



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

Consolidated Financial Statements with Supplemental Schedules

December 31, 2018 and 2017

(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, 2018 and 2017	3
Consolidated Statement of Activities for the year ended December 31, 2018	4
Consolidated Statement of Activities for the year ended December 31, 2017	5
Consolidated Statements of Cash Flows for the years ended December 31, 2018 and 2017	6
Notes to Consolidated Financial Statements	7
Supplemental Schedules	34



KPMG LLP
1676 International Drive
McLean, VA 22102

Independent Auditors' Report

The Administrative Committee
United States Conference of Catholic Bishops

Report on the Financial Statements

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, 2018 and 2017, 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 presents fairly, in all material respects, the financial position of the United States Conference of Catholic Bishops and affiliates as of December 31, 2018 and 2017, 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 2018 the United States Conference of Catholic Bishops and affiliates adopted new accounting guidance, Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The 2018 supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the 2018 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 2018 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 2018 consolidated financial statements or to the 2018 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 financial statements taken as a whole.

KPMG LLP

McLean, Virginia
July 17, 2019

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

Consolidated Statements of Financial Position
as of December 31, 2018 and 2017

Assets	2018	2017
Cash and cash equivalents	\$ 12,912,209	63,532,107
Short-term investments (note 7)	5,238,366	5,167,774
Accounts receivable:		
Resettlement and other programs – government agencies, net (note 2i)	13,467,076	13,527,252
Other, net (note 2i)	4,616,691	4,511,650
Contributions receivable (note 2i)	44,949,995	44,643,844
Inventories, net, prepaid expenses and other assets	1,257,907	1,552,287
Long-term investments (note 7)	269,488,333	282,061,495
Property and equipment, net (note 4)	13,101,202	12,397,061
Total assets	\$ 365,031,779	427,393,470
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 14,112,180	16,073,435
National collections grants payable (note 2j)	46,294,053	50,881,696
Accrued pension liability (note 10)	34,282,481	38,452,728
Accrued postretirement benefit liability (note 11)	24,031,685	29,540,684
Total liabilities	118,720,399	134,948,543
Net assets:		
Net assets without donor restrictions:		
General and current operating funds (note 5)	52,450,075	49,014,421
National collections (note 6)	78,376,919	102,669,748
National Religious Retirement Office (note 6)	45,804,505	47,140,854
Total net assets without donor restrictions	176,631,499	198,825,023
Net assets with donor restrictions:		
Current operating fund (note 5)	623,076	502,783
National collections (note 6)	40,772,634	62,594,237
National Religious Retirement Office (note 6)	28,050,801	30,270,701
Villa Stritch endowment fund (note 9)	233,370	252,183
Total net assets with donor restrictions	69,679,881	93,619,904
Total net assets	246,311,380	292,444,927
Commitments and contingencies (notes 12 and 13)		
Total liabilities and net assets	\$ 365,031,779	427,393,470

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 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 Activities

Year ended December 31, 2017

	Without donor restrictions	With donor restrictions	2017 Total
Operating revenues, gains and other support:			
Contributions:			
Diocesan assessments	\$ 11,644,344	—	11,644,344
National collections	—	143,605,120	143,605,120
Grants, bequests and other	5,689,357	7,033,152	12,722,509
Government contracts and grants revenue (note 3)	72,321,885	—	72,321,885
Investment income (note 8)	18,654,931	34,166	18,689,097
Sale of publications	5,577,762	—	5,577,762
Royalty income	2,362,418	—	2,362,418
Collection fees on refugee loans	3,525,335	—	3,525,335
Contributed services	513,640	—	513,640
Other	3,134,218	—	3,134,218
	123,423,890	150,672,438	274,096,328
Net assets released from restrictions	114,535,424	(114,535,424)	—
Total operating revenues, gains and other support	237,959,314	36,137,014	274,096,328
Operating expenses:			
Program services:			
Pastoral activities	9,383,990	—	9,383,990
Migration and refugee services (note 3):			
Subrecipient government contract expense	61,651,456	—	61,651,456
Other	17,504,264	—	17,504,264
Total Migration refugee services	79,155,720	—	79,155,720
Communications, policy and advocacy activities	19,470,670	—	19,470,670
National collections:			
Grants and donations	107,334,339	—	107,334,339
Other	3,660,277	—	3,660,277
Total National collections	110,994,616	—	110,994,616
Total program expenses	219,004,996	—	219,004,996
Supporting services:			
Management and general	11,300,543	—	11,300,543
National collections – fundraising	2,203,243	—	2,203,243
Total supporting services expenses	13,503,786	—	13,503,786
Total expenses	232,508,782	—	232,508,782
Change in net assets from operations	5,450,532	36,137,014	41,587,546
Nonoperating activities:			
Unrealized appreciation (depreciation) on investments (note 8)	22,855,257	—	22,855,257
Pension related changes other than net periodic pension cost (notess 10 and 11)	1,378,511	—	1,378,511
Total nonoperating activities	24,233,768	—	24,233,768
Change in net assets	29,684,300	36,137,014	65,821,314
Net assets, beginning of year	169,140,723	57,482,890	226,623,613
Net assets, end of year	\$ 198,825,023	93,619,904	292,444,927

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Cash Flows

Years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (46,133,547)	65,821,314
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Allowance for doubtful accounts and obsolescence	86,943	16,970
Depreciation expense	1,198,473	1,205,791
Net realized and unrealized (gains) loss on investments	11,181,085	(38,994,059)
(Increase) decrease in operating assets:		
Accounts receivable:		
Resettlement and other programs – government agencies	60,176	12,935,608
Other	(191,984)	(547,229)
Contributions receivable	(306,151)	3,089,958
Inventories, prepaid expenses and other assets	294,380	(358,058)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,961,255)	(11,533,484)
National collections grants payable	(4,587,643)	1,137,728
Accrued pension liability	(4,170,247)	(1,163,971)
Accrued postretirement benefit liability	(5,508,999)	(1,640,279)
Net cash (used in) provided by operating activities	(50,038,769)	29,970,289
Cash flows from investing activities:		
Purchases of property and equipment	(1,902,614)	(373,208)
Sales of investments	315,768,465	294,235,706
Purchases of investments	(314,446,980)	(272,475,944)
Net cash (used in) provided by investing activities	(581,129)	21,386,554
Change in cash and cash equivalents	(50,619,898)	51,356,843
Cash and equivalents, beginning of year	63,532,107	12,175,264
Cash and equivalents, end of year	\$ 12,912,209	63,532,107

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(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, 2018 and 2017

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 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, 2018 and 2017

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, 2018 and 2017.

