



**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Consolidated Financial Statements with Supplemental Schedules

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Statements of Financial Position as of December 31, 2019 and 2018	3
Consolidated Statement of Activities for the year ended December 31, 2019	4
Consolidated Statement of Activities for the year ended December 31, 2018	5
Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018	6
Notes to Consolidated Financial Statements	7
Supplemental Schedules	31



KPMG LLP
Suite 900
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McLean, VA 22102

Independent Auditors' Report

The Administrative Committee
United States Conference of Catholic Bishops

We have audited the accompanying consolidated financial statements of the United States Conference of Catholic Bishops and affiliates, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United States Conference of Catholic Bishops and affiliates as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in Note 2(p) to the consolidated financial statements, in 2019 the United States Conference of Catholic Bishops and affiliates adopted new accounting guidance, Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in Schedules 1 through 9 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

McLean, Virginia
June 26, 2020

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Consolidated Statements of Financial Position

December 31, 2019 and 2018

Assets	2019	2018
Cash and cash equivalents	\$ 11,887,424	12,912,209
Short-term investments (note 7)	5,329,433	5,238,366
Accounts receivable:		
Resettlement and other programs – government agencies, net (note 2i)	14,595,147	13,467,076
Other, net (note 2i)	2,616,007	4,616,691
Contributions receivable (note 2i)	44,217,285	44,949,995
Inventories, net, prepaid expenses and other assets	1,219,247	1,257,907
Long-term investments (note 7)	283,159,534	269,488,333
Property and equipment, net (note 4)	13,952,007	13,101,202
Total assets	\$ 376,976,084	365,031,779
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 12,274,458	14,112,180
National collections grants payable (note 2j)	40,295,969	46,294,053
Accrued pension liability (note 10)	33,997,379	34,282,481
Accrued postretirement benefit liability (note 11)	26,179,130	24,031,685
Total liabilities	112,746,936	118,720,399
Net assets:		
Net assets without donor restrictions:		
General and current operating funds (note 5)	63,453,379	52,450,075
National collections (note 6)	89,424,324	78,376,919
National Religious Retirement Office (note 6)	53,049,905	45,804,505
Total net assets without donor restrictions	205,927,608	176,631,499
Net assets with donor restrictions:		
Current operating fund (note 5)	1,262,624	623,076
National collections (note 6)	32,747,283	40,772,634
National Religious Retirement Office (note 6)	24,024,915	28,050,801
Villa Stritch endowment fund (note 9)	266,718	233,370
Total net assets with donor restrictions	58,301,540	69,679,881
Total net assets	264,229,148	246,311,380
Commitments and contingencies (notes 12 and 13)		
Total liabilities and net assets	\$ 376,976,084	365,031,779

See accompanying notes to consolidated financial statements.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Consolidated Statement of Activities

Year ended December 31, 2019

	Without donor restrictions	With donor restrictions	2019 Total
Operating revenues, gains and other support:			
Contributions:			
Diocesan assessments	\$ 11,993,680	—	11,993,680
National collections	—	86,548,122	86,548,122
Grants, bequests and other	3,134	3,737,979	3,741,113
Government contracts and grants revenue (note 3)	52,712,944	—	52,712,944
Investment income (note 8)	21,123,436	47,386	21,170,822
Sale of publications	4,901,120	—	4,901,120
Royalty income	2,390,860	—	2,390,860
Collection fees on refugee loans	2,340,523	—	2,340,523
Contributed services	543,480	—	543,480
Other	1,723,264	411,869	2,135,133
	97,732,441	90,745,356	188,477,797
Net assets released from restrictions	102,123,697	(102,123,697)	—
Total operating revenues, gains and other support	199,856,138	(11,378,341)	188,477,797
Operating expenses:			
Program services:			
Pastoral activities	8,738,265	—	8,738,265
Migration and refugee services (note 3):			
Subrecipient government contract expense	45,031,982	—	45,031,982
Other	10,438,546	—	10,438,546
Total Migration refugee services	55,470,528	—	55,470,528
Communications, policy and advocacy activities	17,693,566	—	17,693,566
National collections:			
Grants and donations	97,925,634	—	97,925,634
Other	3,114,202	—	3,114,202
Total National collections	101,039,836	—	101,039,836
Total program expenses	182,942,195	—	182,942,195
Supporting services:			
Management and general	12,253,896	—	12,253,896
National collections – fundraising	2,325,449	—	2,325,449
Total supporting services expenses	14,579,345	—	14,579,345
Total operating expenses (note 16)	197,521,540	—	197,521,540
Change in net assets from operations	2,334,598	(11,378,341)	(9,043,743)
Nonoperating activities:			
Unrealized appreciation (depreciation) on investments (note 8)	31,875,108	—	31,875,108
Pension related changes other than net periodic pension cost (notess 10 and 11)	(4,913,597)	—	(4,913,597)
Total nonoperating activities	26,961,511	—	26,961,511
Change in net assets	29,296,109	(11,378,341)	17,917,768
Net assets, beginning of year	176,631,499	69,679,881	246,311,380
Net assets, end of year	\$ 205,927,608	58,301,540	264,229,148

See accompanying notes to consolidated financial statements.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Consolidated Statement of Activities

Year ended December 31, 2018

	Without donor restrictions	With donor restrictions	2018 Total
Operating revenues, gains and other support:			
Contributions:			
Diocesan assessments	\$ 11,642,760	—	11,642,760
National collections	—	108,698,109	108,698,109
Grants, bequests and other	4,593,451	2,558,689	7,152,140
Government contracts and grants revenue (note 3)	48,482,684	—	48,482,684
Investment income (note 8)	15,468,856	(6,530)	15,462,326
Sale of publications	4,888,682	—	4,888,682
Royalty income	2,393,005	—	2,393,005
Collection fees on refugee loans	3,163,729	—	3,163,729
Contributed services	587,752	—	587,752
Other	1,178,443	—	1,178,443
	92,399,362	111,250,268	203,649,630
Net assets released from restrictions	135,190,291	(135,190,291)	—
Total operating revenues, gains and other support	227,589,653	(23,940,023)	203,649,630
Operating expenses:			
Program services:			
Pastoral activities	10,495,679	—	10,495,679
Migration and refugee services (note 3):			
Subrecipient government contract expense	39,063,726	—	39,063,726
Other	11,354,943	—	11,354,943
Total Migration refugee services	50,418,669	—	50,418,669
Communications, policy and advocacy activities	16,569,999	—	16,569,999
National collections:			
Grants and donations	138,762,602	—	138,762,602
Other	3,595,429	—	3,595,429
Total National collections	142,358,031	—	142,358,031
Total program expenses	219,842,378	—	219,842,378
Supporting services:			
Management and general	11,119,667	—	11,119,667
National collections – fundraising	2,163,241	—	2,163,241
Total supporting services expenses	13,282,908	—	13,282,908
Total operating expenses (note 16)	233,125,286	—	233,125,286
Change in net assets from operations	(5,535,633)	(23,940,023)	(29,475,656)
Nonoperating activities:			
Unrealized appreciation (depreciation) on investments (note 8)	(23,725,985)	—	(23,725,985)
Pension related changes other than net periodic pension cost (notess 10 and 11)	7,068,094	—	7,068,094
Total nonoperating activities	(16,657,891)	—	(16,657,891)
Change in net assets	(22,193,524)	(23,940,023)	(46,133,547)
Net assets, beginning of year	198,825,023	93,619,904	292,444,927
Net assets, end of year	\$ 176,631,499	69,679,881	246,311,380

See accompanying notes to consolidated financial statements.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Consolidated Statement of Cash Flows
Years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 17,917,768	(46,133,547)
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Allowance for doubtful accounts and obsolescence	101,166	86,943
Depreciation expense	1,308,219	1,198,473
Net realized and unrealized (gains) loss on investments	(50,319,141)	11,181,085
(Increase) decrease in operating assets:		
Accounts receivable:		
Resettlement and other programs – government agencies	(1,128,071)	60,176
Other	1,899,518	(191,984)
Contributions receivable	732,710	(306,151)
Inventories, prepaid expenses and other assets	38,660	294,380
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,837,722)	(1,961,255)
National collections grants payable	(5,998,084)	(4,587,643)
Accrued pension liability	(285,102)	(4,170,247)
Accrued postretirement benefit liability	2,147,445	(5,508,999)
Net cash used in operating activities	(35,422,634)	(50,038,769)
Cash flows from investing activities:		
Purchases of property and equipment	(2,159,024)	(1,902,614)
Sales of investments	267,566,884	315,768,465
Purchases of investments	(231,010,011)	(314,446,980)
Net cash provided by (used in) investing activities	34,397,849	(581,129)
Decrease in cash and cash equivalents	(1,024,785)	(50,619,898)
Cash and equivalents, beginning of year	12,912,209	63,532,107
Cash and equivalents, end of year	\$ 11,887,424	12,912,209

See accompanying notes to consolidated financial statements.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(1) Organization

The United States Conference of Catholic Bishops (USCCB or the Conference) is an assembly of the hierarchy of the United States and the U.S. Virgin Islands who jointly exercise certain pastoral functions on behalf of the Christian faithful of the United States. The purpose of the Conference is to promote the greater good that the Church offers humankind. This purpose is drawn from the universal law of the Church and applies to the Episcopal conferences which are established all over the world for the same purpose.

All Catholic bishops and eparchs in the United States constitute the membership of the Conference and are served by a staff of lay people, priests, deacons, and religious located at the Conference headquarters in Washington, D.C.

