets after the trust has been terminated or a maximum period of 25 years. These investments are classified as Level 3.

The following table represents the Organization's fair value hierarchy for those assets measured at fair value:

June 30, 2020

	Fair Value	Level 1	Level 2	Level 3
Short-term investments	$ 4,093,686	$ 4,093,686	$ -	$ -
Equities	25,712,913	25,712,913	-	-
Fixed income	24,703,537	-	24,703,537	-
Total Investments	$ 54,510,136	$ 29,806,599	$ 24,703,537	$ -
Beneficial interest in charitable trust	$ 4,306,136	$ -	$ -	$ 4,306,136

There have been no changes in the methodologies used at June 30, 2020. There were no transfers between levels during the year ended June 30, 2020.

The table below sets forth a summary of changes in fair value of the Level 3 assets:

Year ended June 30, 2020

	Level 3 Assets
Beginning Balance	$ 4,241,247
Net appreciation in fair value of investments	64,889
Ending Balance	$ 4,306,136

5. Fixed Assets, Net

Fixed assets, net, are summarized as follows:

June 30, 2020

Land	$ 24,895,107
Buildings and building improvements	413,703,360
Furniture and equipment	11,188,847
Leasehold improvements	2,788,079
	452,575,393
Less: accumulated depreciation and amortization	(163,968,875)
	288,606,518
Construction in progress	22,388,863
Fixed Assets, Net	$ 310,995,381

Depreciation and amortization expense for the year ended June 30, 2020 totaled $14,887,207. Construction in progress includes costs associated with renovations of various sites. Costs to completion for the various site renovations is $94,548,000 at June 30, 2020.

6. Cash Held in Escrow for Construction and Restricted Deposits and Funded Reserves

On August 8, 2018, the New York State Office of Mental Health (OMH) approved the sale of Monica House, a mental health residence located in Queens, New York. The net proceeds of the sale were placed in escrow pursuant to an escrow agreement between OMH, CCNS, and the escrow agent. This amount will be available for use when CCNS submits a plan for the proceeds' reinvestment into residential mental health services to OMH for approval.

The Organization also has restricted deposits and funded reserves of $53,501,481 as of June 30, 2020, which primarily represent mortgage escrows, replacement reserves, and operating deficit reserves. The escrows and replacement reserves are held by the mortgage lender for the majority of the partnerships and are invested in cash and cash equivalents. The operating deficit reserves are generally required by the partnership agreements and are invested in cash and cash equivalents.

7. Expenses by Nature and Function

The table below presents expenses by both their nature and function:

Year ended June 30, 2020

	Program Services	General and Administration	Fundraising	Total
Salaries and related expenses	$ 78,311,480	$ 14,110,685	$ 722,230	$ 93,144,395
Professional fees and contract service payments	12,349,422	4,174,688	424,424	16,948,534
Office and administrative expenses	4,322,388	962,127	6,980	5,291,495
Telephone and utilities	6,328,058	405,811	4,496	6,738,365
Postage and shipping	28,227	24,657	2,835	55,719
Occupancy costs	8,744,086	-	-	8,744,086
Rental, lease and purchases of equipment	1,939,978	97,713	11,658	2,049,349
Travel expenses	165,016	34,516	6,630	206,162
Conferences, conventions and meetings	268,470	27,059	1,107	296,636
Printing and publications	157,427	47,022	1,142	205,591
Grants expense	763,730	5,418,002	119,932	6,301,664
Real estate tax	5,572,464	-	-	5,572,464
Aid to clients	20,355,421	868,390	20,802	21,244,613
Insurance	5,061,188	396,578	-	5,457,766
Repairs and maintenance	5,683,568	138,788	-	5,822,356
Depreciation and amortization	14,429,269	457,938	-	14,887,207
Purchased services	34,074	305,506	-	339,580
Interest expense	6,124,093	244,537	-	6,368,630
Provision for doubtful accounts, net of recoveries	715,680	-	-	715,680
Servicing, trustee and other financial expenses	1,437,709	11,246	41,470	1,490,425
Nursing home supplies and expenses	2,335,721	-	-	2,335,721
Security and other operating expenses	5,147,407	695,611	6,549	5,849,567
	$ 180,274,876	$ 28,420,874	$ 1,370,255	$ 210,066,005

8. Pension Plan

Defined Benefit Plan

The Organization provided pension benefits to eligible employees through the Pension Plan of Roman Catholic Diocese of Brooklyn (the Diocesan Plan), a multi-employer defined benefit plan prior to October 2014.