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 financial statements.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(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, 2018 and 2017, 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 \$105,084 for both years.

(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

Revenues from government contracts and grants are recognized in the period when expenditures have been incurred or services have been performed in compliance with the respective contracts. Revenues from the sale of publications are recognized when the merchandise is shipped, and title is transferred to an unrelated third party. Royalty income is recognized as earned.

Contract revenues are subject to examination and contractual adjustment, and amounts realizable may change due to periodic changes in the regulatory environment. It is management's opinion that any potential disallowances will not have a material effect on the accompanying consolidated financial statements.

(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.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(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, 2018 and 2017, accounts receivables—other, primarily amounts due from publication sales, are reflected in the accompanying consolidated statement of financial position net of an allowance for doubtful accounts of \$148,028 and \$61,085 respectively.

Contributions receivable consists primarily of amounts due from dioceses for national collections. Management has determined that no reserves are necessary at December 31, 2018 and 2017 relating to contributions receivable. Contributions receivable is initially recorded at net realizable value (Level 2 input).

At December 31, 2018 and 2017, accounts receivable-resettlement and other programs consisted of the following:

	<u>2018</u>	<u>2017</u>
U.S. Refugee Admissions Program	\$ 4,774,662	5,422,881
Refugee and Entrant Assistance-Voluntary Agency Program	2,804,640	2,331,221
Refugee and Entrant Assistance-Discretionary Grants	666,260	693,540
Unaccompanied Alien Children Program	4,427,822	3,679,733
Cuban/Haitian Entrant Resettlement Program	320,583	1,061,733
Anti-Trafficking	473,112	333,137
Nonfederal contracts	<u>(3)</u>	<u>5,007</u>
Total accounts receivable-resettlement and other programs	<u>\$ 13,467,076</u>	<u>13,527,252</u>

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

At December 31, 2018 and 2017, contributions receivable consisted of the following:

	<u>2018</u>	<u>2017</u>
Catholic Campaign for Human Development	\$ 8,405,850	9,082,342
Catholic Communications Campaign	732,940	674,902
Catholic Home Missions Appeal	1,350,398	1,165,553
Catholic Relief Services Collection	2,500,582	2,144,490
Collection for the Church in Latin America	1,061,528	648,958
Collection to Rebuild Churches hit by Haiti earthquake	4,754,535	4,689,341
Aid to the Church in Central and Eastern Europe	1,198,135	1,496,072
National Religious Retirement Office	24,946,027	24,742,185
Total contributions receivable	<u>\$ 44,949,995</u>	<u>44,643,843</u>

(j) National Collections Grants Payable

The Conference receives several funds through the National Collections Office. These funds are granted/dispensed 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, 2018 and 2017, grants payable consisted of the following:

	<u>2018</u>	<u>2017</u>
Catholic Campaign for Human Development	\$ 11,319,107	8,939,775
Catholic Communications Campaign	559,614	1,698,876
Catholic Home Missions Appeal	9,460,000	9,479,000
Catholic Relief Services Collection	14,665,200	14,851,252
Collection for the Church in Latin America	1,599,651	3,249,137
Collection to Rebuild Churches hit by Haiti earthquake	4,257,419	6,665,612
Aid to the Church in Central and Eastern Europe	3,862,975	5,083,835
National Religious Retirement Office	27,096	17,538
Other	542,991	896,671
Total grants payable	<u>\$ 46,294,053</u>	<u>50,881,696</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, 2018 and 2017

(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 is 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. USCCB is 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 2018.

(p) Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. ASU 2016-14 reduces the number of net asset categories from three to two: net assets without donor restrictions, previously reported as unrestricted net assets of \$198,825,023 for 2017, and net assets with donor restrictions, previously reported as temporarily restricted net assets of \$93,367,721 and permanently restricted net assets of \$252,183 for 2017. Additionally, it increases the quantitative and qualitative disclosures regarding liquidity and availability of resources, and requires expenses to be reported by both their natural and functional classification in one location. USCCB has

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

implemented ASU 2016-14 for the 2018 financial statements and related disclosures and has applied the provisions retrospectively as required by the standard.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, 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. The FASB also has issued several amendments to the standard, which are intended to promote a more consistent interpretation and application of the principles outlined in the standard. The standard is effective for annual reporting periods beginning after December 15, 2018. USCCB has not elected to early adopt the guidance and is currently evaluating the impact on financial statements and related disclosures.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made of Not-for-Profit Entities (Topic 958)*. 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. The standard is effective for annual reporting periods beginning after December 15, 2018. USCCB has not elected to early adopt the guidance and is currently evaluating the impact on financial statements and related disclosures.

(q) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

(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.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

For the years ended December 31, 2018 and 2017, government contracts and grants revenue consisted of the following:

	<u>2018</u>	<u>2017</u>
U.S. Refugee Admissions Program	\$ 15,835,099	31,586,412
Refugee and Entrant Assistance-Voluntary Agency Programs	9,613,915	14,527,411
Refugee and Entrant Assistance-Discretionary Grants	3,059,636	3,075,864
Unaccompanied Alien Children Program	16,144,085	14,229,883
Cuban/Haitian Entrant Resettlement Program	2,213,173	7,292,451
Anti-Trafficking	1,612,029	1,609,864
Contracts – Non Federal	4,747	—
Total government contract and grants revenue	<u>\$ 48,482,684</u>	<u>72,321,885</u>

(4) Property and Equipment, Net

At December 31, 2018 and 2017, property and equipment, net, consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,448,535	1,448,535
Buildings and improvements	36,793,213	34,890,599
Furniture and equipment	3,584,647	3,584,647
Fine artwork and paintings	512,025	512,025
Total property and equipment	42,338,420	40,435,806
Less accumulated depreciation and amortization	<u>(29,237,218)</u>	<u>(28,038,745)</u>
Total property and equipment, net	<u>\$ 13,101,202</u>	<u>12,397,061</u>

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(5) General and Current Operating Funds Net Assets