The accompanying consolidated financial statements include the accounts of the General Funds, the Current Operating Fund, which includes the various committees and activities of the Conference, the national collections including the National Religious Retirement Office (NRRO), the Confraternity of Christian Doctrine, Inc. (CCD), the Refugee Travel Assistance Program (RTAP) and St. John's Hall (Staff House), collectively referred to as USCCB. CCD is a District of Columbia nonprofit corporation created in 1939, whose current activity is to hold and manage the copyrights on the New American Bible. RTAP is a single member limited liability company formed in the District of Columbia on November 17, 2016 to service refugee travel loans in jurisdictions which require licensing and/or registration to collect loans from persons therein. USCCB consolidates an entity when it holds a majority voting interest in an entity. All intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

The General Fund is comprised of five funds: General Operating, Building, General Reserve, Catechism and Quasi-Endowment. The General Operating Fund derives revenue from diocesan assessments, investment income and other sources. This revenue is used primarily to finance the current operations of USCCB. The Building Fund includes the land, buildings, furniture and equipment of USCCB offices, the St. John's Hall staff house facility located in Washington D.C., improvements to the Villa Stritch staff house facilities in Rome and reserves for future maintenance and improvements on facilities. The General Reserve Fund was designated in 1993 for sudden, unusual, ad hoc and/or short-term projects. The Catechism Fund was established in 1995 to account for operations related to the publishing, sale, promotion and distribution of the United States release of the *Catechism of the Catholic Church*. The Quasi-Endowment Fund was established in 1997 to supplement the diocesan assessments by applying an annual spending rate to use for current operations.

The Current Operating Fund represents the accumulated income or deficit from operations of USCCB's activities, after transfers from the General Operating Fund. The principal activities included in the Current Operating Fund are pastoral activities, management and general activities, communications, and policy and advocacy.

Communications, policy and advocacy activities broadly categorized include, but are not limited to, the production of news, educational and catechetical content; the sharing of the teachings of the Church that have some bearing on public policy; and advocacy which is realized through the staff of the Government Relations Office.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

National collections are summarized as follows:

- The Catholic Relief Services Collection (CRSC) is an annual appeal, which provides funding for Catholic Relief Services (CRS) and other identifiable overseas aid programs such as the relief works of the Holy Father, Migration and Refugee Services (MRS), Justice Peace and Human Development (JPHD), and the Catholic Legal Immigration Network, Inc. (CLINIC).
- Catholic Campaign for Human Development (CCHD) is the domestic anti-poverty social justice program of USCCB. Its mission is to address the root causes of poverty in the United States through promotion and support of community-controlled self-help organizations, and through transformative education. Seventy-five percent of the receipts from the CCHD national collection are remitted to USCCB. The remaining 25% of the collection is retained by the dioceses for use in local human development programs.
- Collection for the Church in Latin America (CLA) gives assistance to the Catholic Church within the countries of Latin America and the Caribbean.
- Catholic Communication Campaign (CCC) contributes to the process of evangelization by fostering activities related to television, radio, print, internet, and other media. CCC uses 50% for priority projects of the bishops for national and international distribution, following recommendations by the USCCB Communications Committee's Subcommittee on the Catholic Communication Campaign. The remaining portion of the collection is retained by dioceses for use in local communications projects.
- Catholic Home Missions Appeal (CHM) gives financial support to missionary activities that strengthen and extend the presence of the Church in the United States and its dependencies.
- Aid to the Church in Central and Eastern Europe (AEE) helps restore pastoral capacity in that area.

The National Religious Retirement Office (NRRO) was established in 1987 by the Conference of Major Superiors of Men, the Leadership Conference of Women Religious and the United States Conference of Catholic Bishops. In 1995, the Council of Major Superiors of Women Religious became the fourth sponsoring entity. NRRO is responsible for coordinating the annual Retirement Fund for Religious national collection as authorized by the Bishops of the United States.

Separate financial records are maintained by other activities not directly under the control of USCCB but related to the mission of the Catholic Church. The following activities are excluded from the accompanying consolidated financial statements and are audited separately:

- Catholic Legal Immigration Network, Inc. (CLINIC)
- Catholic Relief Services, Inc. (CRS)
- Basilica of the National Shrine of the Immaculate Conception

(2) Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and with the provisions of the

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Net assets and related revenues, gains and other support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

(i) Net Assets Without Donor Restrictions

Includes all resources that are expendable for carrying out USCCB's mission that are not subject to donor-imposed restrictions.

(ii) Net Assets With Donor Restrictions

Net assets whose use is limited by donor-imposed restrictions that either expire with the passage of time or, can be fulfilled and removed by the actions of USCCB pursuant to those restrictions or, require such resources to be maintained in perpetuity and the income utilized for operating or other donor-restricted purposes.

(b) Cash and Cash Equivalents

USCCB considers all highly liquid financial instruments having an original maturity of three months or less to be cash equivalents, except for cash or money market accounts held by external managers.

(c) Short-Term and Long-Term Investments

Pooled investments include those of CRSC, CCHD, CLA, CCC, CHM, AEE, and NRRO and consist of both short-term and long-term investments. The pooled investments are managed by independent investment managers, and the securities are held by bank custodians. Selected investment portfolios also include assets of CLINIC, however, proportional ownership of those portfolios is separately reported by the custodian bank and amounts owned by CLINIC are not reported in the accompanying consolidated financial statements. The pooled investment fund is comprised of domestic and foreign equity and fixed income securities, fund of funds, mortgage and asset-backed securities and U.S. government and agency securities. Investment income, including realized gains (losses) is included in operating revenues, gains and other support, while net unrealized appreciation (depreciation) is reported as nonoperating activity in the accompanying consolidated statements of activities.

Short-term investments, at fair value, consist of government and corporate obligations with original maturities of one year or less as of December 31, 2019 and 2018.

Long-term investments included in the pooled investments are recorded at fair value.

All investments are exposed to various risks, such as interest rates, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated financial statements.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(d) Contributions

Diocesan assessments represent the current year's assessment to each diocese. National collections represent USCCB's share of the proceeds of the current year's collections. Grants and contributions received, including national collections, which are restricted by the donor for a specific purpose, are recorded with donor restrictions and are released to net assets without donor restrictions upon meeting the implicit time restrictions and expenditure of the funds in accordance with the donor's restricted purpose. Grants, bequests and other contributions are recorded as income when an unconditional promise to give is received.

(e) Inventories

Inventories are valued at the lower of cost or market with cost being determined on the average cost basis. At December 31, 2019 and 2018, inventories are comprised primarily of publications for sale and are reflected in the accompanying consolidated statements of financial position net of an allowance for obsolete inventory of \$68,276 and \$105,084, respectively.

(f) Property and Equipment, Net

USCCB owns its headquarters building and staff house facilities in Washington, D.C. and the Villa Stritch in Rome, Italy, which is used by American priests serving at the Vatican. Property and equipment, net, are stated at cost at date of acquisition or fair value at date of contribution, if donated. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Assets are depreciated over the following useful lives:

Buildings	40 years
Building improvements	10 years
Furniture and equipment	3–10 years

(g) Revenues

In accordance with ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, grants and contracts awarded by federal and other sponsors, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. USCCB has elected the simultaneous release policy available under ASU 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

Diocesan assessments are contributions received from dioceses. There are no donor-imposed restrictions on the revenue and there is no transfer of goods or services.

Revenues from the sale of publications is recognized when USCCB fulfills the performance obligation and the customer takes possession of the product. Revenues from the sale of publications also includes subscriptions for news services. USCCB has a performance obligation to provide news services and recognizes revenue on subscriptions as news service is provided. Subscriptions are billed

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

and paid monthly for service periods of one to three years. Payments made in advance of conditions being met are recorded as contract liabilities on the consolidated balance sheets. Included in contract liabilities at December 31, 2019 and 2018 are \$217,935 and \$182,382, respectively.

Royalty income is revenue received for the licensing of intellectual property. Revenue is recognized when the performance obligation is fulfilled.

(h) Resettlement Programs

Reimbursements from government grants for USCCB administrative costs and program services provided by MRS are included in the accompanying consolidated statements of activities.

(i) Accounts and Contributions Receivable

Accounts receivable consists primarily of amounts due from publication sales, royalties due and government contracts and grants. These amounts are expected to be collected within one year. Accounts receivable, net of allowance for doubtful accounts, not expected to be collected within one year of the statement of financial position date, are recorded at net present value. USCCB determines its allowance by considering a number of factors, including the length of time for which these receivables are past due, USCCB's previous loss history, the donor's current ability to pay its obligation, and the condition of the general economy and the not-for-profit sector as a whole.

At December 31, 2019 and 2018, accounts receivables—other, primarily amounts due from publication sales, are reflected in the accompanying consolidated statements of financial position net of an allowance for doubtful accounts of \$249,195 and \$148,028 respectively.

Contributions receivable consists primarily of amounts due from dioceses for national collections. Management has determined that no reserves are necessary at December 31, 2019 and 2018 relating to contributions receivable. Contributions receivable is initially recorded at net realizable value (Level 2 input).