Effective October 1, 2014, the Organization established the Catholic Charities Diocese of Brooklyn and Queens Pension Plan (the CCBQ Pension Plan) to assume the assets and liabilities in connection with the provision of retirement benefits to current and former employees who previously accrued retirement benefits under the Diocesan Plan. The plan qualifies as a “church plan,” as defined, and is not subject to the provisions of the Department of Labor (the DOL) or the Employee Retirement Income Security Act of 1974 (ERISA). On October 1, 2014, Catholic Charities withdrew from the Diocesan Plan and froze the CCBQ Pension Plan.

The following sets forth the CCBQ Pension Plan's funded status from the most recent actuarial study, which was prepared for the July 1, 2020 plan year. The changes in the benefit obligation and fair value of plan assets, the funded status of the plan, the components of net periodic pension cost and the assumptions used in the measurement of the CCBQ Pension Plan benefit obligation are as follows:

June 30, 2020	
Change in Benefit Obligation	
Projected Benefit Obligation, beginning of year	$ 150,602,183
Interest cost	4,942,272
Actuarial loss	3,608,917
Benefits paid	(5,898,970)
Settlement/curtailment	(8,728,254)
Projected Benefit Obligation, end of year	$ 144,526,148

June 30, 2020	
Change in Fair Value of Plan Assets	
Fair Value of Plan Assets, beginning of year	$ 84,676,765
Actual return on plan assets	2,373,468
Employer contributions	1,700,200
Benefits paid	(5,898,970)
Settlement/curtailment	(8,728,254)
Fair Value of Plan Assets, end of year	$ 74,123,209

June 30, 2020	
Funded status:	
Unfunded status of plan, which is included in other long-term liabilities in the consolidated statement of financial position	$ (70,402,939)

The net periodic pension cost is comprised of the following components:

Year ended June 30, 2020	
Interest cost on projected benefit obligation	$ 4,942,272
Expected return on assets	(5,359,581)
Settlement/curtailment	1,237,490
Amortization of unrecognized actuarial net loss	2,382
Net Periodic Pension Cost	$ 822,563

The total amount recognized in the consolidated statement of activities consists of net periodic pension costs of $822,563, which is included in general and administration expense in the consolidated statement of activities. Additionally, pension-related charges other than net periodic pension costs of $3,656,683 were recognized.

The CCBQ Pension Plan assets are measured at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset in an ordinary transaction between market participants at the measurement date.

A description of the valuation techniques applied to assets measured at fair value is as follows:

Fixed-Income Securities - Fixed-income securities include domestic corporate bonds and U.S. Treasury securities, and mortgage securities. The investment managers priced these investments using nationally recognized pricing services. Since fixed-income securities other than U.S. Treasury securities may not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using their proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of similar securities, sector grouping and matrix pricing. These investments are classified as Level 2.

Common Stock – The fair value of these investments is based on quoted market prices. Investments that are listed on an exchange are valued, in general, at the last reported sale price. These investments are classified as Level 1.

Short-Term Funds - Short-term funds consist of cash and equivalents, which are used to fund the short-term expense of the plan. These investments are classified as Level 1.

Plan assets were as follows:

June 30, 2020

	Level 1	Level 2	Level 3	Fair Value
Cash and cash equivalents	$ 789,249	$ -	$ -	$ 789,249
Mortgage securities	-	6,065,049	-	6,065,049
U.S. government agencies	-	12,706,500	-	12,706,500
Domestic corporate bonds	-	9,727,244	-	9,727,244
Common stock	42,171,593	-	-	42,171,593
Short-term funds	2,663,574	-	-	2,663,574
Total Investments	$ 45,624,416	$ 28,498,793	$ -	$ 74,123,209

Long-term investment objectives are to maintain plan assets that will assist in covering long-term obligations and to generate a return on plan assets sufficient to offset the growth of obligations.

A diversified portfolio and various risk management techniques are used to achieve these objectives.

The discount rate used in determining the actuarial present value of the projected benefit obligation was 2.43% as of June 30, 2020. The expected long-term return on plan assets was 6.50% in fiscal year 2020. The discount rates were selected to reflect the interest rate environment at the respective measurement dates. The expected long-term rate of return assumptions was selected to represent reasonable expectations of future experience. The plan utilizes the RP-2014 mortality table.

Plan benefits anticipated to be made by Catholic Charities are as follows:

Year ending June 30,	
2021	$ 6,294,858
2022	6,430,015
2023	6,544,419
2024	6,638,852
2025	6,713,617
2026-2030	34,265,111
	$ 66,886,872

Employer contributions expected to be paid in 2021 are $1,700,000.

403(b) Pension Plan

Concurrent with the freezing of the CCBQ Pension Plan, Catholic Charities established the Catholic Charities Brooklyn and Queens Retirement 403(b) Plan (the CCBQ 403(b) Plan) - a defined contribution retirement plan. The plan qualifies as a “church plan,” as defined, and is not subject to provisions of the DOL or ERISA.