At December 31, 2018 and 2017, general and current operating funds consisted of the following:

	2018	2017
Net assets without donor restrictions:		
Building fund	\$ 41,831,063	42,180,902
Quasi-endowment fund (note 9)	28,779,746	31,264,333
General reserve fund	5,000,000	5,000,000
Catechism fund	1,256,558	1,289,962
General and current operating funds	(24,417,292)	(30,720,776)
Total general and current operating funds without donor restrictions	52,450,075	49,014,421
Net assets with donor restrictions:		
Current operating funds	623,076	502,783
Total general and current operating funds	\$ 53,073,151	49,517,204

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

At December 31, 2018 and 2017, net assets for National Collections and National Religious Retirement Office include both donor restricted and unrestricted 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, 2018 and 2017, 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, 2018 and 2017

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

	2018		2017	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
National Religious Retirement Office	\$ 45,804,505	28,050,801	47,140,854	30,270,701
National collections:				
Catholic Relief Services	1,313,928	2,500,582	5,549,856	2,144,490
Catholic Campaign for Human Development	26,552,095	8,405,851	39,382,243	9,082,342
Church in Latin America	8,129,826	1,061,528	9,292,925	648,958
Rebuild Churches hit by Haiti Earthquake	4,036,048	5,442,403	4,240,138	5,333,752
Catholic Communications Campaign	6,711,433	1,977,564	6,936,404	674,902
Catholic Home Missions Appeal	17,058,512	1,350,398	18,998,329	1,165,553
Church in Africa	3,121,203	164,590	3,217,334	657,881
Aid to the Church in Central and Eastern Europe	7,916,270	1,198,135	10,410,746	1,496,062
Special collections – Disaster relief	3,537,604	18,671,583	4,641,773	41,390,297
National collections	<u>78,376,919</u>	<u>40,772,634</u>	<u>102,669,748</u>	<u>62,594,237</u>
Total	<u>\$ 124,181,424</u>	<u>68,823,435</u>	<u>149,810,602</u>	<u>92,864,938</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 frequently and investments where fair value is determined using other securities, the parameters of which can be directly observed.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

- 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 2018 or 2017.

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, 2018 and 2017

The following tables present long-term investments measured at fair value at December 31, 2018 and 2017:

	2018		
	<u>Level 1</u>	<u>Level 2</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
International portfolio	—	—	—
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	<u>(180,400)</u>	<u>(5,165,667)</u>	<u>(5,346,067)</u>
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, 2018 and 2017

	2017		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 9,627,147	—	9,627,147
U.S. government and agency securities	16,319,383	—	16,319,383
Corporate Bonds	—	11,145,224	11,145,224
Domestic equity securities	144,561,681	—	144,561,681
Institutional mutual funds:			
Domestic equity funds	—	12,400,636	12,400,636
Foreign equity funds	—	45,633,483	45,633,483
Fixed income funds:			
U.S. government portfolio	—	15,592,401	15,592,401
International portfolio	—	—	—
Mortgage fund	—	11,302,932	11,302,932
Asset-backed fund	—	963,471	963,471
Mortgage-backed securities	2,442,568	14,662,749	17,105,317
Asset-backed securities	—	5,258,155	5,258,155
Receivables for securities sold	1,188,382	276,454	1,464,836
Liabilities for securities purchased	<u>(1,791,501)</u>	<u>(7,521,670)</u>	<u>(9,313,171)</u>
Total long-term investments	<u>\$ 172,347,660</u>	<u>109,713,835</u>	<u>282,061,495</u>

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

Investments valued at NAV or its equivalent as of December 31, 2018 and 2017, 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, 2018 and 2017.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(8) Investment Income and Unrealized Appreciation/Depreciation

For the years ended December 31, 2018 and 2017, investment income consisted of the following:

	2018	2017
Investments:		
Interest	\$ 1,681,356	1,299,559
Dividends	2,435,510	2,292,688
Realized gains	12,544,900	16,138,802
Gross investment income	16,661,766	19,731,049
Less investment management fees	(1,199,440)	(1,041,952)
Net investment income	15,462,326	18,689,097
Unrealized (depreciation) appreciation	(23,725,985)	22,855,257
Total investment (loss) income	\$ (8,263,659)	41,544,354

(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.

	2018	2017
Donor restricted endowment fund	\$ 233,370	252,183
Board designated quasi-endowment fund	28,779,746	31,264,333
Total endowments	\$ 29,013,116	31,516,516

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

The following illustrates the changes in the Villa Stritch Endowment fund net assets with donor restrictions for the years ended December 31, 2018 and 2017:

	2018	2017
	With donor restrictions	With donor restrictions
Villa Stritch Endowment fund, beginning of year	\$ 252,183	231,290
Investment income (loss)	(6,530)	34,166
Transfer to Building Fund (5%)	(12,283)	(13,273)
Villa Stritch Endowment fund, end of year	<u>\$ 233,370</u>	<u>252,183</u>

The following illustrates the changes in board-designated Quasi-Endowment fund net assets without donor restrictions for the years ended December 31, 2018 and 2017:

	2018	2017
	Without donor restrictions	Without donor restrictions
Board-designated Quasi-Endowment funds, beginning of year	\$ 31,264,333	28,816,496
Investment return – investment income	(809,576)	4,267,454
Transfer to General Operating Fund (spending rate 5.5%)	(1,675,011)	(1,819,617)
Board-designated Quasi-Endowment funds, end of year	<u>\$ 28,779,746</u>	<u>31,264,333</u>

Realized and unrealized appreciation (depreciation) is allocated to the Quasi-Endowment fund. In 2018 and 2017, 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.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

