Catholic Charities of the Archdiocese of Chicago

Combined Financial Statements as of and
for the Years Ended June 30, 2015 and 2014,
Supplementary Information as of and for the
Year Ended June 30, 2015, and
Independent Auditors' Report

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

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INDEPENDENT AUDITORS' REPORT

Most Reverend Blase J. Cupich
Archbishop of Chicago

The Board of Directors of
Catholic Charities of the Archdiocese of Chicago:

We have audited the accompanying combined financial statements of Catholic Charities of the Archdiocese of Chicago ("Catholic Charities"), which comprise the combined statements of financial position as of June 30, 2015 and 2014, and the related combined statements of activities and changes in net assets (deficit), functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Catholic Charities as of June 30, 2015 and 2014, and the results of their combined operations and their combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our 2015 audit was conducted for the purpose of forming an opinion on the 2015 combined financial statements as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of combined financial statements. This supplementary information is the responsibility of Catholic Charities' management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2015 combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the 2015 combined financial statements as a whole.

Deloitte & Touche LLP

December 9, 2015

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2015 AND 2014

ASSETS	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents	$ 15,802,128	$ 14,241,314
Program receivables (net of allowance for doubtful accounts—$411,573 and $295,810 in 2015 and 2014, respectively)	27,862,453	27,268,041
Legacies and pledges receivable—net	1,553,183	863,069
United Way receivable	1,620,001	1,723,001
Prepaid and other assets	1,663,330	2,712,376
Due from affiliates—net	2,341,111	2,339,518
Total current assets	50,842,206	49,147,319
INVESTMENTS	77,646,033	80,892,227
INVESTMENT IN AFFILIATES	632,210	632,210
LOANS RECEIVABLE	5,434,850	5,434,850
LONG-TERM LEGACIES AND PLEDGES RECEIVABLE—Net	2,295,109	374,243
SPLIT-INTEREST TRUST AGREEMENTS	934,289	842,315
DEFERRED DEBT ISSUANCE COSTS	63,887	68,998
ASSETS WHOSE USE IS LIMITED	9,678,169	8,745,661
LAND, BUILDINGS, AND EQUIPMENT—Net	186,072,272	177,396,007
TOTAL	$ 333,599,025	$ 323,533,830

(Continued)

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2015 AND 2014

LIABILITIES AND NET ASSETS	2015	2014
CURRENT LIABILITIES:		
Accounts payable and accrued compensation	$ 12,734,084	$ 11,228,955
Interest payable	89,972	39,474
Due to governmental agencies	4,268,084	2,077,530
Current portion of deferred revenue	514,443	527,845
Current portion of gift annuities payable	379,406	377,998
Current portion of postretirement benefits liability	2,100,433	2,074,860
Contractual current portion of long-term debt	323,740	221,905
Total current liabilities	20,410,162	16,548,567
DEFERRED REVENUE	421,529	421,529
SECURITY DEPOSITS	639,897	593,269
GIFT ANNUITIES PAYABLE	1,828,339	1,885,773
PENSION LIABILITY	75,784,171	64,131,758
POSTRETIREMENT BENEFITS LIABILITY	37,890,480	37,162,691
REFUNDABLE GRANT ADVANCES	154,894,908	146,202,393
LONG-TERM DEBT	21,604,744	18,804,093
Total liabilities	313,474,230	285,750,073
NET ASSETS:		
Unrestricted:		
Undesignated	(51,685,476)	(31,941,086)
Designated by the Board for endowment	46,556,339	45,756,108
Temporarily restricted	17,983,248	16,922,550
Permanently restricted	7,270,684	7,046,185
Total net assets	20,124,795	37,783,757
TOTAL	$333,599,025	$323,533,830

See notes to combined financial statements. (Concluded)

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET (DEFICIT) ASSETS FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE:				
Fees and grants from governmental agencies	$ 157,679,462	$ -	$ -	$ 157,679,462
Program service fees	17,498,993			17,498,993
Program-related contributions	1,607,111	2,298,090		3,905,201
Program-related in-kind donations	1,429,860			1,429,860
United Way pledges	379,928	3,198,211		3,578,139
Net assets released from restrictions	4,019,726	(4,019,726)		-
Total revenue	182,615,080	1,476,575	-	184,091,655
EXPENSES:				
Seniors	68,277,702			68,277,702
Children	22,554,441			22,554,441
Basic human needs	32,779,360			32,779,360
Families and individuals	71,235,809			71,235,809
Management and general	15,975,606			15,975,606
Fundraising	2,108,223			2,108,223
Total expenses	212,931,141	-	-	212,931,141
(LOSS) GAIN FROM PROGRAM OPERATIONS	(30,316,061)	1,476,575	-	(28,839,486)
SUPPORT:				
Contributions	5,911,552	10,150	132,525	6,054,227
Special events (net of special event expenses—$1,754,453)	3,626,120			3,626,120
In-kind donations	951,702			951,702
Bequests	3,808,424	301,590		4,110,014
Net assets released from restrictions	682,086	(682,086)		-
Total support	14,979,884	(370,346)	132,525	14,742,063
OTHER REVENUE (EXPENSE):				
Interest and dividends on investments	1,985,148	56,144		2,041,292
Net realized gain (loss) on investments	3,202,592	(2,486)	(14,828)	3,185,278
Net unrealized (loss) gain on investments	(2,684,252)	(37,151)	37,421	(2,683,982)
Net assets released from restrictions	84,630	(62,038)	(22,592)	-
Change in fair value of split-interest trusts			91,973	91,973
Gain on disposal of fixed assets	821,355			821,355
Loss on sale of other assets	(756,589)			(756,589)
Other revenue	214,239			214,239
Total other revenue (expense)	2,867,123	(45,531)	91,974	2,913,566
(DECREASE) INCREASE IN NET ASSETS BEFORE RETIREMENT BENEFIT CHANGES OTHER THAN NET PERIODIC COST	(12,469,054)	1,060,698	224,499	(11,183,857)
RETIREMENT BENEFIT CHANGES OTHER THAN NET PERIODIC COST	(6,475,105)			(6,475,105)
(DECREASE) INCREASE IN NET (DEFICIT) ASSETS	(18,944,159)	1,060,698	224,499	(17,658,962)
NET ASSETS—Beginning of year	13,815,022	16,922,550	7,046,185	37,783,757
NET (DEFICIT) ASSETS—End of year	$ (5,129,137)	$17,983,248	$7,270,684	$ 20,124,795