At December 31, 2019 and 2018, accounts receivable-resettlement and other programs consisted of the following:

	<u>2019</u>	<u>2018</u>
U.S. Refugee Admissions Program	\$ 4,108,696	4,774,662
Refugee and Entrant Assistance-Voluntary Agency Program	2,473,851	2,804,640
Refugee and Entrant Assistance-Discretionary Grants	784,521	666,260
Unaccompanied Alien Children Program	7,217,473	4,427,822
Cuban/Haitian Entrant Resettlement Program	(7,656)	320,583
Anti-Trafficking	18,262	473,109
	<u>14,595,147</u>	<u>13,467,076</u>
Total accounts receivable-resettlement and other programs	\$ <u>14,595,147</u>	<u>13,467,076</u>

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

At December 31, 2019 and 2018, contributions receivable consisted of the following:

	<u>2019</u>	<u>2018</u>
Catholic Campaign for Human Development	\$ 8,080,561	8,405,850
Catholic Communications Campaign	903,941	732,940
Catholic Home Missions Appeal	1,717,523	1,350,398
Catholic Relief Services Collection	2,720,837	2,500,582
Collection for the Church in Latin America	1,020,938	1,061,528
Collection to Rebuild Churches hit by Haiti earthquake	4,933,451	4,754,535
Aid to the Church in Central and Eastern Europe	815,120	1,198,135
National Religious Retirement Office	<u>24,024,914</u>	<u>24,946,027</u>
Total contributions receivable	<u>\$ 44,217,285</u>	<u>44,949,995</u>

(j) National Collections Grants Payable

The Conference receives several funds through the National Collections Office. These funds are granted/disbursed upon approval of the respective subcommittees of bishops for each national collection. Unconditional grants are recorded when approved. Conditional grants are recorded when conditions are substantially met, and the expenditures are approved.

At December 31, 2019 and 2018, grants payable consisted of the following:

	<u>2019</u>	<u>2018</u>
Catholic Campaign for Human Development	\$ 6,814,725	11,319,107
Catholic Communications Campaign	991,524	559,614
Catholic Home Missions Appeal	10,170,500	9,460,000
Catholic Relief Services Collection	14,605,315	14,665,200
Collection for the Church in Latin America	962,657	1,599,651
Collection to Rebuild Churches hit by Haiti earthquake	2,736,121	4,257,419
Aid to the Church in Central and Eastern Europe	2,704,363	3,862,975
National Religious Retirement Office	21,666	27,096
Other	<u>1,289,098</u>	<u>542,991</u>
Total grants payable	<u>\$ 40,295,969</u>	<u>46,294,053</u>

(k) Concentration of Credit Risk

Cash and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, USCCB maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits, and in a diversified investment portfolio.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(l) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and short-term investments approximate fair value due to the short-term maturity of these financial instruments. Cash, cash equivalents, and short-term investments are classified as level one in the fair value hierarchy.

(m) Contributed Services

Contributed services revenue is recognized for staff positions filled by diocesan priests. The value of the contributed services is the difference between the amounts paid to or on behalf of the diocesan priests and the compensation that would be paid to lay persons for comparable positions and is recognized in operating revenues and expenses in the accompanying consolidated statements of activities.

(n) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) Income Taxes

USCCB is exempt from federal income taxes, under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3). USCCB is also exempt from tax in the District of Columbia under the applicable statute. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

On December 22, 2017, the president of the United States of America signed into Public Law 115-97, the *Tax Cuts and Jobs Act*, which includes several changes relevant to tax exempt organizations, primarily related to unrelated business income, net operating losses, certain new excise taxes, and changes affecting the deductibility of certain expenses. USCCB was required to file Form 990-T, Exempt Organization Business Tax Return, reporting unrelated business taxable income resulting from the enactment in section 512(a)(7) in the Tax Cuts and Jobs Act in 2019. USCCB was required to report and pay tax on expenses related to its employee parking lot and transit benefits the USCCB provided to its employees in tax year 2019. Section 512(a)(7) was repealed on December 20, 2019 and USCCB has submitted an amended return requesting a refund on taxes paid.

(p) Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires a company to recognize revenue when the company transfers control of promised goods and services to the customer. Revenue is recognized in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. A company also is required to disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. USCCB has adopted ASU 2014-09 and all related amendments using

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

the modified retrospective method as of January 1, 2019. The adoption of this ASU did not materially impact the consolidated financial statements.

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*. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. It provides guidance for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. In addition, it clarifies whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. USCCB has adopted ASU 2018-08 and all related amendments using the modified prospective method as of January 1, 2019. The adoption of this ASU did not materially impact the consolidated financial statements.

(3) Migration and Refugee Services and Programs

Since 1975, USCCB has entered into various agreements with the United States government to assist in the resettlement of refugees immigrating to the United States and to provide specialized services to particularly vulnerable migrants, such as unaccompanied minors and victims of human trafficking. The resettlement activities are financed by government agencies, principally the U.S. Department of Health and Human Services and the U.S. Department of State under the authority of the Immigration and Nationality Act, as amended. Government funds received must generally be paid for the designated contractual purposes no later than three months following the end of the contract period. Unless an extension is approved by the government agencies, the funds are subject to reversion after the three-month period. However, for the majority of programs, funds are drawn down after expenditures have been incurred and paid, thereby limiting exposure to the reversion requirements.

For the years ended December 31, 2019 and 2018, government contracts and grants revenue consisted of the following:

	<u>2019</u>	<u>2018</u>
U.S. Refugee Admissions Program	\$ 16,451,279	15,835,099
Refugee and Entrant Assistance-Voluntary Agency Programs	9,006,622	9,613,915
Refugee and Entrant Assistance-Discretionary Grants	3,144,559	3,059,636
Unaccompanied Alien Children Program	23,236,837	16,144,085
Cuban/Haitian Entrant Resettlement Program	766,082	2,213,173
Anti-Trafficking	107,565	1,612,029
Contracts - non federal	—	4,747
Total government contract and grants revenue	<u>\$ 52,712,944</u>	<u>48,482,684</u>

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(4) Property and Equipment, Net

At December 31, 2019 and 2018, property and equipment, net, consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,448,535	1,448,535
Buildings and improvements	38,663,984	36,793,213
Furniture and equipment	3,872,900	3,584,647
Fine artwork and paintings	<u>512,025</u>	<u>512,025</u>
Total property and equipment	44,497,444	42,338,420
Less accumulated depreciation and amortization	<u>(30,545,437)</u>	<u>(29,237,218)</u>
Total property and equipment, net	<u>\$ 13,952,007</u>	<u>13,101,202</u>

(5) General and Current Operating Funds Net Assets

At December 31, 2019 and 2018, general and current operating funds consisted of the following:

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions:		
Building fund	\$ 47,725,428	41,831,063
Quasi-endowment fund (note 9)	32,748,395	28,779,746
General reserve fund	5,000,000	5,000,000
Catechism fund	1,498,945	1,256,558
General and current operating funds	<u>(23,519,389)</u>	<u>(24,417,292)</u>
Total general and current operating funds without donor restrictions	63,453,379	52,450,075
Net assets with donor restrictions:		
Current operating funds	<u>1,262,624</u>	<u>623,076</u>
Total general and current operating funds	<u>\$ 64,716,003</u>	<u>53,073,151</u>

(6) National Collections and National Religious Retirement Office Net Assets

At December 31, 2019 and 2018, net assets for National Collections and National Religious Retirement Office include both donor restricted and without donor restricted funds. Donor restricted funds are only available for program activities, or supporting services designated for future years. Net assets with donor restrictions were released from restriction during the years ended December 31, 2019 and 2018, due to time restriction ending or the purpose restriction being accomplished.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

The following illustrates the net assets for National Collections and National Religious Retirement Office:

	2019		2018	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
National Religious Retirement Office	\$ 53,049,905	24,024,915	45,804,505	28,050,801
National collections:				
Catholic Relief Services	3,102,593	2,720,837	1,313,928	2,500,582
Catholic Campaign for Human Development	27,805,129	8,080,561	26,552,095	8,405,851
Church in Latin America	9,302,298	1,020,938	8,129,826	1,061,528
Rebuild Churches hit by Haiti Earthquake	5,553,241	4,933,451	4,036,048	5,442,403
Catholic Communications Campaign	8,343,043	1,602,699	6,711,433	1,977,564
Catholic Home Missions Appeal	18,945,330	1,717,523	17,058,512	1,350,398
Church in Africa	3,788,828	409,859	3,121,203	164,590
Aid to the Church in Central and Eastern Europe	9,949,353	815,120	7,916,270	1,198,135
Special collections –Disaster relief	2,634,509	11,446,295	3,537,604	18,671,583
National collections	<u>89,424,324</u>	<u>32,747,283</u>	<u>78,376,919</u>	<u>40,772,634</u>
Total	<u>\$ 142,474,229</u>	<u>56,772,198</u>	<u>124,181,424</u>	<u>68,823,435</u>

(7) Investments and Fair Value Measurements

Fair value is the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. USCCB uses valuation approaches that maximizes the use of observable inputs and minimizes the use of unobservable inputs to the extent possible.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 – Pricing inputs other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. The nature of these securities include investments for which quoted prices are available but traded less

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

frequently and investments where fair value is determined using other securities, the parameters of which can be directly observed.

- Level 3 – Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date. The inputs into the determination of fair value require significant management judgment or estimation. USCCB held no assets where fair value was determined using Level 3 inputs during 2019 or 2018.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. The following valuation techniques and inputs were used to determine the fair value of the long-term investments listed below:

Fixed income securities (including the related receivables for securities sold and liabilities for securities purchased) include, but are not limited to, U.S. government and agency securities, corporate bonds, mortgage-backed securities and asset-backed securities. U.S. government and agency securities and certain mortgage-backed securities are valued using quoted prices in principal active markets for identical assets and are classified as Level 1. The remainder of these securities are valued using quoted prices in active markets for similar securities and are classified as Level 2.

Equity securities are valued using quoted prices in principal active markets for identical assets and are classified as Level 1. Cash equivalents consisting of money market accounts and overnight deposits are also classified as Level 1.

Institutional mutual funds are valued using the net asset value (NAV) or its equivalent to determine the fair value of all the underlying investments. These institutional mutual funds are classified at level 2 as they are redeemable at NAV at or near year-end.