The actuarial valuation of this retirement plan for 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Accumulated benefit obligation	\$ 92,461,531	104,639,253
Change in benefit obligation:		
Benefit obligation, beginning of year	104,639,253	99,708,734
Interest cost	3,592,235	3,957,335
Actuarial loss (gain)	(8,456,378)	5,763,740
Benefits paid	<u>(7,313,579)</u>	<u>(4,790,556)</u>
Benefit obligation, end of year	<u>92,461,531</u>	<u>104,639,253</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	66,186,525	60,092,035
Actual return on plan assets	(2,079,781)	9,380,746
Employer contributions	1,385,885	1,504,300
Benefits paid	<u>(7,313,579)</u>	<u>(4,790,556)</u>
Fair value of plan assets, end of year	<u>58,179,050</u>	<u>66,186,525</u>
Funded status – underfunded	<u>\$ 34,282,481</u>	<u>38,452,728</u>
	<u>2018</u>	<u>2017</u>
Items not yet recognized as a component of net periodic pension benefit cost:		
Net actuarial loss	\$ 24,685,684	27,476,870
Net periodic benefit cost:		
Interest cost	\$ 3,592,235	3,957,335
Expected return on plan assets	(4,235,506)	(3,846,252)
Amortization of net actuarial loss	<u>650,095</u>	<u>689,646</u>
Net periodic benefit cost	<u>\$ 6,824</u>	<u>800,729</u>
	<u>2018</u>	<u>2017</u>
Other changes in plan assets and benefit obligation:		
Net actuarial loss (gain)	(2,141,091)	229,246
Amortization of actuarial net loss	<u>(650,095)</u>	<u>(689,646)</u>
Total other changes in plan assets and benefit obligation	<u>\$ (2,791,186)</u>	<u>(460,400)</u>

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

The assumptions used to determine the benefit obligation in the actuarial valuations at December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Discount rate	4.15%	3.54%
Long-term rate of return on plan assets	6.60	6.60

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, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Discount rate	3.54%	4.06%
Long-term rate of return on plan assets	6.60	6.60

In October 2018, the Society of Actuaries released new data regarding observed mortality rate improvements (the RP-2014 Mortality Tables and the MP-2018 Mortality Improvement Scale). The updated mortality tables and the scale were considered by USCCB and adopted as of December 31, 2018.

Estimated amounts to be amortized into net periodic benefit cost in 2018 are \$657,841 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:

2019	\$	5,692,000
2020		5,801,000
2021		5,882,000
2022		5,958,000
2023		6,016,000
2024-2028		29,763,000

USCCB plans to make a contribution of \$1,556,961 to the pension plan in 2019.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

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, 2018 and 2017 (see note 7):

	2018		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
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>

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

	2017		
	Level 1	Level 2	Total
Cash equivalents	\$ 1,355,258	—	1,355,258
U.S. government and agency securities	4,470,944	—	4,470,944
Corporate bonds	—	2,748,512	2,748,512
Domestic equity securities	31,271,232	—	31,271,232
Institutional mutual funds:			
Domestic equity funds	—	3,474,511	3,474,511
Foreign equity funds	—	11,043,238	11,043,238
Fixed income funds:			
U.S. government portfolio	—	4,368,806	4,368,806
Mortgage fund	—	3,166,947	3,166,947
Asset-backed fund	—	269,953	269,953
Mortgage-backed securities	556,579	3,714,475	4,271,054
Asset-backed securities	—	1,196,532	1,196,532
Receivables for securities sold	514,256	76,086	590,342
Liabilities for securities purchased	(86,722)	(1,954,082)	(2,040,804)
Total long-term investments	\$ <u>38,081,547</u>	<u>28,104,978</u>	<u>66,186,525</u>

The actual asset allocations for 2018 and 2017 and target allocation ranges by asset category for 2018 and 2017 for the pension plan assets were as follows:

	2018	2017	Target allocation range
Cash and cash equivalents	1%	2%	<5%
U.S. equity securities	51	53	46–54
Institutional mutual funds	34	34	13–17
Fixed income securities	14	11	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, 2018 and 2017

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

	2018	2017
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 29,540,684	31,180,963
Service cost	332,424	366,250
Interest cost	929,412	1,105,946
Plan amendments	—	—
Medicare Part D benefit subsidy	69,991	78,299
Actuarial gain	(5,724,794)	(2,203,289)
Benefits paid	(1,116,032)	(987,485)
Fair value of plan assets	—	—
Benefit obligation, end of year – underfunded	\$ 24,031,685	29,540,684
	2018	2017
Net periodic benefit credit (cost):		
Service cost	\$ 332,424	366,250
Interest cost	929,412	1,105,946
Amortization of prior service credit	(1,500,505)	(1,500,503)
Amortization of actuarial net loss	52,619	215,325
Net periodic benefit credit (cost)	\$ (186,050)	187,018
	2018	2017
Other changes in plan assets and benefit obligation:		
Net actuarial gain	\$ (5,724,794)	(2,203,289)
Amortization of prior service credit	1,500,505	1,500,503
Amortization of actuarial net loss	(52,619)	(215,325)
Total other changes in plan assets and benefit obligation	\$ (4,276,908)	(918,111)

Estimated amounts to be amortized into net periodic benefit cost in 2018 are \$1,386,059 from prior service credit.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(a) Actuarial Assumptions

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	2027/2027	2026/2025

The following assumptions were used in calculating the actuarial valuations at December 31, 2017:

	<u>Benefit obligation</u>	<u>Net periodic benefit cost</u>
Discount rate	3.62%	4.20%
Health care cost trend rate – medical	7.70	7.04
Health care cost trend rate – prescription drug	8.71	8.31
Ultimate trend rate	4.50	4.50
Year ultimate trend rate is reached	2026/2025	2024/2025

In October 2018, the Society of Actuaries released new data regarding observed mortality rate improvements (the RP-2014 Mortality Tables and the MP-2018 Mortality Improvement Scale). The updated mortality tables and the scale were considered by USCCB and adopted as of December 31, 2018.

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 2018 postretirement benefit service cost and interest cost by approximately \$229,026 and increase the accumulated postretirement benefit obligation by approximately \$3,379,552. A one percentage-point decrease in the assumed health care cost trend rate would decrease the 2018 postretirement benefit service cost and interest cost by approximately \$180,901 and decrease the accumulated postretirement benefit obligation by approximately \$2,798,762.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(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, 2018 and 2017, the following benefits were paid from plan assets:

	<u>2018</u>	<u>2017</u>
Benefits paid	\$ 1,116,032	987,485
Employer contribution	1,046,041	909,186
Medicare Part D benefit subsidy	69,991	78,299

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>
2019	\$ 1,228,000	161,000	1,067,000
2020	1,279,000	151,000	1,128,000
2021	1,346,000	158,000	1,188,000
2022	1,412,000	165,000	1,247,000
2023	1,484,000	172,000	1,312,000
2024-2028	<u>8,265,000</u>	<u>941,000</u>	<u>7,324,000</u>
Total	<u>\$ 15,014,000</u>	<u>1,748,000</u>	<u>13,266,000</u>

USCCB plans to make a contribution of \$1,067,428 to the postretirement benefit plan in 2018.