Under the CCBQ 403(b) plan, all eligible qualifying employees participate in the plan. Eligible employees may also make an elective salary contribution to the CCBQ 403(b) Plan. For all eligible employees, the Organization makes a non-elective contribution of various percentages to the plan. The total amount of each eligible employee’s contribution in the CCBQ 403(b) Plan may not exceed $19,500 in 2020. In addition, employees over the age of 50 are subject to a catch-up provision, which allows an additional contribution amount not to exceed $6,000, for a total contribution amount of $25,000. CCBQ makes a matching contribution equal to the employee’s salary reduction not to exceed 1% of the employee’s compensation. At June 30, 2020, the Organization contributed approximately $51,000 to the CCBQ 403(b) plan.

1199SEIU Health Care Employees Pension Fund

Union employees are covered by a pension plan administered by the union, 1199SEIU Health Care Employees Pension Fund (the Union Plan). Total pension costs for the year ended June 30, 2020 related to union employees were approximately $855,650.

During the year ended June 30, 2020, the collective-bargaining agreement requiring contributions to the Union Plan was extended through September 30, 2022.

The following table presents information about the Union Plan:

December 31, 2019

Legal Name	EIN	Pension Protection Act (PPA) Certified (1)	Contributions	Surcharge Imposed
1199SEIU Health Care Employees Pension Fund	13-3604862/001	Green	$ 814,903,353	No

(1) The most recent PPA zone status available in 2020 is for the Union Plan's year-ended December 31, 2019. The zone status is based on information received from the plan and is certified by the Union Plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

June 30, 2020

Net Assets Restricted in Perpetuity		
Catholic Foundation	$	1,115,457
Julia Walden Fund		710,986
Futures Fund		995,565
Total Net Assets Restricted in Perpetuity		2,822,008
Net Assets with Purpose Restrictions		
Family Services		832,704
Early Childhood Services		479,554
Behavioral Health Services		470,592
Older Adult Services		1,469,959
Services for People with Developmental Disabilities		165,399
Comprehensive Human Services		6,267,864
Children and Youth Services		2,288
General Programs and Support		1,026,629
Nursing Scholarships		24,792
Low-Income Housing		1,271,624
Total Net Assets with Purpose Restrictions		12,011,405
Total	$	14,833,413

Net assets with donor restrictions were released for the following purposes:

Year ended June 30, 2020		
Family Services	$	698,370
Early Childhood Services		966,677
Behavioral Health Services		581,811
Comprehensive Human Services		2,225,072
Children and Youth Services		15,282
Older Adult Services		2,014
General Program Support/Parish and Communities		1,422,348
	$	5,911,574

Catholic Charities is the beneficiary of The Domenica Amelia Arra Carrella Charitable Trust for the Benefit of the Catholic Charities of the Diocese of Brooklyn (the Trust). Income from the Trust is distributed annually for a maximum period of 25 years unless the trustees terminate the Trust and distribute all of the principal and income beforehand. Upon such termination of the Trust, all principal and undistributed net income shall be distributed to Catholic Charities. Distributions of income from the Trust are reported as investment income on the consolidated statement of activities. The corpus of the trust fund is administered by JPMorgan Chase Bank as co-trustee. Catholic Charities has reported the fair value of the contribution receivable from the Trust of $4,306,136 at June 30, 2020, as net assets with donor restrictions in the accompanying consolidated financial statements. The Trust is restricted for purposes of comprehensive human services. Changes in the fair value of the Trust are reported as donor restricted gains or losses.

Endowment Funds

Catholic Foundation (formerly The Alive in Hope Foundation) includes investments held by the Catholic Foundation for the benefit of Catholic Charities and are reflected as amounts held by others in the accompanying consolidated statement of financial position. Any change in the fair value of investments held by Catholic Foundation is reported as investment return, with donor restrictions, in the accompanying consolidated statement of activities.

Interpretation of Relevant Law

The Organization classifies as an endowment fund to be restricted in perpetuity (a) the original value of gifts donated to the endowment fund, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument, when applicable. In accordance with the accounting guidance associated with the adoption of NYPMIFA, the remaining portion of the donor-restricted endowment fund that is not classified as donor restricted in perpetuity is classified as donor restricted for programs until those amounts are appropriated for expenditure.

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

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions

- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Where appropriate and the circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect such alternatives may have on the Organization
- Other resources of the Organization

Fund Deficiencies

From time-to-time, the fair value of the assets associated with the individual donor-restricted endowment funds may fall below the level that is required to retain as a fund of perpetual duration (underwater). Of the donor-restricted endowment funds, one fund requires the investment gains and losses on the fair value of the asset to be added to the corpus. All other donor-restricted funds record the gains to net assets with donor restrictions and losses, if underwater, to net assets without donor restrictions. There were no fund deficiencies as of June 30, 2020.