Short-term investments, consisting of certificates of deposit, are classified as Level 1.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

The following tables present long-term investments measured at fair value at December 31, 2019 and 2018:

	2019		
	<u>Level 1</u>	<u>Level 1</u>	<u>Total</u>
Cash equivalents	\$ 3,598,471	—	3,598,471
U.S. government and agency securities	15,622,455	—	15,622,455
Corporate Bonds	—	11,503,929	11,503,929
Domestic equity securities	137,794,045	—	137,794,045
Institutional mutual funds:			
Domestic equity funds	—	13,692,724	13,692,724
Foreign equity funds	—	44,204,808	44,204,808
Fixed income funds:			
U.S. government portfolio	—	18,886,561	18,886,561
Mortgage fund	—	12,500,419	12,500,419
Asset-backed fund	—	1,175,387	1,175,387
Mortgage-backed securities	3,094,246	17,705,544	20,799,790
Asset-backed securities	—	4,618,834	4,618,834
Receivables for securities sold	830,293	324,987	1,155,280
Liabilities for securities purchased	—	(2,393,169)	(2,393,169)
Total long-term investments	<u>\$ 160,939,510</u>	<u>122,220,024</u>	<u>283,159,534</u>

	2018		
	<u>Level 1</u>	<u>Level 1</u>	<u>Total</u>
Cash equivalents	\$ 4,907,984	510,437	5,418,421
U.S. government and agency securities	17,077,885	115,174	17,193,059
Corporate Bonds	—	14,685,803	14,685,803
Domestic equity securities	125,377,083	—	125,377,083
Institutional mutual funds:			
Domestic equity funds	—	13,725,683	13,725,683
Foreign equity funds	—	38,537,909	38,537,909
Fixed income funds:			
U.S. government portfolio	—	19,062,529	19,062,529
Mortgage fund	—	13,341,653	13,341,653
Asset-backed fund	—	1,167,719	1,167,719
Mortgage-backed securities	2,595,625	17,860,829	20,456,454
Asset-backed securities	—	5,201,655	5,201,655
Receivables for securities sold	227,501	438,931	666,432
Liabilities for securities purchased	(180,400)	(5,165,667)	(5,346,067)
Total long-term investments	<u>\$ 150,005,678</u>	<u>119,482,655</u>	<u>269,488,333</u>

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

Investments valued at NAV or its equivalent as of December 31, 2019 and 2018, are measured at fair value on the previous schedules and consisted of the following institutional mutual funds:

<u>Investment</u>	<u>Investment strategy</u>	<u>Redemption restrictions/ liquidity provisions</u>
Institutional mutual funds:		
U.S. government portfolio	Approximate performance of both Bloomberg Barclays U.S. Intermediate and Long Government Bond Index	Daily/2 day prior notice
Mortgage fund	Approximate performance of Bloomberg Barclay U.S. MBS Index over the long term	Daily/2 day prior notice
Foreign equity funds	Invest in equity securities of well-established companies based in those countries included in the Morgan Stanley Capital International All Country World Ex-USA Index	Daily/No prior notice
Domestic equity funds	Approximate the performance of Bloomberg Barclays U.S. Credit Bond Index	Daily/2 day prior notice
Asset-backed fund	Approximate the performance of Bloomberg Barclays U.S. ABS Index/Barclays U.S. CMBS (ERISA Only) Index	Daily/No prior notice

The above funds have no unfunded commitments as of December 31, 2019 and 2018.

(8) Investment Income and Unrealized Appreciation/Depreciation

For the years ended December 31, 2019 and 2018, investment income consisted of the following:

	<u>2019</u>	<u>2018</u>
Investments:		
Interest	\$ 1,656,764	1,681,356
Dividends	2,333,799	2,435,510
Realized gains	18,444,033	12,544,900
Gross investment income	22,434,596	16,661,766
Less investment management fees	(1,263,774)	(1,199,440)
Net investment income	21,170,822	15,462,326
Unrealized appreciation (depreciation)	31,875,108	(23,725,985)
Total investment income (loss)	\$ 53,045,930	(8,263,659)

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(9) Endowments

FASB requires that endowment funds with donor restrictions be classified as donor-restricted endowment funds. USCCB is subject to the District of Columbia enacted version of the Uniform Prudent Management of Institutional Funds Act. Management has interpreted the District of Columbia law as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

In 2010, USCCB established the Villa Stritch Endowment fund as a fund with donor restrictions for the sole purpose of providing support for U.S. diocesan priests serving the Universal Church in various ministries of the Holy See. The Quasi-Endowment Fund was established in 1997 to supplement the diocesan assessments by applying an annual spending rate to use for current operations.

	<u>2019</u>	<u>2018</u>
Donor restricted endowment fund	\$ 266,718	233,370
Board designated quasi-endowment fund	<u>32,748,395</u>	<u>28,779,746</u>
Total endowments	<u>\$ 33,015,113</u>	<u>29,013,116</u>

The following illustrates the changes in the Villa Stritch Endowment fund net assets with donor restrictions for the years ended December 31, 2019 and 2018:

	<u>2019</u> <u>With donor</u> <u>restrictions</u>	<u>2018</u> <u>With donor</u> <u>restrictions</u>
Villa Stritch Endowment fund, beginning of year	\$ 233,370	252,183
Investment income (loss)	47,386	(6,530)
Transfer to Building Fund (5%)	<u>(14,038)</u>	<u>(12,283)</u>
Villa Stritch Endowment fund, end of year	<u>\$ 266,718</u>	<u>233,370</u>

The following illustrates the changes in board-designated Quasi-Endowment fund net assets without donor restrictions for the years ended December 31, 2019 and 2018:

	<u>2019</u> <u>Without donor</u> <u>restrictions</u>	<u>2018</u> <u>Without donor</u> <u>restrictions</u>
Board-designated Quasi-Endowment funds, beginning of year	\$ 28,779,746	31,264,333
Investment return – investment income	5,874,640	(809,576)
Transfer to General Operating Fund (spending rate 5.5%)	<u>(1,905,991)</u>	<u>(1,675,011)</u>
Board-designated Quasi-Endowment funds, end of year	<u>\$ 32,748,395</u>	<u>28,779,746</u>

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

Realized and unrealized appreciation (depreciation) is allocated to the Quasi-Endowment fund. In 2019 and 2018, USCCB directed a transfer to the General Operating Fund of an amount equal to 5.5% of the Quasi-Endowment fund year-end balance. This amount was established to supplement the annual diocesan assessment.

(10) Retirement Benefits

Substantially all of the employees participate in a noncontributory, defined benefit retirement plan. The plan also covers some employees of the National Council of Catholic Women and the CLINIC. Benefits under the plan are based on years of service and final average pay.

In 2013, the Executive Committee approved an amendment to the plan to freeze benefit accruals as of December 31, 2013 for all current employees.

The actuarial valuation of this retirement plan for 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Accumulated benefit obligation	\$ 101,187,115	92,461,531
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 92,461,531	104,639,253
Interest cost	3,720,256	3,592,235
Actuarial loss (gain)	10,464,749	(8,456,378)
Benefits paid	<u>(5,459,421)</u>	<u>(7,313,579)</u>
Benefit obligation, end of year	<u>101,187,115</u>	<u>92,461,531</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	58,179,050	66,186,525
Actual return on plan assets	11,924,851	(2,079,781)
Employer contributions	2,545,256	1,385,885
Benefits paid	<u>(5,459,421)</u>	<u>(7,313,579)</u>
Fair value of plan assets, end of year	<u>67,189,736</u>	<u>58,179,050</u>
Funded status – underfunded	<u>\$ 33,997,379</u>	<u>34,282,481</u>

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

	2019	2018
Items not yet recognized as a component of net periodic pension benefit cost:		
Net actuarial loss	\$ 26,273,439	24,685,684
Net periodic benefit cost:		
Interest cost	\$ 3,720,256	3,592,235
Expected return on plan assets	(3,705,698)	(4,235,506)
Amortization of net actuarial loss	657,841	650,095
Net periodic benefit cost	\$ 672,399	6,824
	2019	2018
Other changes in plan assets and benefit obligation:		
Net actuarial loss (gain)	\$ 2,245,596	(2,141,091)
Amortization of actuarial net loss	(657,841)	(650,095)
Total other changes in plan assets and benefit obligation	\$ 1,587,755	(2,791,186)

The assumptions used to determine the benefit obligation in the actuarial valuations at December 31, 2019 and 2018 were as follows:

	2019	2018
Discount rate	3.09 %	4.15 %

The expected long-term rate of return on assets assumption is selected by management as a reasonable expectation based on historical performance of both the pension fund and the investment markets in general. The selection of this rate is periodically revisited by USCCB as the administrator of the pension plan.

The assumptions used to determine the net periodic benefit cost in the actuarial valuations at December 31, 2019 and 2018 were as follows:

	2019	2018
Discount rate	4.15 %	3.54 %
Long-term rate of return on plan assets	6.60	6.60

In October 2019, the Society of Actuaries released new data regarding observed mortality rate improvements (the Pri-2012 Mortality Tables and the MP-2019 Mortality Improvement Scale). The updated mortality tables and the scale were considered by USCCB and adopted as of December 31, 2019.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

Estimated amounts to be amortized into net periodic benefit cost in 2019 are \$650,095 from net actuarial loss. There is no prior service cost that will be amortized next year.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

2020	\$ 5,797,000
2021	5,875,000
2022	5,949,000
2023	6,005,000
2024	6,019,000
2025–2029	29,404,000

USCCB plans to make a contribution of \$1,009,877 to the pension plan in 2020.

Plan Assets

The assets of the plan are invested primarily in a diversified mix of domestic and foreign equities and fixed income securities. The assets are managed by independent investment managers in accordance with stated investment policies and subject to USCCB's socially responsible investment guidelines. The investment objective of the pension fund is to equal or exceed a benchmark rate of return comprised of appropriate market indices and to achieve an above-median ranking in a universe of balanced funds with similar investment policies over reasonable measurement periods.