(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.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(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, 2018, under scheduled operating leases that have initial or remaining terms in excess of one year, are as follows:

2019	\$	279,477
2020		247,484
2021		<u>112,286</u>
Total	\$	<u><u>639,247</u></u>

For the years ended December 31, 2018 and 2017, rent expense under operating leases was \$398,667 and \$376,801, 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, 2018, and 2017, the total aggregate payment of multi-year employment contracts consists of the following:

	<u>2018</u>	<u>2017</u>
Contracts extend through	2021	2020
Approximate aggregate payments	\$ 806,000	987,000

(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 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, 2018 and 2017, the Conference incurred expenses, primarily related to grant awards as follows:

	<u>2018</u>	<u>2017</u>
CLINIC	\$ 2,487,308	3,335,669
CRS	<u>16,794,007</u>	<u>12,667,787</u>
Total expenses for related parties	<u><u>\$ 19,281,315</u></u>	<u><u>16,003,456</u></u>

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

As of December 31, 2018, and 2017, the Conference had balances, primarily related to grant awards, due to related parties as follows:

	2018	2017
CLINIC	\$ 2,153,146	2,625,883
CRS	12,512,054	12,225,369
Total payables for related parties	\$ 14,665,200	14,851,252

(15) Financial Assets and Liquidity Resources

As of December 31, 2018, and 2017, financial assets and liquidity resources available within one-year for general expenditures, such as operating expenses and internally funded capital improvements were as follows:

	2018	2017
Financial Assets:		
Cash and cash equivalents	\$ 12,912,209	63,532,107
Accounts receivable	18,083,767	18,038,902
Short-term investments	5,238,366	5,167,774
Long term investments available for current use	41,741,152	607,520
Total financial assets available within one year	\$ 77,975,494	87,346,303

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%. \$1,582,886 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 \$40,158,266 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 \$28,779,746. 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.

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

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

(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.

The following table presents functional classification of expenses for December 31, 2018:

	2018						Total
	Pastoral	Migration and refugee services	Communications, policy and advocacy activities	National collections without fundraising	National collections fundraising	Management and general	
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	807,556	1,204,476	3,007,983	1,389,389	1,382,254	525,564	8,317,222
Total operating expenses	<u>\$ 10,495,679</u>	<u>50,418,669</u>	<u>16,569,999</u>	<u>142,358,031</u>	<u>2,163,241</u>	<u>11,119,667</u>	<u>233,125,286</u>

(17) Subsequent Events

USCCB evaluated its December 31, 2018 consolidated financial statements for subsequent events through July 17, 2019, the date the consolidated financial statements were available to be issued. There were no items that required disclosure or recognition.

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

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

Year ended December 31, 2018

	<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	\$ 11,642,760	11,642,760	—	—	—	—	—	—
National collections	108,698,109	—	—	—	—	—	—	108,698,109
Grants, bequests, and other	7,152,140	—	—	5,148,451	2,863,371	2,285,080	—	2,003,689
Government contracts and grants revenue	48,482,684	—	—	48,482,684	—	48,482,684	—	—
Income on investments	15,462,326	4,565,483	12,219	—	—	—	—	10,884,624
Sale of publications	4,888,682	—	—	4,888,682	65,152	4,823,530	—	—
Royalty income	2,393,005	—	—	2,393,005	—	162,104	2,230,901	—
Collection fees on refugee loans	3,163,729	—	—	3,163,729	—	3,163,729	—	—
Contributed services	587,752	—	—	587,752	219,194	—	368,558	—
Other	1,178,443	46,634	—	1,066,615	658,521	52,463	355,631	65,194
Total revenue	203,649,630	16,254,877	12,219	65,730,918	3,806,238	58,969,590	2,955,090	121,651,616
Expenses:								
Grants and donations	139,534,460	116,987	—	654,871	196,401	411,969	46,501	138,762,602
Sub-recipient government contract expenses	39,063,726	—	—	39,063,726	—	39,063,726	—	—
Salaries, taxes and benefits	30,586,899	(2,622,562)	—	31,440,300	5,053,516	17,825,116	8,561,668	1,769,161
Travel and meetings	5,531,524	407	—	5,170,227	2,301,954	1,552,138	1,316,135	360,890
Professional and contract services	8,892,982	2,777	—	8,049,530	1,970,574	3,485,062	2,593,894	840,675
Other program and operating expenses	9,515,695	(45,804)	—	6,773,555	973,233	4,650,656	1,149,666	2,787,944
Interfund charges	—	(6,702,766)	—	6,057,535	145,928	5,911,607	—	645,231
Total expenses	233,125,286	(9,250,961)	—	97,209,744	10,641,606	72,900,274	13,667,864	145,166,503
Fund transfers	—	1,037,884	(12,283)	8,428,408	898,196	8,779,153	(1,248,941)	(9,454,009)
Changes in net assets from operations	(29,475,656)	26,543,722	(64)	(23,050,418)	(5,937,172)	(5,151,531)	(11,961,715)	(32,968,896)
Nonoperating activities:								
Unrealized (loss) gain on investments	(23,725,985)	(7,005,451)	(18,749)	—	—	—	—	(16,701,785)
Pension related expenses other than net periodic pension cost	7,068,094	7,068,094	—	—	—	—	—	—
Total nonoperating activities	(16,657,891)	62,643	(18,749)	—	—	—	—	(16,701,785)
Changes in net assets before general funds subsidy	(46,133,547)	26,606,365	(18,813)	(23,050,418)	(5,937,172)	(5,151,531)	(11,961,715)	(49,670,681)
General funds subsidy to cover deficit	—	(24,117,106)	—	24,117,106	5,937,172	6,218,219	11,961,715	—
Changes in net assets	(46,133,547)	2,489,259	(18,813)	1,066,688	—	1,066,688	—	(49,670,681)
Net assets at the beginning of the year	292,444,927	41,805,373	252,183	7,711,831	—	7,711,831	—	242,675,540
\$ 246,311,380	44,294,632	233,370	8,778,519	—	8,778,519	—	193,004,859	