Return Objectives and Risk Parameters

The Organization has adopted investment policies for the endowment assets that attempt to provide a predictable return on its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to maintain the corpus of the endowment fund with little or no risk. The Organization expects its endowment funds, consistent with underlying investments, which are primarily in money market funds, to provide an average rate of return of approximately 1% annually. Actual returns in any given year may vary from this amount.

Spending Policy

The Organization does not have a formal spending policy. The Organization spends the return during the year it is earned, as needed. There was no spending appropriation by the Board of Directors in 2020.

Changes in endowment net assets are as follows:

Year ended June 30, 2020

	Accumulated Endowment Earnings*	Endowment Fund	Total
Endowment Net Assets, beginning of year	$ 523,044	$ 2,819,529	$ 3,342,573
Net appreciation (realized and unrealized)	-	2,479	2,479
Ending Balance	$ 523,044	$ 2,822,008	$ 3,345,052

* Accumulated endowment earnings are subject to the Organization's appropriation spending policy.

10. Commitments and Contingencies

Operating Leases

The Organization conducts most of its operations from leased premises. Rent expense for the Organization (exclusive of contributed rent) for the year ended June 30, 2020 was approximately $3,045,000.

The aggregate minimum annual rental commitments are as follows:

Year ending June 30,		
2021	$	5,523,579
2022		4,794,048
2023		2,923,329
2024		2,207,716
2025		1,823,320
Thereafter		15,730,523
	$	33,002,515

Operating Deficit Guarantee/Operating Deficit Loan Guarantee

Operating Deficit Guarantee

If, at any time after the Completion Date of certain Housing Affiliates, as defined in the individual agreements, an Operating Deficit exists, as defined in the individual agreements, then the General Partner Corporations (100% owned by CCPOP Development) for certain Housing Affiliates shall contribute funds (an Operating Deficit Contribution) to the partnership as a contribution to capital in an amount equal to the amount of the Operating Deficit. The General Partner Corporations' obligation shall be unlimited through the Stabilization Date, as defined in the individual agreements. The obligation of the General Partner Corporations to make Operating Deficit Contributions shall terminate on the date that the following have occurred simultaneously: (i) the project has operated at Breakeven for at least three consecutive calendar years following the Stabilization Date, as defined in the individual agreements, of the project and (ii) the balance in the Operating Reserve equals or exceeds the minimum required per the partnership agreements. As of the date of this report, no amounts have been funded under this guarantee. The General Partners' remaining obligation to make Operating Deficit Contributions after the Stabilization Date, as defined in the individual agreements, which are not funded from the Operating Reserve, are limited to $1,495,000.

If, at any time during the period beginning upon the date Breakeven Operations, as defined in the individual agreements, is achieved and ending on the date on which Breakeven Operations, as defined in the individual agreements, are maintained over 12-month periods on an annual basis for three years of which at least two years shall be consecutive, an Operating Deficit, as defined in the individual agreements, exists, the Managing Members (100% owned by CCPOP Development) for Howard Beach Apartments, LLC shall provide such funds to Howard Beach Apartments, LLC as necessary to pay such Operating Deficits, as defined in the individual agreements; provided, however, that the Managing Member shall not be obligated to provide more than $853,509, plus amounts repaid as Operating Deficit Loans, in the aggregate. Any such funds provided after the achievement of Breakeven Operations, as defined in the individual agreements, shall be in the form of a noninterest-bearing loan to the Organization. As of the date of this report, no amounts have been funded under this guarantee.

If, at any time during the period beginning upon the date Breakeven Operations, as defined in the individual agreements, is achieved and ending on the date on the later of i) the fifth anniversary of such date, and ii) the Organization achieving the required Debt Coverage Ratio, as defined in the individual agreements, for the final two years during such period, an Operating Deficit, as defined in the individual agreements, exists, the Managing Members (100% owned by POP Development) for Loreto Preservation LLC shall provide such funds to the Organization as necessary to pay such Operating Deficits, as defined in the individual agreements; provided, however, that the Managing Member shall not be obligated to provide more than $436,200. As of the date of this report, no amounts have been funded under this guarantee.