See notes to combined financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE:				
Fees and grants from governmental agencies	$ 163,012,289	$ -	$ -	$ 163,012,289
Program service fees	15,052,271			15,052,271
Program-related contributions	3,572,749	1,809,514		5,382,263
Program-related in-kind donations	1,260,290			1,260,290
United Way pledges	502,179	142,734		644,913
Net assets released from restrictions	3,370,733	(3,370,733)		-
Total revenue	186,770,511	(1,418,485)	-	185,352,026
EXPENSES:				
Seniors	63,688,780			63,688,780
Children	21,282,749			21,282,749
Basic human needs	31,691,947			31,691,947
Families and individuals	69,634,991			69,634,991
Management and general	14,924,212			14,924,212
Fundraising	1,918,748			1,918,748
Total expenses	203,141,427	-	-	203,141,427
(LOSS) GAIN FROM PROGRAM OPERATIONS	(16,370,916)	(1,418,485)	-	(17,789,401)
SUPPORT:				
Contributions	4,297,561	59,995	111,711	4,469,267
Special events (net of special event expenses—$1,397,649)	3,068,310			3,068,310
In-kind donations	1,327,000			1,327,000
Bequests	4,140,971	659,829		4,800,800
Net assets released from restrictions	285,763	(285,763)		-
Total support	13,119,605	434,061	111,711	13,665,377
OTHER REVENUE (EXPENSE):				
Interest and dividends on investments	1,358,050	56,470		1,414,520
Net realized gain (loss) on investments	3,537,573	(3,070)	(29,728)	3,504,775
Net unrealized gain on investments	3,244,072	58,411	151,163	3,453,646
Net assets released from restrictions	204,578	(83,143)	(121,435)	-
Change in fair value of split-interest trusts			80,438	80,438
Gain on disposal of fixed assets	38,593			38,593
Impairment of other assets	(297,543)			(297,543)
Loss on early extinguishment of debt	(83,854)			(83,854)
Other revenue	265,258			265,258
Total other revenue (expense)	8,266,727	28,668	80,438	8,375,833
INCREASE (DECREASE) IN NET ASSETS BEFORE RETIREMENT BENEFIT CHANGES OTHER THAN NET PERIODIC COST AND INTERAGENCY TRANSFER	5,015,416	(955,756)	192,149	4,251,809
RETIREMENT BENEFIT CHANGES OTHER THAN NET PERIODIC COST	(5,246,628)			(5,246,628)
INTERAGENCY TRANSFER	27,450			27,450
INCREASE (DECREASE) IN NET ASSETS	(203,762)	(955,756)	192,149	(967,369)
NET ASSETS—Beginning of year	14,018,784	17,878,306	6,854,036	38,751,126
NET ASSETS—End of year	$ 13,815,022	$16,922,550	$7,046,185	$ 37,783,757

See notes to combined financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015							
	Programs				Supporting Services			
	Senior Services	Children's Services	Basic Human Needs	Family and Individuals Services	Management and General	Fund-Raising	Total	2014 Total
EXPENSES:								
Salaries	$33,030,143	$10,222,472	$ 9,565,427	$14,136,641	$ 8,557,681	$ 1,058,171	$ 76,570,535	$ 74,408,581
Employee benefits and payroll taxes	12,735,422	4,770,868	4,371,617	6,727,427	3,541,912	416,531	32,563,777	28,730,284
Total salaries and related expenses	45,765,565	14,993,340	13,937,044	20,864,068	12,099,593	1,474,702	109,134,312	103,138,865
Food purchases	1,819,041	1,342,090	158,316	34,261,570			37,581,017	38,512,370
Specific assistance to individuals	300,864	999,834	12,316,367	1,222,699			14,839,764	14,004,023
Occupancy	4,480,608	1,426,787	1,610,534	6,421,028	1,389,105	191,400	15,519,462	14,502,420
Supplies	2,420,041	376,636	709,337	1,349,869	594,687	102,260	5,552,830	4,981,576
Professional fees and contract service payments	5,902,883	651,303	2,263,886	5,094,393	912,710	380,351	15,205,526	13,811,030
Telephone	669,338	186,923	302,665	450,083	329,453	101,875	2,040,337	1,791,025
Outside printing	72,547	10,477	41,002	56,740	83,668	193,338	457,772	491,104
Local transportation	926,227	277,721	605,483	541,947	42,634	25,673	2,419,685	2,469,995
Conferences, conventions, and meetings	201,383	38,665	127,927	142,975	278,468	1,290,130	2,079,548	2,084,005
Membership dues and subscriptions	85,031	20,341	15,052	27,476	83,831	8,001	239,732	229,206
Awards and grants	27,337	31,468	50	10,198	11,955		81,008	57,024
Interest and financing costs	557,560	35,267	7,611	16,540			616,978	488,456
Payments to affiliates	1,624	537	780	1,695			4,636	4,500
Distribution of in-kind gifts		1,429,860					1,429,860	1,260,290
Miscellaneous	652,432	129,310	229,636	335,478	18,412	89,800	1,455,068	1,208,964
Total expenses before depreciation	63,882,481	21,950,559	32,325,690	70,796,759	15,844,516	3,857,530	208,657,535	199,034,853
Depreciation	4,395,221	603,882	453,670	439,050	131,090	5,146	6,028,059	5,504,223
Total functional expenses	68,277,702	22,554,441	32,779,360	71,235,809	15,975,606	3,862,676	214,685,594	204,539,076
Less expenses related to special events						(1,754,453)	(1,754,453)	(1,397,649)
TOTAL EXPENSES	$68,277,702	$22,554,441	$32,779,360	$71,235,809	$15,975,606	$ 2,108,223	$212,931,141	$203,141,427

See notes to combined financial statements.

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	2014						
	Programs				Supporting Services		
	Senior Services	Children's Services	Basic Human Needs	Family and Individuals Services	Management and General	Fund-Raising	Total
EXPENSES:							
Salaries	$32,037,820	$ 9,824,448	$ 9,537,991	$14,023,865	$ 7,993,264	$ 991,193	$ 74,408,581
Employee benefits and payroll taxes	11,216,248	4,180,446	3,974,972	6,000,009	3,000,419	358,190	28,730,284
Total salaries and related expenses	43,254,068	14,004,894	13,512,963	20,023,874	10,993,683	1,349,383	103,138,865
Food purchases	1,778,776	1,693,700	101,192	34,938,702			38,512,370
Specific assistance to individuals	218,863	981,288	11,833,092	970,780			14,004,023
Occupancy	4,378,915	1,152,754	1,168,117	6,296,203	1,312,415	194,016	14,502,420
Supplies	2,162,488	395,107	721,888	987,276	631,267	83,550	4,981,576
Professional fees and contract service payments	4,944,910	550,797	2,575,365	4,525,573	1,005,975	208,410	13,811,030
Telephone	627,195	155,239	241,130	361,806	306,961	98,694	1,791,025
Outside printing	89,977	17,829	40,513	72,093	89,821	180,871	491,104
Local transportation	973,711	287,839	638,179	510,618	25,348	34,300	2,469,995
Conferences, conventions, and meetings	367,798	35,631	161,343	138,386	272,634	1,108,213	2,084,005
Membership dues and subscriptions	75,801	14,883	10,159	29,529	94,273	4,561	229,206
Awards and grants	17,891	20,218		10,983	7,932		57,024
Interest and financing costs	452,433	36,023					488,456
Payments to affiliates	1,538	514	765	1,683			4,500
Distribution of in-kind gifts		1,260,290					1,260,290
Miscellaneous	507,871	102,882	200,653	339,726	3,433	54,399	1,208,964
Total expenses before depreciation	59,852,235	20,709,888	31,205,359	69,207,232	14,743,742	3,316,397	199,034,853
Depreciation	3,836,545	572,861	486,588	427,759	180,470		5,504,223
Total functional expenses	63,688,780	21,282,749	31,691,947	69,634,991	14,924,212	3,316,397	204,539,076
Less expenses related to special events						(1,397,649)	(1,397,649)
TOTAL EXPENSES	$63,688,780	$21,282,749	$31,691,947	$69,634,991	$14,924,212	$ 1,918,748	$203,141,427