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, 2018

	Total general funds	Operating fund	Building fund	General reserve fund	Catechism fund	Quasi – Endowment fund
Revenue:						
Diocesan assessment	\$ 11,642,760	11,642,760	—	—	—	—
Grants, bequests, and other	—	—	—	—	—	—
Income on investments	4,565,483	1,562,141	1,426,025	—	62,501	1,514,816
Other	46,634	46,634	—	—	—	—
Total revenue	<u>16,254,877</u>	<u>13,251,535</u>	<u>1,426,025</u>	<u>—</u>	<u>62,501</u>	<u>1,514,816</u>
Expenses:						
Grants and donations	116,987	116,987	—	—	—	—
Salaries, taxes and benefits	(2,622,562)	(2,622,562)	—	—	—	—
Travel and meetings	407	407	—	—	—	—
Professional and contract services	2,777	2,777	—	—	—	—
Other program and operating expenses	(45,804)	(45,804)	—	—	—	—
Interfund charges	(6,702,766)	(6,702,766)	—	—	—	—
Total expenses	<u>(9,250,961)</u>	<u>(9,250,961)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund transfers	1,037,884	2,300,612	412,283	—	—	(1,675,011)
Changes in net assets from operations	<u>26,543,722</u>	<u>24,803,108</u>	<u>1,838,308</u>	<u>—</u>	<u>62,501</u>	<u>(160,195)</u>
Nonoperating activities:						
Unrealized gain (loss) on investments	(7,005,451)	(2,397,008)	(2,188,147)	—	(95,904)	(2,324,392)
Pension related expenses other than net periodic pension cost	7,068,094	7,068,094	—	—	—	—
Total nonoperating activities	<u>62,643</u>	<u>4,671,086</u>	<u>(2,188,147)</u>	<u>—</u>	<u>(95,904)</u>	<u>(2,324,392)</u>
Changes in net assets before general funds subsidy	26,606,365	29,474,194	(349,839)	—	(33,403)	(2,484,587)
General funds subsidy to cover deficit	<u>(24,117,106)</u>	<u>(24,117,106)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Changes in net assets	2,489,259	5,357,088	(349,839)	—	(33,403)	(2,484,587)
Net assets at the beginning of the year	41,805,373	(37,929,823)	42,180,902	5,000,000	1,289,961	31,264,333
Net assets at the end of the year	<u>\$ 44,294,632</u>	<u>(32,572,735)</u>	<u>41,831,063</u>	<u>5,000,000</u>	<u>1,256,558</u>	<u>28,779,746</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, 2018

	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	\$ 2,863,371	2,220,761	—	—	—	65,000	1,000	167	576,401	42
Government contract revenue	—	—	—	—	—	—	—	—	—	—
Sale of publications	65,152	30,469	—	—	20,660	—	34	—	13,989	—
Contributed services	219,194	3,478	—	—	55,793	76,207	31,823	—	—	51,893
Other	658,521	21,934	635,363	—	1,200	—	—	—	24	—
Total revenue	3,806,238	2,276,642	635,363	—	77,653	141,207	32,857	167	590,414	51,935
Expenses:										
Grants and donations	196,401	193,251	—	—	—	2,200	—	250	700	—
Salaries, taxes and benefits	5,053,516	1,259,733	512,757	—	393,486	499,628	568,718	642,507	937,127	239,560
Travel and meetings	2,301,954	1,499,685	197,189	27,634	25,313	177,527	97,235	87,772	142,351	47,248
Professional and contract services	1,970,574	978,053	612,186	3,000	64,422	52,759	34,000	57,818	102,389	65,947
Other program and operating expenses	973,233	268,738	74,360	2,923	126,293	82,995	90,557	85,482	164,665	77,220
Interfund charges	145,928	145,928	—	—	—	—	—	—	—	—
Total expenses	10,641,606	4,345,388	1,396,492	33,557	609,514	815,109	790,510	873,829	1,347,232	429,975
Fund transfers	898,196	878,196	—	—	—	—	—	—	20,000	—
Changes in net assets before general funds subsidy	(5,937,172)	(1,190,550)	(761,129)	(33,557)	(531,861)	(673,902)	(757,653)	(873,662)	(736,818)	(378,040)
General funds subsidy to cover deficit	5,937,172	1,190,550	761,129	33,557	531,861	673,902	757,653	873,662	736,818	378,040
Changes in net assets	—	—	—	—	—	—	—	—	—	—
Net assets at the beginning of the year	—	—	—	—	—	—	—	—	—	—
Net assets at the end of the year	\$ —	—	—	—	—	—	—	—	—	—

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, 2018

	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	\$ 2,285,080	624,359	—	351,330	20,000	794,691	494,700	—
Government contract revenue	48,482,684	48,482,684	—	—	—	—	—	—
Royalty income	162,104	—	162,104	—	—	—	—	—
Sale of publications	4,823,530	1,946	4,673,369	—	—	147,457	758	—
Collection fees on refugee loans	3,163,729	3,163,729	—	—	—	—	—	—
Other	52,463	—	—	—	7,345	27,600	12,018	5,500
Total revenue	<u>58,969,590</u>	<u>52,272,718</u>	<u>4,835,473</u>	<u>351,330</u>	<u>27,345</u>	<u>969,748</u>	<u>507,476</u>	<u>5,500</u>
Expenses:								
Grants and donations	411,969	334,705	200	—	15	1,250	75,799	—
Sub-recipient government contract expenses	39,063,726	39,063,726	—	—	—	—	—	—
Salaries, taxes, and benefits	17,825,116	8,329,596	4,435,979	637,169	667,289	914,612	2,840,471	—
Travel and meetings	1,552,138	464,138	205,854	39,799	94,494	215,822	530,993	1,038
Professional and contract services	3,485,062	846,238	1,598,915	99,076	27,613	409,277	406,943	97,000
Other program and operating expenses	4,650,656	1,380,265	2,281,696	93,863	127,130	354,059	413,618	25
Interfund charges	5,911,607	2,963,292	1,557,704	31,558	—	333,290	1,025,763	—
Total expenses	<u>72,900,274</u>	<u>53,381,960</u>	<u>10,080,348</u>	<u>901,465</u>	<u>916,541</u>	<u>2,228,310</u>	<u>5,293,587</u>	<u>98,063</u>
Fund transfers	8,779,153	2,175,930	2,950,000	(125,850)	(3,000)	—	3,782,073	—
Changes in net assets before general funds subsidy	(5,151,531)	1,066,688	(2,294,875)	(675,985)	(892,196)	(1,258,562)	(1,004,038)	(92,563)
General funds subsidy to cover deficit	6,218,219	—	2,294,875	675,985	892,196	1,258,562	1,004,038	92,563
Changes in net assets	1,066,688	1,066,688	—	—	—	—	—	—
Net assets at the beginning of the year	7,711,831	7,711,831	—	—	—	—	—	—
Net assets at the end of the year	<u>\$ 8,778,519</u>	<u>8,778,519</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, 2018