Operating Deficit Loan Guarantee

If, at any time prior to the date that all of the conditions for the Investor Member's Final Installment are satisfied (Period 1), an Operating Deficit, as defined in the individual agreements, exists, the Managing Member (100% owned by the Organization) for 55 Pierrepont LLC shall fund the Operating Deficit, as defined in the individual agreements, without limitation as to amount through Operating Deficit Loans. At any time during a minimum of five years after Period 1 until dissolution and liquidation of 55 Pierrepont LLC, the Managing Member's obligation to fund Operating Deficits, as defined in the individual agreements, through Operating Deficit Loans shall continue in an additional amount (but not reduced by any Operating Deficit Loans made in Period 1) not to exceed $1,813,429 in the aggregate. If, after the five years have passed, 55 Pierrepont LLC has maintained the required debt service coverage ratio, as defined in the individual agreements, for a 12-month period, the Managing Member's obligation to fund guarantees will expire. As of the date of this report, no amounts have been funded under this guarantee.

If, at any time during the period beginning upon the date Breakeven Operations, as defined in the individual agreements, is achieved and ending on the date on the later of i) the third anniversary of such date, and ii) final closing, as defined in the individual agreements, an Operating Deficit, as defined in the individual agreements, exists, the Managing Members for Caring Supported Housing LLC shall provide such funds in the form of an operating deficit loan to Caring Supported Housing LLC as necessary to pay such Operating Deficits, as defined in the individual agreements; provided, however, that the Managing Member shall not be obligated to provide more than $1,503,851 and only to the extent there are no funds in the operating reserve or other reserve accounts, as defined in the individual agreements. As of the date of this report, no amounts have been funded under this guarantee.

POP Development Guarantees

POP Development and its general partners assume the normal risks and responsibilities of a general partner. POP Development and several of the General Partner Corporations have provided certain guarantees to several investee partnerships, as follows:

Tax Contribution Guarantee

If at any time certain for-profit housing affiliates become liable for recordation or property sales taxes not identified in the Projections, as defined in the individual agreements, the General Partners shall contribute funds to the investee partnership an amount equal to such taxes. Any amounts funded under this guarantee shall not be deemed capital contributions to the investee partnership and shall not be repayable by the investee partnership. Since no such taxes were projected to be paid, the maximum potential amount of future payments under this guarantee cannot be estimated. As of the date of this report, no amounts have been funded under this guarantee.

Wilson Avenue, Limited Partnership Loan Guarantee

In connection with the development of a rental property, Wilson Avenue, Limited Partnership obtained a $500,000 purchase money mortgage from the Roman Catholic Church of St. Leonard. Simple interest accrues at a rate of 1% per annum. No interest is due or payable before the date of the closing of the permanent loan. The Organization has agreed to make the following payments:

On the first day of the first month following the one-year anniversary of the Commencement Date, as defined in the individual agreement, and on the first day of the first month following each successive anniversary of the Commencement Date prior to and including the Maturity Date, the Organization shall pay principal and interest totaling $19,299.

As of June 30, 2020, payments totaling $308,775 have been made under this guarantee, including $19,299 during the year ended June 30, 2020.

Lease with the Church of Our Lady of Loreto

CCPOP Development entered into a ground lease (the Church Property Ground Lease) and a project ground lease (the Project Ground Lease) agreement on January 11, 2011 with the Church of Our Lady of Loreto for land located in Brooklyn, New York, to be used for the construction and operation of an 88-unit rental project (the Loreto Project) for low-to-moderate-income families. The term of the lease is for 53 years commencing on the date the lease agreement was signed. CCPOP Development made a lump-sum rental payment of $607,000 for the two leases upon the closing of a construction loan for the development of the Loreto Project. The lump-sum rental payment is being amortized over the life of the lease.

On October 3, 2019, the Church Property Ground Lease was amended to update the term of the lease to 99 years expiring on March 17, 2109. On November 25, 2019, as part of the sale of the land and building covered by the Church Property Ground Lease from the Church of Our Lady of Loreto to Mary's Hall, Mary's Hall assumed all rights and interests as the lessor of the Church Property Ground Lease. Further, on December 18, 2019, CCPOP Development assigned its rights, title and obligation to the lease to Loreto II HDFC and Loreto II LLC, under the same terms and conditions, in exchange for $157,000 paid by Loreto II LLC to CCPOP Development as part of Loreto II LLC's bond closing.

On November 25, 2019, as part of the sale of the land and building covered by the Project Ground Lease from the Church of Our Lady of Loreto to Mary's Hall, Mary's Hall assumed all rights and interests as the lessor of the Project Ground Lease. The term of the lease remains in effect for the original 53-year period. CCPOP Development concurrently subleases the land under the Project Ground Lease to OL Loreto HDFC and Loreto Preservation LLC under the same terms and conditions. This transaction is eliminated in consolidation.

Rent expense was $8,491 for the year ended June 30, 2020 and is included in management and general expenses on the accompanying consolidated statement of activities. Prepaid rent as of June 30, 2020 is $372,557 and included in other assets in the accompanying consolidated statement of financial position.