See notes to combined financial statements.

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	$ (17,658,962)	$ (967,369)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Retirement benefit changes other than net periodic cost	6,475,105	5,246,628
Impairment of other assets		297,543
Loss on extinguishment of debt		83,854
Net gain on disposal of fixed assets	(821,355)	(38,587)
Loss on sale of other assets	756,589	
Depreciation	6,028,059	5,504,223
Amortization of debt issuance costs	5,111	6,092
Net realized gain on investments	(3,185,278)	(3,504,775)
Net unrealized loss (gain) on investments	2,683,982	(3,453,646)
Change in fair value of split-interest trust agreements	(91,974)	(80,438)
Contributions restricted for permanent endowment	(132,525)	(111,711)
Contributed investments	(359,282)	(431,317)
Contributed other assets		(1,266,000)
Inherent contribution	(951,702)	
Changes in operating accounts:		
Receivables	(1,181,526)	(8,005,553)
Prepaid and other assets	43,809	(483,024)
Long-term receivable	(1,920,866)	1,659,655
Due from affiliates	(1,593)	(1,180,618)
Accounts payable and accrued compensation	1,466,898	2,261,488
Interest payable	50,498	1,410
Postretirement benefits and other liabilities	5,930,670	3,934,497
Due to governmental agencies	2,190,554	(49,232)
Deferred revenue	(13,402)	56,278
Security deposits	46,628	(34,499)
Gift annuities payable	(56,026)	13,760
Net cash (used in) operating activities	(696,588)	(541,341)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Land, buildings, and equipment purchased or constructed	(11,380,393)	(14,357,410)
Purchases of investments	(20,632,983)	(46,848,283)
Proceeds from sale of investments	24,739,755	41,346,383
Proceeds from sale of fixed assets	1,535,655	38,593
Proceeds from sale of other assets	247,328	
Assets transferred—Affiliates		(27,450)
Change in assets whose use is limited	(931,188)	(309,133)
Net cash used in investing activities	(6,421,826)	(20,157,300)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Refundable grant advances	8,692,515	6,310,861
Repayments of long-term debt	(221,798)	(10,282,623)
Proceeds from new loans	75,986	10,753,879
Debt issuance costs		(69,140)
Contributions restricted for permanent endowment	132,525	111,711
Net cash provided by financing activities	8,679,228	6,824,688
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,560,814	(13,873,953)
CASH AND CASH EQUIVALENTS—Beginning of year	14,241,314	28,115,267
CASH AND CASH EQUIVALENTS—End of year	$ 15,802,128	$ 14,241,314
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 566,480	$ 487,046
Contributed investments	$ 359,282	$ 431,317
Contributed other assets	$ -	$ 1,266,000
Accounts payable for fixed asset additions	$ 271,386	$ 504,541
Inherent contribution	$ 951,702	$ -

See notes to combined financial statements.

1. NATURE OF OPERATIONS

Catholic Charities of the Archdiocese of Chicago (“Catholic Charities”) provides assistance to people in need through four primary service areas. Senior Services provides in-home or personal care and residential and health care facilities. Children’s Services provides early childhood education, counseling, adoption, and maternity services; protects children from abuse and neglect; and assists with obtaining health care. Basic Human Needs Services includes emergency shelter, food, and clothing. Family and Individuals Services help address unemployment, poverty, inadequate housing, illness, addiction, physical limitations, nutritional needs, and domestic violence.

The combined financial statements include 21 senior housing facilities whose funding is provided primarily by the U.S. Department of Housing and Urban Development (HUD). These housing facilities include Roseland Manor, Hayes Manor, Matthew Manor, Tolton Manor, Frances Manor, Lawrence Manor, Bernardin Manor, St. Ailbe Faith Apartments, St. Sabina Elders Village, St. Ailbe Hope Apartments, Ozanam Village Apartments, St. Ailbe Love Apartments, St. Peter Claver Courts, St. Brendan Apartments, Bishop Goedert Residence, St. Vincent De Paul Residence, Donald W. Kent Residence, Pope John Paul II Residence, St. Francis of Assisi Residence, All Saints Residence and Porta Coeli Residence (collectively, the “Residences”). The combined financial statements also include four other legal tax-exempt entities: Options for Housing, Inc.; Holy Family Villa; Cooke’s Manor LLC; and Catholic Charities Housing Development Corporation (CCHDC). In addition, included in the combined financial statements are two legal for profit entities: Veterans Independent Painting L3C and Crisp!Mobile Grocery L3C. All of the aforementioned organizations are operated under the auspices of Catholic Charities, whose sole member is the Catholic Bishop of Chicago, an Illinois corporation sole.

The financial information for Misericordia Home, Mission of Our Lady of Mercy, and Maryville Academy is combined with Catholic Charities and reported as “Charitable Activities” within the consolidated financial statements of the Archdiocese of Chicago. However, this information is not included within the combined financial statements of Catholic Charities herein.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination—The accompanying combined financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). These combined financial statements reflect only the operations of the organizations that are noted above. These combined financial statements do not reflect the operations of other agencies and organizations that also are a part of the Archdiocese of Chicago, a corporation sole. All material interagency transactions and balances have been eliminated in the combined financial statements.

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

Cash and Cash Equivalents—Catholic Charities considers all cash maintained on premises or at financial institutions for day-to-day operations as operating cash. Cash equivalents represent money market bank accounts. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. Management does not expect losses on these balances to occur.

Investments—Investments in short-term investments, equity securities, fixed-income securities, mutual funds, and alternative investments are measured at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as an increase or decrease in unrestricted net assets, unless such income or loss is temporarily or permanently restricted by explicit donor stipulations or by law.