The following tables present plan assets measured at fair value at December 31, 2019 and 2018 (see note 7):

	2019		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 887,630	—	887,630
U.S. government and agency securities	3,941,232	—	3,941,232
Corporate bonds	—	2,603,760	2,603,760
Domestic equity securities	31,000,114	—	31,000,114
Institutional mutual funds:			
Domestic equity funds	—	3,529,436	3,529,436
Foreign equity funds	—	10,981,512	10,981,512
Fixed income funds:			
U.S. government portfolio	—	4,868,200	4,868,200
Mortgage fund	—	3,222,108	3,222,108
Asset-backed fund	—	302,968	302,968
Mortgage-backed securities	704,526	4,116,902	4,821,428
Asset-backed securities	—	1,129,267	1,129,267
Receivables for securities sold	292,176	225,685	517,861
Liabilities for securities purchased	—	(615,780)	(615,780)
Total plan assets	<u>\$ 36,825,678</u>	<u>30,364,058</u>	<u>67,189,736</u>

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

	2018		
	Level 1	Level 2	Total
Cash equivalents	\$ 757,665	—	757,665
U.S. government and agency securities	3,282,015	51,118	3,333,133
Corporate bonds	—	2,861,489	2,861,489
Domestic equity securities	26,399,677	—	26,399,677
Institutional mutual funds:			
Domestic equity funds	—	3,182,618	3,182,618
Foreign equity funds	—	8,662,124	8,662,124
Fixed income funds:			
U.S. government portfolio	—	4,420,089	4,420,089
Mortgage fund	—	3,093,572	3,093,572
Asset-backed fund	—	270,763	270,763
Mortgage-backed securities	560,314	3,746,115	4,306,429
Asset-backed securities	—	1,252,791	1,252,791
Receivables for securities sold	253,228	128,490	381,718
Liabilities for securities purchased	(36,705)	(706,313)	(743,018)
Total plan assets	\$ <u>31,216,194</u>	<u>26,962,856</u>	<u>58,179,050</u>

The actual asset allocations for 2019 and 2018 and target allocation ranges by asset category for 2019 and 2018 for the pension plan assets were as follows:

	2019	2018	Target allocation range
Cash and cash equivalents	1 %	1 %	<5%
U.S. equity securities	53	51	46–54%
Institutional mutual funds	34	34	13–17%
Fixed income securities	12	14	31–39%

(11) Postretirement Benefits Other Than Pensions

USCCB provides health care and life insurance benefits to retired employees who have attained certain age and service requirements or age 65. Subsequent to attaining age 65, health care benefits to retired employees are noncontributory and are integrated with Medicare according to the Coordination of Benefits method. The life insurance benefit consists of a \$5,000 level death benefit and is noncontributory. Postretirement benefits are funded on a pay-as-you-go basis.

In 2013, the Executive Committee approved changes to the plan to change the level of benefits available for certain groups of eligible participants effective January 1, 2014. Unless grandfathered, employees retiring from the Conference after January 1, 2014 will be required to pay a percentage of the premiums.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

Amounts recognized in the accompanying consolidated financial statements consisted of the following:

	2019	2018
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 24,031,685	29,540,684
Service cost	237,362	332,424
Interest cost	955,892	929,412
Medicare Part D benefit subsidy	78,417	69,991
Actuarial loss (gain)	1,939,784	(5,724,794)
Benefits paid	(1,064,010)	(1,116,032)
Benefit obligation, end of year – underfunded	\$ 26,179,130	24,031,685
	2019	2018
Net periodic benefit credit (cost):		
Service cost	\$ 237,362	332,424
Interest cost	955,892	929,412
Amortization of prior service credit	(1,386,058)	(1,500,505)
Amortization of actuarial net loss	—	52,619
Net periodic benefit credit (cost)	\$ (192,804)	(186,050)
	2019	2018
Other changes in plan assets and benefit obligation:		
Net actuarial loss (gain)	\$ 1,939,784	(5,724,794)
Amortization of prior service credit	1,386,058	1,500,505
Amortization of actuarial net loss	—	(52,619)
Total other changes in plan assets and benefit obligation	\$ 3,325,842	(4,276,908)

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

Estimated amounts to be amortized into net periodic benefit cost in 2019 are \$1,500,505 from prior service credit.

(a) Actuarial Assumptions

The following assumptions were used in calculating the actuarial valuations at December 31, 2019:

	<u>Benefit obligation</u>	<u>Net periodic benefit cost</u>
Discount rate	3.19 %	4.24 %
Health care cost trend rate – medical	6.94	7.29
Health care cost trend rate – prescription drug	7.15	7.52
Ultimate trend rate	4.50	4.50
Year ultimate trend rate is reached	2027	2027

The following assumptions were used in calculating the actuarial valuations at December 31, 2018:

	<u>Benefit obligation</u>	<u>Net periodic benefit cost</u>
Discount rate	4.24 %	3.62 %
Health care cost trend rate – medical	7.29	7.70
Health care cost trend rate – prescription drug	7.52	8.71
Ultimate trend rate	4.50	4.50
Year ultimate trend rate is reached	2027	2026/2025

In October 2019, the Society of Actuaries released new data regarding observed mortality rate improvements (the Pri-2012 Mortality Tables and the MP-2019 Mortality Improvement Scale). The updated mortality tables and the scale were considered by USCCB and adopted as of December 31, 2019.

The assumed health care cost trend rates have a significant effect on the amounts reported for health-related postretirement benefits. A one percentage-point increase in the assumed health care cost trend rate would increase the 2019 postretirement benefit service cost and interest cost by approximately \$190,270 and increase the accumulated postretirement benefit obligation by approximately \$3,840,456. A one percentage-point decrease in the assumed health care cost trend rate would decrease the 2019 postretirement benefit service cost and interest cost by approximately \$153,557 and decrease the accumulated postretirement benefit obligation by approximately \$3,157,438.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(b) Contributions and Benefit Payments

Postretirement benefits are funded on a pay-as-you-go basis. Therefore, employer contributions are equal to benefits paid in each year. For the years ended December 31, 2019 and 2018, the following benefits were paid from plan assets:

	<u>2019</u>	<u>2018</u>
Benefits paid	\$ 1,064,010	1,116,032
Employer contribution	985,593	1,046,041
Medicare Part D benefit subsidy	78,417	69,991

Estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	<u>Gross benefit payments</u>	<u>Medicare subsidy receipts</u>	<u>Net benefit payments</u>
2020	\$ 1,211,000	135,000	1,076,000
2021	1,281,000	141,000	1,140,000
2022	1,342,000	147,000	1,195,000
2023	1,412,000	153,000	1,259,000
2024	1,474,000	158,000	1,316,000
2025-2029	<u>8,002,000</u>	<u>853,000</u>	<u>7,149,000</u>
Total	<u>\$ 14,722,000</u>	<u>1,587,000</u>	<u>13,135,000</u>

USCCB plans to make a contribution of \$1,075,883 to the postretirement benefit plan in 2020.

(12) Legal Contingencies

USCCB has been named in several lawsuits in the normal course of business. In the opinion of management, these claims are not expected to have a material adverse effect on USCCB's consolidated financial position, changes in net assets or cash flows.

(13) Commitments

USCCB leases certain office space and office equipment under various operating lease arrangements with terms in excess of one year. Future minimum lease payments as of December 31, 2019, under scheduled operating leases that have initial or remaining terms in excess of one year, are as follows:

2020	\$ 256,846
2021	<u>111,522</u>
Total	<u>\$ 368,368</u>

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

For the years ended December 31, 2019 and 2018, rent expense under operating leases was \$424,697 and \$398,667, respectively.

USCCB has employment contracts with diocesan priests and for the services of religious men and women usually for periods not to exceed three years.

As of December 31, 2019, and 2018, the total aggregate payment of multi-year employment contracts consists of the following:

	<u>2019</u>	<u>2018</u>
Contracts extend through	2022	2021
Approximate aggregate payments	\$ 1,520,000	806,000

(14) Related Parties

As discussed in note 2(j), the Conference grants funds to several organizations upon approval by the respective subcommittees of the Bishops. Two of the organizations that receive grant funds from the Conference, CLINIC and CRS are determined to be related parties. Specifically, the President of the Conference, or his designee, serves as the chairman and the ex-officio chairman of CLINIC's and CRS's board of directors, respectively.

For the years ended December 31, 2019 and 2018, the Conference incurred expenses, primarily related to grant awards as follows:

	<u>2019</u>	<u>2018</u>
CLINIC	\$ 1,946,587	2,487,308
CRS	13,366,895	16,794,007
Total expenses for related parties	\$ <u>15,313,482</u>	<u>19,281,315</u>

As of December 31, 2019, and 2018, the Conference had balances, primarily related to grant awards, due to related parties as follows:

	<u>2019</u>	<u>2018</u>
CLINIC	\$ 2,193,997	2,153,146
CRS	12,411,318	12,512,054
Total payables for related parties	\$ <u>14,605,315</u>	<u>14,665,200</u>

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(15) Financial Assets and Liquidity Resources

As of December 31, 2019, and 2018, financial assets and liquidity resources available within one-year for general expenditures, such as operating expenses and internally funded capital improvements were as follows:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 11,887,424	12,912,209
Accounts receivable	17,211,154	18,083,767
Short-term investments	5,329,433	5,238,366
Long term investments available for current use	<u>51,822,904</u>	<u>41,741,152</u>
Total financial assets available within one year	<u>\$ 86,250,915</u>	<u>77,975,494</u>

USCCB long term investments include donor-restricted funds, a donor restricted endowment fund and a quasi-endowment fund. Income from donor-restricted funds are restricted for specific purposes and, therefore, are not available for general expenditure. The quasi-endowment fund has a spending rate of 5.5%. \$1,801,162 of appropriations from the quasi-endowment fund will be available within the next 12 months. The building, general reserve, catechism, and general operating funds of \$50,021,742 are available for general expenditures and are included.