Lease with Howard Beach Apartments, LLC

The Organization entered into a master lease agreement on December 19, 2011 with Howard Beach Apartments, LLC for space located in Howard Beach, New York, to be used for a community facility space. The term of the lease is for 30 years, beginning on the Commencement Date, as defined in the individual agreements. CCPOP Development is required to make annual rent payments of $20,000, adjusted annually based on the lesser of the consumer price index percentage, as defined in the individual agreements, and 3%, and an additional amount of not less than $25,000 for the cost of utilities. The estimated fair market value of the rent for this space is $140,250 and the difference is presented as part of the in-kind contribution and expense, included in other revenue and general and administrative expenses, respectively, on the accompanying consolidated statement of activities. This transaction is eliminated in consolidation.

The Organization concurrently subleases the space under a sublease agreement to Catholic Charities Neighborhood Services. The lease, which was renewed on August 1, 2019 for a two-year term, requires an annual rent payment of $59,123, with an annual increase of 3%, and an additional payment of $25,948 for the cost of utilities. Rental income of $84,640 is included on the accompanying consolidated statement of activities. The estimated fair market value of the rent for this space is $140,250 and the difference is presented as part of the in-kind contribution and expense, included in other revenue and general and administrative expenses, respectively, on the accompanying consolidated statement of activities.

Litigation

The Organization's entities are defendants in various legal actions arising out of the normal course of their operations. Although the final outcome of such actions cannot currently be determined, the Organization believes that eventual liability, if any, will not have a material effect on the Organization's consolidated financial position.

11. Current Vulnerability Due to Certain Concentrations

POP Management's and the Housing Affiliates' operations are concentrated in the multifamily real estate market. In addition, they operate in a heavily regulated environment. The operations of the multifamily real estate projects are subject to the administrative directives, rules, and regulations of federal agencies, including, but not limited to, HUD and the IRS. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD or the IRS. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with the change.

12. Long-Term Debt

Aggregate annual maturities of long-term debt over each of the next five years and thereafter are as follows:

Year ending June 30,	
2021	$ 18,191,644
2022	6,440,101
2023	11,387,385
2024	6,742,933
2025	7,683,476
Thereafter	239,302,311
Total	289,747,850
Less:	
Current portion	(18,191,644)
Unamortized debt issuance costs	(4,291,473)
Total Long-Term Portion	$ 267,264,733

Catholic Charities

Catholic Charities has a line of credit with TD Bank for $10,000,000. The current interest rate is 5.00%, which is tied to the prime interest rate. Catholic Charities had $6,500,000 outstanding under the line of credit as of June 30, 2020. Catholic Charities is required to have a minimum aggregate deposit balance of $10,000,000 between Catholic Charities and CCNS at the issuing institution. The line of credit has a maturity date of March 2021.

In July 2014, Catholic Charities obtained a line of credit of $750,000. When the line of credit expired, the remaining outstanding balance of $402,464 was converted to a five-year payable which commenced in February 2016. This balance as of June 30, 2020 was $51,966, bearing an interest rate of 4.69%.

Additionally, Catholic Charities received a Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Paycheck Protection Program (PPP) loan of $689,995. The loan may be forgiven based upon the terms of the loan. See Note 17 for further discussion.

Saints Joachim and Anne Nursing and Rehabilitation Center

On April 30, 2015, the Center entered into a $17,546,600 mortgage loan agreement with a financial institution through a HUD program. The HUD mortgage has a maturity date of April 1, 2028, bears interest at a rate of 3.23% and is secured by the Center's facility. During the year ended June 30, 2020, the Center incurred interest of $393,699, including amortization of debt issuance costs of $34,428. Debt issuance costs, net of accumulated amortization, totaled $269,676 as of June 30, 2020.

The mortgage is subject to certain financial and reporting covenants that the Center is required to satisfy on a recurring basis. The Center's management believes it has complied with the covenants. The balance due as of June 30, 2020 amounted to $11,497,753.

Progress of Peoples Development Corporation

In October 2003, POP Development entered into an unsecured, noninterest-bearing loan agreement with Green Point Bank, which was subsequently acquired by Capital One Bank, under the Federal Home Loan Bank Act's Affordable Housing Program in the amount of $183,616, in order to subsidize 715 St. John's Place Limited Partnership, an affordable housing entity. As of June 30, 2020, the entire original principal balance is outstanding. This advance will be considered to be repaid in full in September 2033 as long as the affordable housing project remains available for persons of low income.

In January 2004, POP Development entered into an unsecured, noninterest-bearing loan agreement with Green Point Bank, which was subsequently acquired by Capital One Bank, under the Federal Home Loan Bank Act's Affordable Housing Program in the amount of $536,424 in order to subsidize Caring Communities Associates Housing Development Fund Corporation, Inc. (CCAH), an affordable housing entity. As of June 30, 2020, the entire original principal balance is outstanding. This advance will be considered to be repaid in full on July 2021, at the end of a period of 15 years from the completion of funded work, as long as the affordable housing project remains available for persons of low income. See Note 18, Subsequent Events.