Split-Interest Trust Agreements—Catholic Charities is an income beneficiary of certain irrevocable trusts held by third parties. Catholic Charities has the irrevocable right to receive the income earned on the trust assets in perpetuity. Catholic Charities records an asset equal to the fair value of its beneficial interest in these trusts.

Assets Whose Use is Limited—Assets not available for operations include cash and cash equivalents set aside in accordance with the requirements of various governmental agencies and are stated at cost that approximates fair value.

Land, Buildings, and Equipment—Land, buildings, and equipment are stated at cost. Major renewals and improvements are charged to the property accounts, while replacement, maintenance, and repairs that do not improve or extend the life of the respective assets are charged directly to expense.

Depreciation is computed using the straight-line, half-year method based upon the following lives:

Land and building improvements	10–20 years
Buildings	30–60 years
Equipment, furniture, and fixtures	3–10 years

Title to certain properties of Catholic Charities rests with the Catholic Bishop of Chicago.

Gifts of long-lived assets, such as land, buildings, or equipment, recorded at fair value at the date of donation, are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Due to Governmental Agencies—Due to governmental agencies represents unexpended government funding received in advance for various programs, including the Women, Infants, and Children (WIC) program. These advances are offset by WIC inventory on hand at year-end, which primarily represents food at WIC food centers. WIC inventory was $14,773,866 and $15,522,431 as of June 30, 2015 and 2014, respectively.

Deferred Revenue—Special event-related contributions received in advance are deferred to the period of the event at which time they are earned.

Classification of Net Assets—Resources are classified into three classifications of net assets according to externally (donor) imposed restrictions.

Unrestricted—Net assets which are expendable for any purpose in performing the primary objectives of the organization. Included in unrestricted net assets are Board-designated funds for endowment purposes. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

Temporarily Restricted—Net assets whose use is limited by donor-imposed restrictions that either expire with the passage of time or can be removed by fulfillment of the stipulated purpose for which the donation was restricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities and changes in net assets (deficit) as net assets released from restrictions. Included in temporarily restricted net assets are United Way pledges, bequests, and other contributions that have been classified as temporarily restricted. Temporarily restricted net assets that are available as of June 30, 2015 and 2014, are for the following purposes:

	2015	**2014**
Purchase of land, building, and equipment	$ 5,888,727	$ 6,105,729
Program operations and support	9,900,256	8,587,025
Time-restricted contributions	1,080,601	1,102,362
Program-restricted contributions from donor-restricted endowment funds	1,113,664	1,127,434
Total temporarily restricted net assets	$ 17,983,248	$ 16,922,550

Permanently Restricted—Net assets donated with stipulations that they be invested to provide a permanent source of income; such restrictions can neither expire with the passage of time nor be removed by fulfillment of a stipulated purpose. Included in permanently restricted net assets are contributions that have been classified as permanently restricted.

	2015	**2014**
Donor-restricted endowment funds primarily for program operations	$ 6,336,395	$ 6,203,870
Split-interest trust agreements	934,289	842,315
Total permanently restricted net assets	$ 7,270,684	$ 7,046,185

Refundable Grant Advances—Development and construction are being or have been substantially funded under non-interest-bearing mortgage agreements with HUD for the Residences. The Residences are not required to make principal or interest payments on the mortgage notes, provided they maintain housing in accordance with the Capital Advance Program Use and Regulatory Agreements. If all requirements continue to be met, the grant advances will be considered earned between 40 and 55 years after such advance or an earlier date if approved by HUD. The refundable grant advances are collateralized by the Residences' property and equipment associated with the advance.

Gift Annuities Payable—Gift annuities payable result from funds granted to Catholic Charities by individuals in return for annuities payable to those individuals during their lifetime. Annuities payable are actuarially determined using the discount rate at the time of the annuity agreement and are based upon the annuitant's age and life expectancy. Assets received under these arrangements are recorded as investments in the combined statements of financial position. The excess of the funds granted to Catholic Charities over the calculated annuity payable is recorded as a contribution in the year of the grant.

Contributions—Unconditional promises to give cash and other assets to Catholic Charities are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the contribution is received. The contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. In the absence of donor stipulations, Catholic Charities classifies the contribution as unrestricted.

Revenue Recognition—The majority of funding for Catholic Charities' operations is provided by governmental agencies. Catholic Charities recognizes program revenues in the fiscal year that the services are rendered. Contribution revenues and other support are recognized in the fiscal year that they are received. Grant revenue is recognized when the related grant expenditure has been incurred.

United Way Funding—Catholic Charities recognizes United Way contributions when funding is confirmed by United Way.

Management and General Expenses—Management and general expenses represent the expenses incurred to provide overall management and direction to all entities.

Tax Status—The agencies that comprise Catholic Charities are tax-exempt organizations under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code with the exception of Veterans Independent Painting L3C and Crisp!Mobile Grocery L3C that are social enterprise entities subject to corporate income taxes.

Recently Adopted Accounting Pronouncements—In April 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-06, *Services Received from Personnel of an Affiliate*, to specify the guidance that not-for-profit entities apply for recognizing and measuring services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service. The new guidance was effective for the year ended June 30, 2014. The adoption did not have a material effect on the financial statements.

Accounting Standards Updates—In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. ASU No. 2014-09 creates Topic 606, Revenue from Contracts with Customers, and supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*. ASU No. 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also specifies the accounting for some costs to obtain or fulfill a contract with a customer, and indicates an entity should disclose sufficient 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. ASU 2014-09 is now effective for Catholic Charities beginning on July 1, 2018. ASU 2015-14 deferred the effective date of ASU 2014-09. Catholic Charities has not yet determined the impact on the financial statements.

On May 1, 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. ASU No. 2015-07 addresses the diversity in practice related to how certain investments measured at net asset value with future redemption dates are categorized, the amendments in this ASU remove the requirement to categorize investments for which fair values are measured using the net asset value per share practical expedient. It also limits disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. ASU No. 2015-07 is effective for the Catholic Charities beginning on July 1, 2017. The adoption of ASU No. 2015-07 is not expected to have a material impact on the Catholic Charites' financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Interest-Imputation of Interest,* which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance of debt issuance costs are not affected by the amendments in this update. ASU 2015-03 is effective for Catholic Charities beginning July 1, 2016. The adoption of ASU 2015-03 is not expected to have a material impact on the Catholic Charites' financial statements.

3. INVESTMENTS

Catholic Charities' investments are overseen by the Investment Committee of the Board of Directors. The Investment Committee administers the investment of the endowment, restricted assets, and certain working capital, collectively, the "investment portfolio." These assets are managed by external investment managers and include various equity securities, fixed income securities, mutual funds, and alternative investments.