As part of liquidity management, USCCB has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. USCCB has a quasi-endowment of \$32,748,395. Although USCCB does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

(16) Functional Classification of Expenses

The USCCB's primary program activities are comprised of pastoral, migration and refugee services, communications, policy and advocacy, national collections and management and general. Certain costs including depreciation expense, utilities, building maintenance, security, building operations and benefit costs are allocated using cost allocation techniques such as square footage, head count, and direct labor costs. Other supporting services that provide general oversight such as executive offices, finance and accounting, human resources administration, information technology, building services, and general counsel are included in management and general and are not allocated. Information technology and building services costs such as equipment maintenance agreements and software licenses are charged directly to the programs and are not part of administrative overhead.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

The following tables presents functional classification of expenses for December 31, 2019 and 2018:

		2019					
		Migration and refugee services	Communications , policy and advocacy activities	National collections without fundraising	National collections fundraising	Management and general	Total
		Pastoral					
Salaries, taxes and benefits	\$ 5,257,506	7,767,668	10,151,477	1,980,817	335,168	6,158,032	31,650,668
Grants and donations	63,919	414,025	143,408	97,922,346	3,287	69,661	98,616,646
Sub-recipient government contract	—	45,031,982	—	—	—	—	45,031,982
Travel and meetings	1,009,332	293,759	1,218,426	331,558	44,384	1,224,601	4,122,060
Professional and contract services	1,464,942	830,902	2,763,827	343,253	552,148	3,010,329	8,965,401
Depreciation	190,120	276,424	396,630	64,659	—	380,386	1,308,219
Other program and operating expenses	752,446	855,768	3,019,798	397,203	1,390,462	1,410,887	7,826,564
Total operating expenses	\$ 8,738,265	55,470,528	17,693,566	101,039,836	2,325,449	12,253,896	197,521,540

		2018					
		Migration and refugee services	Communications , policy and advocacy activities	National collections without fundraising	National collections fundraising	Management and general	Total
		Pastoral					
Salaries, taxes and benefits	\$ 5,053,516	8,329,596	9,495,520	1,555,376	213,785	5,939,106	30,586,899
Grants and donations	196,401	334,705	77,264	138,762,602	—	163,488	139,534,460
Sub-recipient government contract	—	39,063,726	—	—	—	—	39,063,726
Travel and meetings	2,301,954	464,138	1,088,000	331,137	29,753	1,316,542	5,531,524
Professional and contract services	1,970,574	846,238	2,638,824	303,226	537,449	2,596,671	8,892,982
Depreciation	165,678	175,790	262,408	16,301	—	578,296	1,198,473
Other program and operating expenses	807,556	1,204,476	3,007,983	1,389,389	1,382,254	525,564	8,317,222
Total operating expenses	\$ 10,495,679	50,418,669	16,569,999	142,358,031	2,163,241	11,119,667	233,125,286

(17) Subsequent Events

USCCB evaluated its December 31, 2019 consolidated financial statements for subsequent events through June 26, 2020, the date the consolidated financial statements were available to be issued. During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S., as federal, state and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. The temporary closures of businesses and churches as well as restrictions on travel have negatively impacted the cash flow and investment income of USCCB in the first quarter of 2020. Management believes the financial impact of the closures and restrictions on travel could be temporary; however, there is uncertainty around the duration of the health crisis and the potential impact. Management will continue to monitor the situation as it develops and assess the potential impact of COVID-19 on USCCB operations and financial performance.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Consolidated Schedule of Revenue, Expenses, and Other Changes in Net Assets

Year ended December 31, 2019

	<u>Current operating fund</u>							
	<u>Total</u>	<u>General funds</u>	<u>Villa Stritch Endowment</u>	<u>Total current operating fund</u>	<u>Pastoral activities</u>	<u>Policy activities</u>	<u>Management and general</u>	
Revenue:								
Diocesan assessment	\$ 11,993,680	11,993,680	—	—	—	—	—	—
National collections	86,548,122	—	—	—	—	—	—	86,548,122
Grants, bequests, and other	3,741,113	250	—	2,164,984	1,078,672	1,086,312	—	1,575,879
Government contracts and grants revenue	52,712,944	—	—	52,712,944	—	52,712,944	—	—
Income on investments	21,170,822	8,781,122	18,912	12,709	—	—	12,709	12,358,079
Sale of publications	4,901,120	—	—	4,901,120	51,499	4,849,165	456	—
Royalty income	2,390,860	—	—	2,390,860	—	165,110	2,225,750	—
Collection fees on refugee loans	2,340,523	—	—	2,340,523	—	2,340,523	—	—
Contributed services	543,480	—	—	543,480	169,330	—	374,150	—
Other	2,135,133	159,143	—	1,790,854	680,317	722,867	387,670	185,136
Total revenue	<u>188,477,797</u>	<u>20,934,195</u>	<u>18,912</u>	<u>66,857,474</u>	<u>1,979,818</u>	<u>61,876,921</u>	<u>3,000,735</u>	<u>100,667,216</u>
Expenses:								
Grants and donations	98,616,646	58,984	—	632,029	63,919	557,433	10,677	97,925,633
Sub-recipient government contract expenses	45,031,982	—	—	45,031,982	—	45,031,982	—	—
Salaries, taxes and benefits	32,892,654	(2,096,002)	—	32,672,671	5,366,053	19,052,584	8,254,034	2,315,985
Travel and meetings	4,224,732	410	—	3,848,381	1,018,305	1,605,885	1,224,191	375,941
Professional and contract services	9,249,391	—	—	8,353,990	1,489,762	3,853,899	3,010,329	895,401
Other program and operating expenses	7,506,135	110,461	—	5,543,350	800,226	3,062,311	1,680,813	1,852,324
Interfund charges	—	(7,006,268)	—	6,474,305	150,761	5,930,106	393,438	531,963
Total expenses	<u>197,521,540</u>	<u>(8,932,415)</u>	<u>—</u>	<u>102,556,708</u>	<u>8,889,026</u>	<u>79,094,200</u>	<u>14,573,482</u>	<u>103,897,247</u>
Fund transfers	—	17,121	(14,038)	9,131,828	788,030	8,654,545	(310,747)	(9,134,911)
Changes in net assets from operations	<u>(9,043,743)</u>	<u>29,883,731</u>	<u>4,874</u>	<u>(26,567,406)</u>	<u>(6,121,178)</u>	<u>(8,562,734)</u>	<u>(11,883,494)</u>	<u>(12,364,942)</u>
Nonoperating activities:								
Unrealized (loss) gain on investments	31,875,108	13,220,990	28,474	19,134	—	—	19,134	18,606,510
Pension related expenses other than net periodic pension cost	(4,913,597)	(4,913,597)	—	—	—	—	—	—
Total nonoperating activities	<u>26,961,511</u>	<u>8,307,393</u>	<u>28,474</u>	<u>19,134</u>	<u>—</u>	<u>—</u>	<u>19,134</u>	<u>18,606,510</u>
Changes in net assets before general funds subsidy	17,917,768	38,191,124	33,348	(26,548,272)	(6,121,178)	(8,562,734)	(11,864,360)	6,241,568
General funds subsidy to cover deficit	—	(27,343,136)	—	27,343,136	6,483,511	8,857,917	12,001,708	—
Changes in net assets	17,917,768	10,847,988	33,348	794,864	362,333	295,183	137,348	6,241,568
Net assets at the beginning of the year	<u>246,311,380</u>	<u>44,294,632</u>	<u>233,370</u>	<u>8,778,519</u>	<u>—</u>	<u>8,778,519</u>	<u>—</u>	<u>193,004,859</u>
Net assets at the end of the year	<u>\$ 264,229,148</u>	<u>55,142,620</u>	<u>266,718</u>	<u>9,573,383</u>	<u>362,333</u>	<u>9,073,702</u>	<u>137,348</u>	<u>199,246,427</u>

See accompanying independent auditors' report.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Schedule of Revenue, Expenses and Other Changes in Net Assets

General Funds

Year ended December 31, 2019

	<u>Total general funds</u>	<u>Operating fund</u>	<u>Building fund</u>	<u>General reserve fund</u>	<u>Catechism fund</u>	<u>Quasi – endowment fund</u>
Revenue:						
Diocesan assessment	\$ 11,993,680	11,993,680	—	—	—	—
Grants, bequests, and other	250	250	—	—	—	—
Income on investments	8,781,122	4,192,487	2,147,308	—	96,737	2,344,590
Other	159,143	159,143	—	—	—	—
Total revenue	<u>20,934,195</u>	<u>16,345,560</u>	<u>2,147,308</u>	<u>—</u>	<u>96,737</u>	<u>2,344,590</u>
Expenses:						
Grants and donations	58,984	58,984	—	—	—	—
Salaries, taxes and benefits	(2,096,002)	(2,096,002)	—	—	—	—
Travel and meetings	410	410	—	—	—	—
Professional and contract services	—	—	—	—	—	—
Other program and operating expenses	110,461	110,461	—	—	—	—
Interfund charges	(7,006,268)	(7,006,268)	—	—	—	—
Total expenses	<u>(8,932,415)</u>	<u>(8,932,415)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund transfers	17,121	1,409,074	514,038	—	—	(1,905,991)
Changes in net assets from operations	<u>29,883,731</u>	<u>26,687,049</u>	<u>2,661,346</u>	<u>—</u>	<u>96,737</u>	<u>438,599</u>
Nonoperating activities:						
Unrealized gain (loss) on investments	13,220,990	6,312,272	3,233,019	—	145,649	3,530,050
Pension related expenses other than net periodic pension cost	(4,913,597)	(4,913,597)	—	—	—	—
Total nonoperating activities	<u>8,307,393</u>	<u>1,398,675</u>	<u>3,233,019</u>	<u>—</u>	<u>145,649</u>	<u>3,530,050</u>
Changes in net assets before general funds subsidy	38,191,124	28,085,724	5,894,365	—	242,386	3,968,649
General funds subsidy to cover deficit	(27,343,136)	(27,343,136)	—	—	—	—
Changes in net assets	10,847,988	742,588	5,894,365	—	242,386	3,968,649
Net assets at the beginning of the year	44,294,632	(32,572,735)	41,831,063	5,000,000	1,256,558	28,779,746
Net assets at the end of the year	<u>\$ 55,142,620</u>	<u>(31,830,147)</u>	<u>47,725,428</u>	<u>5,000,000</u>	<u>1,498,944</u>	<u>32,748,395</u>