	Total Migration and Refugee Services	Government grant/contract activity	Other	RTAP	Funds without Donor Restrictions
Revenue:					
Grants, bequests, and other	\$ 624,359	59	603,130	—	21,170
Government contracts and grants revenue	48,482,684	48,482,684	—	—	—
Sale of publications	1,946	—	—	—	1,946
Collection fees on refugee loans	3,163,729	—	—	—	3,163,729
Other	—	—	—	—	—
Total revenue	<u>52,272,718</u>	<u>48,482,743</u>	<u>603,130</u>	<u>—</u>	<u>3,186,845</u>
Expenses:					
Sub-recipient government contract expenses	39,063,726	38,588,202	475,244	—	280
Grants and donations	334,705	150	176,380	—	158,175
Salaries, taxes, and benefits	8,329,596	6,575,511	345,164	—	1,408,921
Travel and meetings	464,138	263,655	120,832	—	79,651
Professional and contract services	846,238	634,830	108,475	3,275	99,658
Other program and operating expenses	1,380,265	749,333	117,358	17,044	496,530
Interfund charges	2,963,292	1,987,059	112,988	—	863,245
Total expenses	<u>53,381,960</u>	<u>48,798,740</u>	<u>1,456,441</u>	<u>20,319</u>	<u>3,106,460</u>
Fund transfers	<u>2,175,930</u>	<u>315,997</u>	<u>1,054,830</u>	<u>—</u>	<u>805,103</u>
Changes in net assets	1,066,688	—	201,519	(20,319)	885,488
Net assets at the beginning of the year	<u>7,711,831</u>	<u>79,192</u>	<u>1,195,130</u>	<u>—</u>	<u>6,437,509</u>
Net assets at the end of the year	<u>\$ 8,778,519</u>	<u>79,192</u>	<u>1,396,649</u>	<u>(20,319)</u>	<u>7,322,997</u>

See accompanying independent auditors' report.

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

Schedule of Revenue, Expenses and Other Changes in Net Assets
Communication Department

Year ended December 31, 2018

	Total Communications Department	General Communication	Catholic News Service	Marketing & Episcopal Resources
Revenue:				
Grants, bequests & other	\$ —	—	—	—
Sale of publications	4,673,369	—	2,692,346	1,981,023
Royalty income	162,104	—	—	162,104
Other	—	—	—	—
Total revenue	<u>4,835,473</u>	<u>—</u>	<u>2,692,346</u>	<u>2,143,127</u>
Expenses:				
Grants and donations	200	—	200	—
Salaries, taxes, and benefits	4,435,979	706,529	2,671,151	1,058,299
Travel and meetings	205,854	57,872	121,069	26,913
Professional and contract services	1,598,915	590,410	515,024	493,481
Other program and operating expenses	2,281,696	299,160	547,039	1,435,497
Interfund charges	1,557,704	245,453	925,427	386,824
Total expenses	<u>10,080,348</u>	<u>1,899,424</u>	<u>4,779,910</u>	<u>3,401,014</u>
Fund transfers	<u>2,950,000</u>	<u>1,471,125</u>	<u>1,253,159</u>	<u>225,716</u>
Changes in net assets before general funds subsidy	(2,294,875)	(428,299)	(834,405)	(1,032,171)
General funds subsidy to cover deficit	<u>2,294,875</u>	<u>428,299</u>	<u>834,405</u>	<u>1,032,171</u>
Changes in net assets	—	—	—	—
Net assets at the beginning of the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net assets at the end of the year	<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
National Collections

Year ended December 31, 2018

	<u>Total National Collections</u>	<u>CRSC</u>	<u>CCHD</u>	<u>CLA</u>	<u>Haiti Earthquake</u>	<u>CCC</u>	<u>CHM</u>	<u>AEE</u>	<u>SFCA</u>	<u>NRRO</u>	<u>Special Collections</u>
Revenue:											
National collection contributions	\$ 108,698,109	16,793,879	9,232,998	7,407,407	14,930	4,088,113	9,558,341	7,305,847	2,685,015	26,775,892	24,835,687
Grants, bequests, and other	2,003,689	256,521	99,355	68,825	—	—	—	—	—	1,578,988	—
Income on investments	10,884,624	892,897	2,111,411	547,826	503,863	420,948	1,350,381	685,361	179,873	2,500,473	1,691,591
Sale of publications	—	—	—	—	—	—	—	—	—	—	—
Contributed services	—	—	—	—	—	—	—	—	—	—	—
Other	65,194	—	—	—	65,194	—	—	—	—	—	—
Total revenue	121,651,616	17,943,297	11,443,764	8,024,058	583,987	4,509,061	10,908,722	7,991,208	2,864,888	30,855,353	26,527,278
Expenses:											
Grants and donations	138,762,602	17,001,634	18,434,013	6,701,076	(435,194)	(436,101)	9,656,709	8,920,941	2,548,250	28,816,886	47,554,388
Salaries, taxes and benefits	1,769,161	39,508	43,105	287,610	190,045	—	254,589	222,859	148,965	582,480	—
Travel and meetings	360,890	3,747	4,087	62,009	15,727	—	17,539	68,110	33,949	155,722	—
Professional and contract services	840,675	57,398	62,623	32,350	—	—	35,127	47,256	111,810	494,111	—
Other program and operating expenses	2,787,944	191,942	324,571	461,627	65,850	221,552	534,807	391,977	280,687	314,801	130
Interfund charges	645,231	12,807	13,973	109,504	69,851	—	92,846	80,824	54,645	210,781	—
Total expenses	145,166,503	17,307,036	18,882,372	7,654,176	(93,721)	(214,549)	10,591,617	9,731,967	3,178,306	30,574,781	47,554,518
Fund transfers	(9,454,009)	(3,146,001)	(2,828,202)	(279,806)	—	(3,000,000)	—	—	—	—	(200,000)
Changes in net assets from operations	(32,968,896)	(2,509,740)	(10,266,810)	90,076	677,708	1,723,610	317,105	(1,740,759)	(313,418)	280,572	(21,227,240)
Nonoperating activities:											
Unrealized (loss) gain on investments	(16,701,785)	(1,370,096)	(3,239,830)	(840,605)	(773,147)	(645,919)	(2,072,077)	(1,051,644)	(276,004)	(3,836,821)	(2,595,642)
Changes in net assets	(49,670,681)	(3,879,836)	(13,506,640)	(750,529)	(95,439)	1,077,691	(1,754,972)	(2,792,403)	(589,422)	(3,556,249)	(23,822,882)
Net assets at the beginning of the year	242,675,540	7,694,347	48,464,586	9,941,883	9,573,890	7,611,306	20,163,882	11,906,807	3,875,215	77,411,555	46,032,069
Net assets at the end of the year	\$ 193,004,859	3,814,511	34,957,946	9,191,354	9,478,451	8,688,997	18,408,910	9,114,404	3,285,793	73,855,306	22,209,187