Catholic Charities has established a fund to meet future capital needs of its facilities. The fund is included in investments in the combined statements of financial position and is invested in domestic and international mutual funds and corporate and government-backed bonds with fair values of $17,396,680 and $20,488,598 at June 30, 2015 and 2014, respectively.

The Archdiocesan Finance Council and its Investment Committee oversee a Pooled Investment Fund for various entities in the Archdiocese, including Catholic Charities. The Pooled Investment Fund invests with a number of investment managers in various equity and fixed-income products. An allocation of the investments is in nonmarketable investments through limited partnerships. During fiscal year 2014, Catholic Charities divested its participation in the Pooled Investment Fund.

The components of total investment return as of June 30, 2015 and 2014, are as follows:

	2015	2014
Interest and dividends	$2,041,292	$1,414,520
Net realized gain	3,185,278	3,504,775
Change in unrealized gain	(2,683,982)	3,453,646
Total	$2,542,588	$8,372,941

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. It is reasonably possible that changes in the values of investments could occur in the near term and that such changes could materially affect the investment amounts reported in the accompanying combined statements of financial position.

Fair value of investments as of June 30, 2015 and 2014, is as follows:

	2015	2014
Short-term investments	$ 685,570	$ 1,169,687
Equity securities	3,931,382	3,684,565
Mutual funds—equity strategy	16,725,517	18,183,352
Mutual funds—fixed-income strategy	11,261,123	14,546,441
Fixed income securities	20,157,496	21,573,487
Commingled fund	16,882,458	16,130,524
Subtotal	69,643,546	75,288,056
Alternative investments:		
Marketable alternative equity	2,449,841	1,232,063
Real estate	4,360,148	3,914,541
Private equity	1,192,498	457,567
Total alternative investments	8,002,487	5,604,171
Total	$ 77,646,033	$ 80,892,227

4. LAND, BUILDINGS, AND EQUIPMENT

Major classes of property and equipment as of June 30, 2015 and 2014, are as follows:

	2015	2014
Land and land improvements	$ 13,050,414	$ 11,385,756
Buildings and building improvements	221,417,793	203,734,499
Equipment, furniture, and fixtures	12,291,464	12,091,840
Construction in progress	825,608	8,709,828
Total land, buildings, and equipment	247,585,279	235,921,923
Less accumulated depreciation	(61,513,007)	(58,525,916)
Land, buildings, and equipment—net	$ 186,072,272	$ 177,396,007

Catholic Charities recorded depreciation expense of $6,028,059 and $5,504,223 for the years ended June 30, 2015 and 2014, respectively.

5. LONG-TERM DEBT

Long-term debt as of June 30, 2015 and 2014, consisted of the following:

	2015	2014
CCHDC:		
Illinois Finance Authority—revenue refunding bond: Series 2014, loan payable to Wintrust Bank, due January 1, 2028, interest rate adjusted monthly, weighted-average interest rate 1.07% in 2015	$ 10,070,000	$ 10,070,000
St. Sabina note payable to City of Chicago, due in a lump sum on June 1, 2039; interest free	387,800	387,800
Porta Coeli note payable to City of Chicago, due in a lump sum on December 1, 2054; interest free	759,865	683,879
All Saints note payable to City of Chicago, due in a lump sum on December 2, 2052; interest free	892,678	892,678
Catholic Charities note payable to Illinois Facilities Fund, due in monthly installments through April 1, 2015, interest rate 5.00%		28,440
Catholic Charities note payable to Illinois Facilities Fund, due in monthly installments through July 1, 2023, interest rate 4.30%	647,394	712,974
Catholic Charities note payable to Sisters of Saint Casimir, due in annual installments through December 1, 2034, interest free	4,000,000	
Roseland Manor mortgage payable to HUD, due in monthly installments through 2032, interest rate 8.375%	2,481,374	2,546,584
Hayes Manor mortgage payable to HUD, due in monthly installments through 2033, interest rate 8.375%	2,626,549	2,686,823
Ozanam Village note payable to Illinois Housing Development Authority, due in equal monthly installments, with additional principal payments required based on residual receipts, interest free	275,526	276,620
Cooke's Manor LLC note payable to Illinois Housing Development Authority, due in equal monthly installments of $100, with remaining principal due May 1, 2021, interest free	739,000	740,200
	22,880,186	19,025,998
Less discount of interest free note payable	(951,702)	
	21,928,484	19,025,998
Less contractual current portion	(406,263)	(221,905)
Current portion of discount of interest free note payable	82,523	
	(323,740)	(221,905)
Total	$ 21,604,744	$ 18,804,093

Debt—During fiscal year 2015, Catholic Charities purchased the Saint Casimir Motherhouse and in exchanged entered into a loan agreement with the Sisters of Saint Casimir. The terms of the loan require Catholic Charities to make $200,000 equal payments over 20 years at zero percent interest. The total payments were discounted using a 2.74% interest rate. The discounted value of the total sum payments is $3,048,298 at June 30, 2015.

In fiscal year 2014, CCHDC refinanced $10,070,000 of the Series 1993 A and Series 1993 B adjustable demand revenue bonds by entering into a bond agreement with the Illinois Finance Authority ("Authority"). The Authority issued a $10,070,000 bond referred to as revenue refunding bond of the Series 2014 that was purchased by Wintrust Bank. The proceeds of the Series 2014 bond were used to refund the Series 1993 A and Series 1993 B adjustable demand revenue bonds.

Future maturities of long-term debt as of June 30, 2015, are as follows:

Years Ending June 30	
2016	$ 323,740
2017	341,807
2018	361,126
2019	381,796
2020	403,923
Thereafter	20,116,092
Total	$21,928,484

Debt Covenants—Catholic Charities was in compliance with all financial debt covenants at June 30, 2015.

Deferred Debt Issuance Costs—Expenses related to the procurement and underwriting of the direct obligation notes and revenue bonds have been deferred and are being amortized over the life of the bonds.

During the fiscal year 2014, CCHDC issued deferred debt issuance costs related to the 2014 Series bonds in the amount of $69,140. The deferred debt issuance costs are shown net of accumulated amortization of $5,253 and $142 at June 30, 2015 and 2014, respectively.

Unsecured Line of Credit—Catholic Charities maintains unsecured lines of credit with two banks for its working capital requirements. Borrowings against the lines of credit are presented in the combined statements of financial position as short-term debt. The lines of credit permit a maximum amount of $11,000,000 outstanding at one time, of which $0 was outstanding at June 30, 2015 and 2014. For one of the lines of credit, the interest rate is the either the reference rate as defined by the bank or the London InterBank Offered Rate (LIBOR). For the other line of credit, the interest rate is the prime rate for borrowings that are held for less than one month (the prime rate was 3.29% at June 30, 2015). For borrowings that will be held for more than one month, the interest rate is LIBOR, plus 1.0% (the LIBOR was 0.77% at June 30, 2015).