In July 2009, POP Development entered into an unsecured, noninterest-bearing loan agreement with New York Community Bank, under the Federal Home Loan Bank Act's Affordable Housing Program in the amount of $735,200 in order to subsidize Caring Community Homes Association. As of June 30, 2020, the entire original principal balance is outstanding. This advance will be considered to be repaid in full in July 2024 as long as the affordable housing project remains available for persons of low income.

In December 2011, POP Development entered into a secured, noninterest-bearing loan agreement with New York Community Bank, under the Federal Home Loan Bank Act's Affordable Housing Program in the amount of $1,380,083 in order to subsidize Howard Beach Apartments, LLC, an affordable housing entity. As of June 30, 2020, the entire original principal balance is outstanding. This advance will be considered to be repaid in full on the 15th anniversary of the issuance of the project's certificate of occupancy, as long as the affordable housing project remains available for persons of low income.

For-Profit and Not-for-Profit Affiliates

The For-Profit and Not-for-Profit Housing Affiliates have several mortgages payable to various lending institutions and/or local housing. These notes bear interest at rates ranging from noninterest-bearing to 9.25%, have monthly payments ranging from $8,140 to $146,938, and mature at various dates from December 2020 to December 2051. Many of the notes are insured under various Federal Housing Administration (FHA) sections of the National Housing Act. As of June 30, 2020, $122,826,850 remained outstanding.

Capital advance notes are discharged and deemed paid on the maturity date provided that the project remained available for occupancy by eligible families until the maturity date, and the note does not otherwise become due and payable by reason of default under the note, the mortgage or the regulatory agreement. In the event of default, at the option of the lender, the entire principal and interest shall be payable on demand. As of June 30, 2020, $84,383,177 remained outstanding.

On October 31, 2019, Catherine Sheridan HDFC entered into a mortgage note agreement with an outside lender to borrow $54,965,400. The mortgage is approved by HUD. The mortgage note is insured by the FHA and is collateralized by a deed of trust on the rental property. The note bears interest at the rate of 2.99% per annum. Principal and interest are payable by the Organization in monthly installments of $211,228 through maturity on November 1, 2054. Debt issuance costs, net of accumulated amortization, totaled $467,825 as of June 30, 2020 and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed rate of 2.99%. As of June 30, 2020, $54,441,591 remained outstanding.

The liability of the For-Profit and Not-for-Profit Housing Affiliates under these mortgage notes is limited to the underlying value of the real estate collateral, assignment of rents and leases, and other amounts deposited with the lenders.

Under various agreements with the mortgage lender, the housing affiliates and limited partnerships are required to make monthly escrow deposits for taxes, insurance, and replacement of project assets, and are subject to restrictions as to operating policies, rental charges, operating expenditures, and distributions to partners.

On December 18, 2019, Loreto II, LLC (Loreto II), a for-profit housing affiliate, obtained financing of $23,100,000 through the New York State Housing Finance Agency (NYSHFA) for the acquisition and construction of the Loreto II project. The bond, which was funded by the Affordable Housing Revenue Bonds, 2019 Series P Resolution, requires payments of interest only on a monthly basis through August 2022. In September 2022, the bond will require payments of principal and interest. The bond bears interest ranging from 2% to 4%. The bond is deemed to be a conduit debt security since it is offered by a governmental entity not for its own use, but for the use of Loreto II. As the conduit debt obligor, Loreto II is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements. The debt has no covenant requirements. As of June 30, 2020, $4,720,745 remained outstanding.

POP Management

On May 1, 2020, POP Management obtained a loan from TD Bank, N.A. in the amount of $1,800,450, as facilitated through the Small Business Administration (SBA) PPP. The loan may be forgiven based upon the terms of the loan. See Note 17 for further discussion.

13. Housing Assistance Payment Contract Agreements

FHA has contracted with various For-Profit Housing Affiliates and various Not-for-Profit Housing Affiliates have entered into a project rental assistance contract with the HUD to make housing assistance payments to the projects on behalf of the qualified tenants. The expiration dates of the agreements range from September 2020 through December 2038.

In January 2001, HUD issued the Guidebook for Section 8 Renewal Policy (the Guidebook), which provides guidance for the renewal of expiring Section 8 project-based contracts. The Guidebook is a comprehensive resource for all renewals and is updated periodically to reflect program and legislative changes.