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, 2018

	Special Collections – Disaster Relief											Subtotal Special Collections	
	Total Special Collections	Hurricane	Tornado	Prior years calamities	Storms	Philippine Typhoon	Middle East	2015-2016 Calamities	Lousiana Flood	Hurricane Matthew	Hurricane Matthew-CLA		Hurricane Matthew- CHM
Revenue:													
National collection contributions	\$ 24,835,687	—	2,727	—	138,526	14,274	17,052	34,479	51,746	99,185	—	—	24,477,698
Grants, bequests, and other	—	—	—	—	—	—	—	—	—	—	—	—	—
Income on investments	1,691,591	2,499	3,435	1,657	6,356	14,480	2,351	10,095	82,728	87,934	—	—	1,480,056
Sale of publications	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed services	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—	—
Total revenue	26,527,278	2,499	6,162	1,657	144,882	28,754	19,403	44,574	134,474	187,119	—	—	25,957,754
Expenses:													
Grants and donations	47,554,388	—	—	—	—	—	628,000	—	—	—	305,780	—	46,620,608
Salaries, taxes and benefits	—	—	—	—	—	—	—	—	—	—	—	—	—
Travel and meetings	—	—	—	—	—	—	—	—	—	—	—	—	—
Professional and contract services	—	—	—	—	—	—	—	—	—	—	—	—	—
Other program and operating expenses	130	—	—	—	—	—	—	—	130	—	—	—	—
Interfund charges	—	—	—	—	—	—	—	—	—	—	—	—	—
Total expenses	47,554,518	—	—	—	—	—	628,000	—	130	—	305,780	—	46,620,608
Fund transfers	(200,000)	—	—	—	—	—	—	—	—	—	—	—	(200,000)
Changes in net assets from operations	(21,227,240)	2,499	6,162	1,657	144,882	28,754	(608,597)	44,574	134,344	187,119	(305,780)	—	(20,862,854)
Nonoperating activities:													
Unrealized (loss) gain on investments	(2,595,642)	(3,835)	(5,271)	(2,542)	(9,753)	(22,219)	(3,607)	(15,491)	(126,942)	(134,929)	—	—	(2,271,053)
Changes in net assets	(23,822,882)	(1,336)	891	(885)	135,129	6,535	(612,204)	29,083	7,402	52,190	(305,780)	—	(23,133,907)
Net assets at the beginning of the year	46,032,069	51,589	69,538	34,196	61,925	291,722	667,990	191,121	1,681,630	786,139	552,914	22,181	41,621,124
Net assets at the end 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

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, 2018

	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	\$ 24,477,698	10,999,948	5,533,562	—	—	3,475,560	1,642,219	—	—	2,826,409
Grants, bequests, and other	—	—	—	—	—	—	—	—	—	—
Income on investments	1,480,056	726,785	386,628	—	—	154,929	143,241	—	—	68,473
Sale of publications	—	—	—	—	—	—	—	—	—	—
Contributed services	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Total revenue	<u>25,957,754</u>	<u>11,726,733</u>	<u>5,920,190</u>	<u>—</u>	<u>—</u>	<u>3,630,489</u>	<u>1,785,460</u>	<u>—</u>	<u>—</u>	<u>2,894,882</u>
Expenses:										
Grants and donations	46,620,608	29,199,180	6,944,971	232,350	4,147,301	2,059,888	420,000	272,650	3,344,268	—
Salaries, taxes and benefits	—	—	—	—	—	—	—	—	—	—
Travel and meetings	—	—	—	—	—	—	—	—	—	—
Professional and contract services	—	—	—	—	—	—	—	—	—	—
Other program and operating expenses	—	—	—	—	—	—	—	—	—	—
Interfund charges	—	—	—	—	—	—	—	—	—	—
Total expenses	46,620,608	29,199,180	6,944,971	232,350	4,147,301	2,059,888	420,000	272,650	3,344,268	—
Fund transfers	(200,000)	—	(2,660,893)	964,357	1,596,536	(5,322,246)	(100,000)	1,140,481	4,181,765	—
Changes in net assets from operations	(20,862,854)	(17,472,447)	(3,685,674)	732,007	(2,550,765)	(3,751,645)	1,265,460	867,831	837,497	2,894,882
Nonoperating activities:										
Unrealized (loss) gain on investments	(2,271,053)	(1,115,207)	(593,256)	—	—	(237,728)	(219,795)	—	—	(105,067)
Changes in net assets	(23,133,907)	(18,587,654)	(4,278,930)	732,007	(2,550,765)	(3,989,373)	1,045,665	867,831	837,497	2,789,815
Net assets at the beginning of the year	41,621,124	24,040,057	5,837,749	2,031,077	3,046,616	4,304,352	2,361,273	—	—	—
Net assets at the end 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>

See accompanying independent auditors' report.