6. LEASES

Catholic Charities leases office space under conditional operating leases that generally contain rent escalation provisions. Rent expense under the leases is recognized based on straight-line amortization of total rent over the term of the lease. Rent expense of $8,132,605 and $6,897,900 was incurred for the years ended June 30, 2015 and 2014, respectively. Future minimum lease payments as of June 30, 2015, are as follows:

Years Ending June 30	
2016	$ 5,711,964
2017	2,689,076
2018	826,962
2019	419,807
2020	331,567
Thereafter	7,773,924
Total	$ 17,753,300

7. REFUNDABLE GRANT ADVANCES

During the years ended June 30, 2015 and 2014, Catholic Charities received certain HUD Supportive Housing for the Elderly (Section 202) grant advances of $8,466,228 and $5,489,573, respectively, under the terms of the federally funded program.

In addition, Catholic Charities received certain Affordable Housing Project Loans of $226,287 and $821,288 during the years ended June 30, 2015 and 2014, respectively.

Total advances as of June 30, 2015 and 2014, are as follows:

Project	Advance 2015	Advance 2014	End of Commitment
Matthew Manor	$ 4,015,901	$ 4,015,901	December 2035
Tolton Manor	5,514,800	5,514,800	July 2036
Frances Manor	4,822,997	4,822,997	April 2037
Lawrence Manor	8,215,354	8,215,354	October 2039
Bernardin Manor	13,990,100	13,990,100	June 2040
St. Ailbe Faith Apartments	6,836,400	6,836,400	July 2040
St. Sabina Elders Village	6,727,600	6,727,600	September 2040
St. Ailbe Hope Apartments	813,900	813,900	March 2041
Ozanam Village Apartments	5,151,900	5,151,900	May 2041
St. Ailbe Love Apartments	6,300,300	6,300,300	February 2042
St. Peter Claver Courts	7,748,942	7,748,942	March 2043
Bishop Goedert Residence	9,592,300	9,592,300	December 2044
St. Vincent De Paul Residence	10,891,000	10,891,000	November 2045
Donald W. Kent Residence	8,975,400	8,975,400	January 2046
Pope John Paul II Residence	2,253,000	2,253,000	September 2046
Roseland Manor	912,093	912,093	March 2047
St. Francis of Assisi Residence	11,319,300	11,319,300	November 2047
Hayes Manor	631,227	631,227	June 2048
St. Brendan Apartments	8,827,641	8,827,641	July 2060
All Saints Residence	7,017,100	7,017,100	November 2052
Porta Coeli Residence	14,355,768	5,889,540	November 2054
Total HUD grant advances	144,913,023	136,446,795	
Affordable housing project loans	9,981,885	9,755,598	Various through 2060
Total refundable grant advances	$ 154,894,908	$ 146,202,393	

8. RETIREMENT BENEFITS

Pension Benefits—The organizations included in these combined financial statements participate in a noncontributory pension plan administered by the Benefits Committee, a committee of the Board of Directors of Catholic Charities, the plan's Sponsor, which covers substantially all lay employees.

The plan provides annual retirement benefits (over and above normal social security benefits) equal to 1.125% of average earnings within the last five years of service multiplied by the number of years of full-time service up to 15 years, plus 1.5% of average earnings, as defined above, multiplied by the number of years of service in excess of 15 years. Plan assets consist primarily of equity securities, mutual funds, commingled funds, fixed-income securities, and alternative investments.

As of June 30, 2015, we updated our assumptions for revised mortality projections for the measurement of the pension benefits that reflect longevity improvements of plan participants, resulting in an increase to future pension expense and to the benefit obligation.

Postretirement Benefits—Catholic Charities offers certain medical and dental benefits for retired employees. Catholic Charities amended this policy as of February 1, 2002. A cap was placed on the net employer contribution to the cost of medical coverage for employees retiring on or after July 1, 2002.

The cap is equal to $500 per month for retirees with single coverage and $700 per month for retirees with family coverage. The amended policy stated that all new employees hired after July 1, 2002, would not be offered postretirement medical and dental benefits and employees must maintain coverage in the active employee medical plan to be eligible for medical coverage during retirement. Employees hired before July 1, 2002, had a choice of continuing their eligibility for postretirement medical and dental benefits or electing to participate in an employer sponsored 403(b) plan (see Retirement Savings Plan below) and permanently forgo any eligibility for future postretirement medical and dental benefits.

The postretirement benefit liability of $39,990,913 and $39,237,551 at June 30, 2015 and 2014, respectively, includes an unrecognized prior-service gain of $428,545 and $624,565, respectively, due to the modification of the benefit policy in 2002 and subsequent reversal, on April 1, 2009, of the requirement that continuous coverage in the active employee medical plan is necessary to qualify for medical benefits in retirement.

For the years ended June 30, 2015 and 2014, plan measures of the benefit obligation and net periodic postretirement benefit cost are actuarially equivalent and include Medicare Part D subsidies. However, future obligations have not been reduced for anticipated subsidy collections because the amount is difficult to determine and the effect is not material.

Retirement Savings Plan—Catholic Charities has a defined contribution plan under Internal Revenue Code Section 403(b) covering all new employees hired after July 1, 2002, as well as employees hired before July 1, 2002, who have opted out of the postretirement medical and dental benefit policy. The eligibility guidelines are based on one year of service and employees who work at least 20 hours per week. Catholic Charities contributes 1% of each individual participant's compensation, plus a matching contribution of up to 1.5% of the individual participant's compensation. Total employer contribution expense for the years ended June 30, 2015 and 2014, was $813,517 and $762,872, respectively.

Catholic Charities uses a June 30 measurement date for its pension and postretirement obligations.