See accompanying independent auditors' report.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Schedule of Revenue, Expenses and Other Changes in Net Assets

Pastoral Activities

Year ended December 31, 2019

	Total pastoral activities	Cultural diversity	Child & youth protection	Canonical affairs & church governance	Divine worship	Doctrine & pastoral practices	Ecumenical & interreligious affairs	Evangelization & catechesis	Lay marriage & family life	Clergy consecrated life & vocation
Revenue:										
Grants, bequests and other	\$ 1,078,672	879,020	—	—	—	—	—	—	199,652	—
Government contract revenue	—	—	—	—	—	—	—	—	—	—
Sale of publications	51,499	5,863	—	—	22,165	—	253	—	23,218	—
Contributed services	169,330	1,962	—	—	54,870	41,488	17,233	—	—	53,777
Other	680,317	94,294	566,221	9,750	1,570	—	—	—	8,482	—
Total revenue	<u>1,979,818</u>	<u>981,139</u>	<u>566,221</u>	<u>9,750</u>	<u>78,605</u>	<u>41,488</u>	<u>17,486</u>	<u>—</u>	<u>231,352</u>	<u>53,777</u>
Expenses:										
Grants and donations	63,919	59,564	500	—	—	—	—	2,500	1,355	—
Salaries, taxes and benefits	5,366,053	1,323,186	518,781	—	411,932	507,926	625,532	696,872	1,023,497	258,327
Travel and meetings	1,018,305	316,737	185,054	21,560	38,480	62,677	124,568	84,073	139,890	45,266
Professional and contract services	1,489,762	452,805	653,362	5,000	62,118	61,399	28,548	94,665	66,097	65,768
Other program and operating expenses	800,226	47,527	75,055	5,643	135,360	82,831	79,879	80,796	218,832	74,303
Interfund charges	150,761	150,761	—	—	—	—	—	—	—	—
Total expenses	<u>8,889,026</u>	<u>2,350,580</u>	<u>1,432,752</u>	<u>32,203</u>	<u>647,890</u>	<u>714,833</u>	<u>858,527</u>	<u>958,906</u>	<u>1,449,671</u>	<u>443,664</u>
Fund transfers	<u>788,030</u>	<u>694,985</u>	<u>—</u>	<u>—</u>	<u>(575)</u>	<u>93,045</u>	<u>—</u>	<u>—</u>	<u>575</u>	<u>—</u>
Changes in net assets before general funds subsidy	(6,121,178)	(674,456)	(866,531)	(22,453)	(569,860)	(580,300)	(841,041)	(958,906)	(1,217,744)	(389,887)
General funds subsidy to cover deficit	<u>6,483,511</u>	<u>1,036,789</u>	<u>866,531</u>	<u>22,453</u>	<u>569,860</u>	<u>580,300</u>	<u>841,041</u>	<u>958,906</u>	<u>1,217,744</u>	<u>389,887</u>
Changes in net assets	<u>362,333</u>	<u>362,333</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net assets at the beginning of the year	—	—	—	—	—	—	—	—	—	—
Net assets at the end of the year	<u>\$ 362,333</u>	<u>362,333</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Schedule of Revenue, Expenses and Other Changes in Net Assets

Policy Activities

Year ended December 31, 2019

	Total policy activities	Migration and Refugee Services	Communications Department	Office of Sec-Policy	Catholic Education	Pro-Life Activities	Development and World Peace	Priorities & Plans
Revenue:								
Grants, bequests, and other	\$ 1,086,312	1,127,486	—	350,995	20,000	(585,725)	173,556	—
Government contract revenue	52,712,944	52,712,944	—	—	—	—	—	—
Royalty income	165,110	—	165,110	—	—	—	—	—
Sale of publications	4,849,165	1,347	4,729,912	—	—	117,896	10	—
Collection fees on refugee loans	2,340,523	2,340,523	—	—	—	—	—	—
Other	722,867	623,307	23,500	—	3,263	29,039	38,758	5,000
Total revenue	61,876,921	56,805,607	4,918,522	350,995	23,263	(438,790)	212,324	5,000
Expenses:								
Grants and donations	557,433	414,025	1,175	14	150	1,256	140,813	—
Sub-recipient government contract expenses	45,031,982	45,031,982	—	—	—	—	—	—
Salaries, taxes, and benefits	19,052,584	7,767,668	4,641,287	773,199	693,770	1,341,795	3,834,865	—
Travel and meetings	1,605,885	293,759	231,880	29,092	107,124	202,323	741,707	—
Professional and contract services	3,853,899	830,902	1,711,880	103,748	55,908	498,513	646,698	6,250
Other program and operating expenses	3,062,311	1,132,192	2,381,820	50,460	136,972	6,628	(645,761)	—
Interfund charges	5,930,106	2,696,672	1,659,206	33,471	—	402,613	1,138,144	—
Total expenses	79,094,200	58,167,200	10,627,248	989,984	993,924	2,453,128	5,856,466	6,250
Fund transfers	8,654,545	1,391,041	3,213,683	(124,906)	—	5,215	4,169,512	—
Changes in net assets before general funds subsidy	(8,562,734)	29,448	(2,495,043)	(763,895)	(970,661)	(2,886,703)	(1,474,630)	(1,250)
General funds subsidy to cover deficit	8,857,917	—	2,509,078	1,013,895	972,361	2,886,703	1,474,630	1,250
Changes in net assets	295,183	29,448	14,035	250,000	1,700	—	—	—
Net assets at the beginning of the year	8,778,519	8,778,519	—	—	—	—	—	—
Net assets at the end of the year	\$ 9,073,702	8,807,967	14,035	250,000	1,700	—	—	—

See accompanying independent auditors' report.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Schedule of Revenue, Expenses and Other Changes in Net Assets

Policy Activities – Migration and Refugee Services

Year ended December 31, 2019

	Total Migration and Refugee Services	Government grant/contract activity	Other	RTAP	Funds without donor restrictions
Revenue:					
Grants, bequests, and other	\$ 1,127,486	—	1,127,226	—	260
Government contracts and grants revenue	52,712,944	52,712,944	—	—	—
Sale of publications	1,347	—	—	—	1,347
Collection fees on refugee loans	2,340,523	—	—	—	2,340,523
Other	623,307	—	—	—	623,307
Total revenue	<u>56,805,607</u>	<u>52,712,944</u>	<u>1,127,226</u>	<u>—</u>	<u>2,965,437</u>
Expenses:					
Sub-recipient government contract expenses	45,031,982	44,286,993	720,468	—	24,521
Grants and donations	414,025	911	299,109	—	114,005
Salaries, taxes, and benefits	7,767,668	5,953,227	177,484	—	1,636,957
Travel and meetings	293,759	202,215	36,056	—	55,488
Professional and contract services	830,902	523,684	155,519	5,926	145,773
Other program and operating expenses	1,132,192	338,440	20,833	14,764	758,155
Interfund charges	2,696,672	1,987,520	61,090	—	648,062
Total expenses	<u>58,167,200</u>	<u>53,292,990</u>	<u>1,470,559</u>	<u>20,690</u>	<u>3,382,961</u>
Fund transfers	<u>1,391,041</u>	<u>580,046</u>	<u>159,863</u>	<u>—</u>	<u>651,132</u>
Changes in net assets	29,448	—	(183,470)	(20,690)	233,608
Net assets at the beginning of the year	<u>8,778,519</u>	<u>—</u>	<u>1,539,492</u>	<u>—</u>	<u>7,239,027</u>
Net assets at the end of the year	<u>\$ 8,807,967</u>	<u>—</u>	<u>1,356,022</u>	<u>(20,690)</u>	<u>7,472,635</u>

See accompanying independent auditors' report.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Schedule of Revenue, Expenses and Other Changes in Net Assets

Policy Activities – Communications Department

Year ended December 31, 2019

	Total Communications Department	General Communication	Catholic News Service	Marketing & Episcopal Resources
Revenue:				
Grants, bequests and other	\$ —	—	—	—
Sale of publications	4,729,912	99	2,955,339	1,774,474
Royalty income	165,110	—	100	165,010
Other	23,500	3,500	20,000	—
Total revenue	<u>4,918,522</u>	<u>3,599</u>	<u>2,975,439</u>	<u>1,939,484</u>
Expenses:				
Grants and donations	1,175	428	613	134
Salaries, taxes, and benefits	4,641,287	843,159	2,933,317	864,811
Travel and meetings	231,880	45,660	146,363	39,857
Professional and contract services	1,711,880	695,313	480,557	536,010
Other program and operating expenses	2,381,820	316,147	507,518	1,558,155
Interfund charges	1,659,206	302,188	1,041,616	315,402
Total expenses	<u>10,627,248</u>	<u>2,202,895</u>	<u>5,109,984</u>	<u>3,314,369</u>
Fund transfers	<u>3,213,683</u>	<u>1,745,847</u>	<u>1,273,873</u>	<u>193,963</u>
Changes in net assets before general funds subsidy	(2,495,043)	(453,449)	(860,672)	(1,180,922)
General funds subsidy to cover deficit	<u>2,509,078</u>	<u>453,449</u>	<u>874,707</u>	<u>1,180,922</u>
Changes in net assets	14,035	—	14,035	—
Net assets at the beginning of the year	—	—	—	—
Net assets at the end of the year	<u>\$ 14,035</u>	<u>—</u>	<u>14,035</u>	<u>—</u>