The Guidebook sets forth six options for renewing Section 8 contracts. They consist of requesting renewal under the mark-up-to-market procedures, renewing contracts with current rents at or below comparable market rents but not being renewed using the mark-up-to-market option, referring projects to the Office of Assisted Housing Preservation (OAHP) for processing and renewal when the contract has rents greater than market rents, renewing contracts for projects exempted from OAHP, renewing contracts for portfolio reengineering demonstration or preservation projects, and opting out of the Section 8 program. Owners are limited to selecting options based upon eligibility at the expiration of the Section 8 contract. Owners must submit renewal requests and required documentation to HUD at least 120 days before contract expiration.

Contracts may be renewed for one to 20 years, but multiple-year contracts are funded for one year with the balance of the contract subject to annual appropriations. Subsequent renewals of contracts may be made under any option the contract is eligible for at the time of renewal.

For contracts that expire in the next 12 months, management plans to apply for renewal.

14. Program Liabilities

On June 9, 2017, the Office for People with Developmental Disabilities (OPWDD) requested that CCNS review specialized-rate funding for certain individuals. The joint review between OPWDD and CCNS determined that most of the individuals did not qualify for the specialized-rate payment. On June 29, 2018, OPWDD finalized an agreement with CCNS for $1.5 million. CCNS began payments in October 2018. The balance at June 30, 2020 was $267,315.

CCNS has also recorded a Medicaid liability of $2,339,384, which relates to reclassifications of credit balances from prior years. As CCNS cannot determine overpayments from Medicaid revenue, they are taking a conservative position by recording a liability until such time as Medicaid completes an audit or the statute of limitations expires.

In addition to the above, CCNS has recorded an overhead reserve of $1,298,491, which relates to underspending of the approved overhead reimbursement rate, and other miscellaneous liabilities from various funding sources have been recorded in the amount of $350,802.

The Center has recorded a liability of $181,900, which represents underspending on a grant received.

15. Liquidity and Availability

The Organization's resources and financial assets available within one year for general expenditures were as follows:

June 30, 2020	
Financial assets at year-end:	
Cash and cash equivalents	$ 80,090,122
Accounts receivable, net	22,342,445
Miscellaneous current assets	265,446
Investments	54,510,136
Total Financial Assets	157,208,149
Less: amounts not available to be used within one year:	
Net assets with donor restrictions	(14,833,413)
Financial Assets Available to Meet General Expenditures Within One Year	$ 142,374,736

The Organization receives contributions restricted by donors and considers contributions restricted for programs that are ongoing and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves by operating within a prudent range of financial soundness and stability. Additionally, to help manage unanticipated liquidity issues, the Organization has a line of credit in the amount of $10 million. At June 30, 2020, $3,500,000 of the line of credit was available to draw upon.

16. Conditional Grants

The Organization has grant agreements with several donors that consist of providing conditional funding in future years, amounting to approximately $108,933,000 at June 30, 2020. A corresponding grant receivable has not been recorded on the statement of financial position, as the conditional grants are contingent upon incurring qualifying expenditures and fulfilling milestones. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Until that point, any amounts that are received are recorded as refundable advances. Refundable advances of $7,553,687 have been included as program advances on the consolidated statement of financial position at June 30, 2020.

17. Risks and Uncertainties; COVID and CARES Act

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the impact that the pandemic will have on the Organization's consolidated financial condition, liquidity and future results of operations. Management is actively monitoring the global situation on its consolidated financial condition, liquidity, operations, suppliers, industry and workforce.

On March 27, 2020, the CARES Act was enacted. The CARES Act contains measures designed to bring some economic and fiscal relief to companies, small businesses and individuals facing financial difficulties due to the COVID-19 crisis. The Organization's management is currently evaluating the effect of the CARES Act on its consolidated financial statements.

The CARES Act appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by the COVID-19 outbreak.

POP Management and CCBQ received SBA PPP loans in the amounts of approximately $1,800,000 and $690,000, respectively. Based on the current guidance of the SBA, the Organization has applied for loan forgiveness with the SBA and expects that this amount will be forgiven in the year ended June 30, 2021.

Additionally, CCNS received provider relief funds from the Department of Health and Human Services totaling approximately $512,000.

Management continues to examine the impact that the COVID-19 outbreak and CARES Act may have on its business. Management is currently unable to determine any additional impact on its consolidated financial condition, results of operation or liquidity.

18. Subsequent Events

In connection with the preparation of the consolidated financial statements, the Organization has evaluated events subsequent to the consolidated statement of financial position date of June 30, 2020 and through January 15, 2021, the date on which the consolidated financial statements were available to be issued and determined that there were no additional matters that are required to be disclosed, except for the event noted below:

In September 2020, the January 2004 loan in the amount of $536,424 was satisfied through a release signed by Capital One bank.