Summary information for pension and postretirement benefits as of June 30, 2015 and 2014, is as follows:

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Change in benefit obligation:				
Benefit obligation—beginning of year	$ 137,268,069	$ 119,902,394	$ 39,237,551	$ 37,068,261
Service cost	6,177,585	4,813,861	699,395	650,624
Interest cost	6,423,229	5,848,704	1,582,796	1,560,373
Actuarial losses	6,580,647	11,023,330	273,094	1,640,942
Benefits paid	(4,498,044)	(4,320,220)	(2,139,727)	(1,952,735)
Medicare Part D subsidy			103,795	122,137
Participant contributions			234,009	147,949
Benefit obligation—end of year	151,951,486	137,268,069	39,990,913	39,237,551
Change in plan assets:				
Fair value of plan assets—beginning of year	73,136,311	62,782,471		
Actual return on plan assets	3,178,226	10,670,416		
Employer contributions	4,350,822	4,003,644	1,801,923	1,682,649
Benefits paid	(4,498,044)	(4,320,220)	(2,139,727)	(1,952,735)
Medicare Part D subsidy			103,795	122,137
Participant contributions			234,009	147,949
Fair value of plan assets—end of year	76,167,315	73,136,311	-	-
Funded status—end of year	(75,784,171)	(64,131,758)	(39,990,913)	(39,237,551)
Net accrued benefit cost	$ (75,784,171)	$ (64,131,758)	$ (39,990,913)	$ (39,237,551)
Amounts recognized in the combined statements of financial position—accrued liability	$ (75,784,171)	$ (64,131,758)	$ (39,990,913)	$ (39,237,551)

The components of net periodic benefit cost for the years ended June 30, 2015 and 2014, are as follows:

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Components of net periodic benefit cost:				
Service cost	$ 6,177,585	$ 4,813,861	$ 699,395	$ 650,624
Interest cost	6,423,229	5,848,704	1,582,796	1,560,373
Expected return on plan assets	(5,855,258)	(5,021,919)		
Amortization of unrecognized net loss	3,053,872	2,085,842	539,180	220,688
Amortization of unrecognized prior service (credit)	(341,364)	(341,364)	(196,020)	(196,020)
Total net periodic benefit cost	$ 9,458,064	$ 7,385,124	$ 2,625,351	$ 2,235,665

The pension plan and postretirement benefit policy accumulated losses and prior-service credits not yet recognized as a component of periodic pension and postretirement expense, but accumulated in unrestricted net assets as of June 30, 2015 and 2014, are as follows:

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Unrecognized actuarial loss	$ 40,469,998	$ 34,266,191	$ 7,895,318	$ 8,161,404
Unrecognized prior service credit	(1,835,700)	(2,177,064)	(428,545)	(624,565)
Total accumulated in unrestricted net assets	$ 38,634,298	$ 32,089,127	$ 7,466,773	$ 7,536,839

An estimated $341,364 in prior service credit and $2,630,057 in net actuarial loss will be included as components of periodic pension expense in 2016. An estimated $196,020 in prior service credit and $367,094 in net actuarial loss will be included as components of periodic postretirement expense in 2016.

The pension and postretirement benefit items not yet recognized as a component of periodic pension and postretirement expense, but included as a separate charge to net assets during 2015 and 2014, are as follows:

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Prior service credit arising during the period	$ -	$ -	$ -	$ -
Actuarial loss arising during the period	9,257,679	5,374,833	273,094	1,640,941
Reclassification adjustment for recognition of prior service (credit)	(2,712,508)	(1,744,478)	(343,160)	(24,668)
Total recognized as a separate decrease (increase) to net assets	$ 6,545,171	$ 3,630,355	$ (70,066)	$ 1,616,273

Actuarial assumptions for the pension and postretirement benefits as of June 30, 2015 and 2014, are as follows:

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Weighted-average assumptions:				
Discount rate—benefit obligation	4.38 %	4.25 %	4.11 %	3.97 %
Discount rate—benefit cost	4.25	4.71	3.97	4.41
Expected return on plan assets	8.00	8.00		
Rate of compensation increase	0.00–3.50	0.00–3.50		

For measurement purposes, a 8% gross health care trend rate was used for the 2015 disclosures. Trend rates were assumed to decrease gradually to 5% for the year ending June 30, 2018, and beyond.

For measurement purposes, a 9% gross health care trend rate was used for the 2014 disclosures. Trend rates were assumed to decrease gradually to 5% for the year ending June 30, 2018, and beyond.

In 2016, Catholic Charities expects to contribute $4,569,526 to its pension plan and $2,100,433 to pay health care premiums on behalf of the retirees covered under its postretirement benefit policy.

The benefit payments, which reflect expected future services, as appropriate, are expected to be paid as of June 30, 2015, as follows:

Years Ending June 30	**Pension Benefits**	**Postretirement Benefits**
2016	$ 5,404,941	$ 2,100,433
2017	5,669,525	2,182,386
2018	5,933,209	2,282,841
2019	6,180,374	2,327,023
2020	6,537,992	2,377,228
2021–2025	37,961,256	12,398,877

Pension Plan Assets—The primary return objectives of the plan are a) the preservation of principal, b) to earn a competitive total return consistent with prudent levels of risk, and c) to create a stream of investment returns to ensure the systematic and adequate funding of actuarially determined benefits through contributions from Catholic Charities and professional management of the pension plan assets.

This is accomplished through diversification of assets in accordance with the investment policy. Periodic rebalancing occurs after the end of each calendar quarter, as required by the policy.

The target allocations for plan assets are 37.5% domestic equity securities or mutual funds, 15% international equity mutual funds, 17.5% fixed income securities or mutual funds, 12% hedge fund of funds, 10% commercial real estate, 5% low volatility global core equity and 3% mezzanine private equity.

Short-term investments include invested cash, money market mutual funds, and certificates of deposit, and are generally categorized in Level 1 of the fair value hierarchy.

Domestic equity securities include investments in large-cap and mid-cap companies located in the United States. Equity securities are valued based on quoted prices from an exchange. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Mutual funds are valued based on the net asset value (NAV) as computed once per day based on the quoted market prices of the securities in the fund's portfolio and are generally categorized in Level 1 of the fair value hierarchy.

Commingled funds are unregistered investment funds with a daily NAV that invests in large-cap and small-cap companies located in the United States. The commingled funds allow investors to sell their interests with a one-day notice. Such commingled funds are categorized in Level 2 of the fair value hierarchy.

Fixed income securities are comprised of U.S. Treasuries, U.S. government agency securities, and corporate bonds. U.S. Treasuries are valued using quoted market prices and, accordingly, are categorized in Level 2 of the fair value hierarchy. U.S. government agency securities are comprised of noncallable agency-issued debt securities and are generally valued using quoted market prices. Actively traded noncallable agency-issued debt securities are categorized in Level 2 of the fair value hierarchy. The fair value of corporate bond securities is estimated using recently executed transactions, market price quotations (where observable), or bond spreads. If the spread data does not reference the issuer, then data that reference a comparable issuer are used. These corporate bonds are generally categorized in Level 2 of the fair value hierarchy.

Marketable alternative equity investments are comprised of investments in hedge fund of funds. Marketable alternative equity investments that cannot be fully redeemed at the NAV in the "near term" are investments that cannot be redeemed at its NAV within 90 days after June 30, 2015. These marketable alternative equity investments that cannot be redeemed within the "near term" are categorized in Level 3 of the fair value hierarchy. These investments are valued using estimates developed by external investment managers and are accepted or adjusted through a valuation review performed by management.