See accompanying independent auditors' report.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Schedule of Revenue, Expenses and Other Changes in Net Assets

National Collections

Year ended December 31, 2019

	Total National Collections	CRSC	CCHD	CLA	Haiti Earthquake	CCC	CHM	AEE	SFCA	NRRO	Special Collections
Revenue:											
National collection contributions	\$ 86,548,122	15,661,406	9,561,423	7,641,654	—	3,763,322	8,619,446	7,107,594	3,132,610	26,078,537	4,982,130
Grants, bequests, and other	1,575,879	154,443	394,494	4,400	—	—	—	—	83,448	939,094	—
Income on investments	12,358,079	1,186,249	2,541,721	703,750	606,740	651,181	1,953,859	858,722	266,452	3,589,405	—
Sale of publications	—	—	—	—	—	—	—	—	—	—	—
Contributed services	—	—	—	—	—	—	—	—	—	—	—
Other	185,136	—	—	—	178,916	—	—	—	—	6,220	—
Total revenue	100,667,216	17,002,098	12,497,638	8,349,804	785,656	4,414,503	10,573,305	7,966,316	3,482,510	30,613,256	4,982,130
Expenses:											
Grants and donations	97,925,633	13,722,959	12,187,660	6,860,542	354,140	954,529	10,411,445	6,790,361	2,331,094	31,202,389	13,110,514
Salaries, taxes and benefits	2,315,985	46,552	50,875	441,866	221,503	42,598	437,093	394,483	315,993	365,022	—
Travel and meetings	375,941	404	954	45,025	12,471	397	24,134	90,501	36,687	165,368	—
Professional and contract services	895,401	51,811	78,004	43,539	3,422	39,326	61,685	66,588	113,711	437,315	—
Other program and operating expenses	1,852,324	176,105	277,930	209,358	30,678	140,300	230,054	186,659	106,093	495,147	—
Interfund charges	531,963	—	—	92,725	69,608	—	85,404	81,643	68,078	134,505	—
Total expenses	103,897,247	13,997,831	12,595,423	7,693,055	691,822	1,177,150	11,249,815	7,610,235	2,971,656	32,799,746	13,110,514
Fund transfers	(9,134,911)	(2,781,382)	(2,801,326)	(584,444)	892	(2,961,037)	(11,306)	1,084	866	1,742	—
Changes in net assets from operations	(12,364,942)	222,885	(2,899,111)	72,305	94,726	276,316	(687,816)	357,165	511,720	(2,184,748)	(8,128,384)
Nonoperating activities:											
Unrealized (loss) gain on investments	18,606,510	1,786,033	3,826,855	1,059,577	913,515	980,429	2,941,760	1,292,905	401,174	5,404,262	—
Changes in net assets	6,241,568	2,008,918	927,744	1,131,882	1,008,241	1,256,745	2,253,944	1,650,070	912,894	3,219,514	(8,128,384)
Net assets at the beginning of the year	193,004,859	3,814,511	34,957,945	9,191,354	9,478,451	8,688,997	18,408,910	9,114,404	3,285,794	73,855,306	22,209,187
Net assets at the end of the year	\$ 199,246,427	5,823,429	35,885,689	10,323,236	10,486,692	9,945,742	20,662,854	10,764,474	4,198,688	77,074,820	14,080,803

See accompanying independent auditors' report.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**
Schedule of Revenue, Expenses and Other Changes in Net Assets
National Collections-Special Collections
Year ended December 31, 2019

	Special Collections – Disaster Relief											Subtotal Special Collections	
	Total Special Collections	Hurricane	Tornado	Prior years ¹ calamities	Storms	Philippine Typhoon	Middle East	2015-2016 Calamities	Louisiana Flood	Hurricane Matthew	Hurricane Matthew-CLA		Hurricane Matthew-CHM
Revenue:													
National collection contributions	\$ 4,982,130	—	—	—	—	—	2,096	—	18,984	3,328	—	—	4,957,722
Grants, bequests, and other	—	—	—	—	—	—	—	—	—	—	—	—	—
Income on investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Sale of publications	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed services	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—	—
Total revenue	4,982,130	—	—	—	—	—	2,096	—	18,984	3,328	—	—	4,957,722
Expenses:													
Grants and donations	13,110,514	—	—	—	—	—	—	—	—	494,102	50,000	—	12,566,412
Salaries, taxes and benefits	—	—	—	—	—	—	—	—	—	—	—	—	—
Travel and meetings	—	—	—	—	—	—	—	—	—	—	—	—	—
Professional and contract services	—	—	—	—	—	—	—	—	—	—	—	—	—
Other program and operating expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
Interfund charges	—	—	—	—	—	—	—	—	—	—	—	—	—
Total expenses	13,110,514	—	—	—	—	—	—	—	—	494,102	50,000	—	12,566,412
Fund transfers	—	—	—	—	—	—	—	—	—	(347,555)	231,703	115,852	—
Changes in net assets from operations	(8,128,384)	—	—	—	—	—	2,096	—	18,984	(838,329)	181,703	115,852	(7,608,690)
Nonoperating activities:													
Unrealized (loss) gain on investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Changes in net assets	(8,128,384)	—	—	—	—	—	2,096	—	18,984	(838,329)	181,703	115,852	(7,608,690)
Net assets at the beginning of the year	22,209,187	50,253	70,429	33,311	197,054	298,257	55,786	220,204	1,689,032	838,329	247,134	22,181	18,487,217
Net assets at the end of the year	\$ 14,080,803	50,253	70,429	33,311	197,054	298,257	57,882	220,204	1,708,016	—	428,837	138,033	10,878,527

See accompanying independent auditors' report.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Schedule of Revenue, Expenses and Other Changes in Net Assets

National Collections-Special Collections

Year ended December 31, 2019

	Subtotal Special Collections	Hurricane Harvey	Hurricane Irma	Hurricane Irma-CLA	Hurricane Irma-CHM	Hurricane Maria	Earthquake Mexico	Hurricane Maria-CLA	Hurricane Maria-CHM	2018 Disasters Emergency
Revenue:										
National collection contributions	\$ 4,957,722	162,112	145,674	—	—	160,319	52,114	—	—	4,437,503
Grants, bequests, and other	—	—	—	—	—	—	—	—	—	—
Income on investments	—	—	—	—	—	—	—	—	—	—
Sale of publications	—	—	—	—	—	—	—	—	—	—
Contributed services	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total revenue	<u>4,957,722</u>	<u>162,112</u>	<u>145,674</u>	<u>—</u>	<u>—</u>	<u>160,319</u>	<u>52,114</u>	<u>—</u>	<u>—</u>	<u>4,437,503</u>
Expenses:										
Grants and donations	12,566,412	2,138,903	1,336,981	—	—	317,775	1,730,000	450,000	—	6,592,753
Salaries, taxes and benefits	—	—	—	—	—	—	—	—	—	—
Travel and meetings	—	—	—	—	—	—	—	—	—	—
Professional and contract services	—	—	—	—	—	—	—	—	—	—
Other program and operating expenses	—	—	—	—	—	—	—	—	—	—
Interfund charges	—	—	—	—	—	—	—	—	—	—
Total expenses	<u>12,566,412</u>	<u>2,138,903</u>	<u>1,336,981</u>	<u>—</u>	<u>—</u>	<u>317,775</u>	<u>1,730,000</u>	<u>450,000</u>	<u>—</u>	<u>6,592,753</u>
Fund transfers	—	—	(367,512)	147,005	220,507	(157,523)	—	33,774	123,749	—
Changes in net assets from operations	<u>(7,608,690)</u>	<u>(1,976,791)</u>	<u>(1,558,819)</u>	<u>147,005</u>	<u>220,507</u>	<u>(314,979)</u>	<u>(1,677,886)</u>	<u>(416,226)</u>	<u>123,749</u>	<u>(2,155,250)</u>
Nonoperating activities:										
Unrealized (loss) gain on investments	—	—	—	—	—	—	—	—	—	—
Changes in net assets	<u>(7,608,690)</u>	<u>(1,976,791)</u>	<u>(1,558,819)</u>	<u>147,005</u>	<u>220,507</u>	<u>(314,979)</u>	<u>(1,677,886)</u>	<u>(416,226)</u>	<u>123,749</u>	<u>(2,155,250)</u>
Net assets at the beginning of the year	<u>18,487,217</u>	<u>5,452,403</u>	<u>1,558,819</u>	<u>2,763,084</u>	<u>495,851</u>	<u>314,979</u>	<u>3,406,938</u>	<u>867,831</u>	<u>837,497</u>	<u>2,789,815</u>
Net assets at the end of the year	<u>\$ 10,878,527</u>	<u>3,475,612</u>	<u>—</u>	<u>2,910,089</u>	<u>716,358</u>	<u>—</u>	<u>1,729,052</u>	<u>451,605</u>	<u>961,246</u>	<u>634,565</u>

See accompanying independent auditors' report.