Real estate alternative investments are comprised of investments in diversified real estate funds. Real estate alternative investments that cannot be fully redeemed at the NAV in the "near term" are investments that cannot be redeemed at its NAV within 90 days after June 30, 2015. These real estate alternative investments cannot be redeemed within the "near term" and are categorized in Level 3 of the fair value hierarchy. These investments are valued using estimates developed by external investment managers and are accepted or adjusted through a valuation review performed by management.

The following fair value hierarchy table presents information about Catholic Charities' pension plan investments measured at fair value as of June 30, 2015 and 2014:

	2015	**2014**
Level 1—quoted prices in active markets for identical securities:		
Short-term investments	$ 1,737,184	$ 1,402,022
Domestic equity securities	14,276,156	13,632,457
International mutual funds	10,493,468	11,072,729
Domestic fixed income mutual funds	5,126,676	5,094,287
Subtotal	31,633,484	31,201,495
Level 2—significant other observable inputs:		
Fixed income securities:		
U.S. Treasuries	476,404	284,270
U.S. government agencies	3,745,391	4,000,695
Corporate	2,127,874	2,130,950
Commingled fund	19,047,700	18,099,089
Subtotal	25,397,369	24,515,004
Level 3—significant unobservable inputs:		
Alternative investments:		
Marketable alternative equity	10,417,990	9,676,040
Real estate	8,718,472	7,743,772
Subtotal	19,136,462	17,419,812
Total fair value of plan assets	$ 76,167,315	$ 73,136,311

The table below presents the reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3), and presents changes in unrealized gains or losses recorded in change in net assets for the years ended June 30, 2015 and 2014, for Level 3 assets and liabilities.

	2015	2014
Balance as of July 1	$17,419,812	$11,977,598
Purchases	920,582	4,393,300
Sales	(257,129)	(169,936)
Realized and unrealized gains—net	1,053,197	1,218,850
Balance as of June 30	$19,136,462	$17,419,812
The amount of total gains for the year included in changes in net assets attributable to the change in unrealized gains relating to assets still held at June 30	$ 1,053,197	$ 1,218,850

9. ENDOWMENT NET ASSETS

Catholic Charities endowment net assets consist of approximately 40 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with permanently restricted funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Catholic Charities has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor permanently restricted funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Catholic Charities classifies as permanently restricted net assets (a) the original value of gifts, (b) the original value of subsequent gifts, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

Endowment net asset composition by type of fund as of June 30, 2015, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (125,497)	$ 2,194,265	$ 6,336,395	$ 8,405,163
Split-interest trust agreements			934,289	934,289
Board-designated endowment funds	46,681,836			46,681,836
Total endowment funds	$ 46,556,339	$ 2,194,265	$ 7,270,684	$ 56,021,288

Endowment net asset composition by type of fund as of June 30, 2014, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (88,842)	$ 2,229,796	$ 6,203,870	$ 8,344,824
Split-interest trust agreements			842,315	842,315
Board-designated endowment funds	45,844,950			45,844,950
Total endowment funds	$ 45,756,108	$ 2,229,796	$ 7,046,185	$ 55,032,089

Changes in endowment net assets for the year ended June 30, 2015, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets—beginning of year	$ 45,756,108	$ 2,229,796	$ 7,046,185	$ 55,032,089
Investment return:				
Dividend and interest income	884,898	56,144		941,042
Realized and unrealized gains (losses)—net	687,000	(39,637)	114,566	761,929
Total investment return	1,571,898	16,507	114,566	1,702,971
Contributions	357,611	10,000	132,525	500,136
Appropriation of endowment assets for expenditures	(1,129,278)	(62,038)	(22,592)	(1,213,908)
Endowment net assets—end of year	$ 46,556,339	$ 2,194,265	$ 7,270,684	$ 56,021,288

Changes in endowment net assets for the year ended June 30, 2014, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets—beginning of year	$36,833,748	$2,176,128	$6,854,036	$45,863,912
Investment return:				
Dividend and interest income	781,898	56,470		838,368
Realized and unrealized gains—net	5,571,038	55,341	201,873	5,828,252
Total investment return	6,352,936	111,811	201,873	6,666,620
Contributions	2,746,617	25,000	111,711	2,883,328
Appropriation of endowment assets for expenditures	(177,193)	(83,143)	(121,435)	(381,771)
Endowment net assets—end of year	$45,756,108	$2,229,796	$7,046,185	$55,032,089

Funds with Deficiencies—From time to time, the fair value of assets associated with individual donor permanently restricted funds may fall below the level that the donor or UPMIFA requires Catholic Charities to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and were $125,497 and $88,842 as of June 30, 2015 and 2014, respectively. These deficiencies resulted from unfavorable investment performance due to unfavorable market conditions for the investments supporting the permanently restricted net assets during fiscal 2015 and 2014.

Return Objectives and Risk Parameters—Catholic Charities has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted endowments that Catholic Charities must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under this policy, the Board-designated endowment assets are invested in a manner that is intended to produce a return that exceeds the level of inflation as measured by the Consumer Price Index (CPI) by at least 5% on a rolling three-year basis. Catholic Charities expects its Board-designated endowment funds, over time, to provide an average rate of return of approximately 5% annually, plus CPI, which is in excess of inflation. Actual returns in any given year may vary from this amount. Donor-restricted endowments are invested in fixed-income securities and cash equivalents or as the donor specifically requests.

Strategies Employed for Achieving Objectives—To satisfy its long term rate-of-return objectives, Catholic Charities relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy—Catholic Charities has a policy of appropriating endowment distributions each year of up to 5% of a rolling three-year average of its Board-designated endowment fund's average fair value. In establishing this policy, Catholic Charities considered the long-term expected return on its Board-designated endowment.

Accordingly, over the long term, Catholic Charities expects the current spending policy to allow its endowment to grow on average at a rate equal to or higher than CPI. This is consistent with the organization's objective to maintain the fair value of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. Donor-restricted endowments are spent in accordance with the donors' wishes and distributions are made annually to the programs and activities of Catholic Charities for the purposes, which conform to the donors' stated intentions.

10. FAIR VALUE MEASUREMENT

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy is used in selecting inputs, with the highest priority given to Level 1, as these are the most transparent or reliable.

Level 1—Quoted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable in active markets.

Level 3—Valuations derived from valuation techniques in which one or more significant inputs are not observable.

In addition, investments that Catholic Charities are able to fully redeem at the NAV at the statement of financial position date, or in the "near term" have been classified as Level 2 investments. Investments that cannot be fully redeemed at the NAV in the "near term" have been classified as Level 3 investments. Investments that are not able to be redeemed at the NAV in the "near term" are investments that cannot be redeemed at its NAV within 90 days after the statement of financial position date.

Catholic Charities attempts to establish fair value as an exit price in an orderly transaction consistent with normal settlement market conventions. Catholic Charities is responsible for the valuation process and seeks to obtain quoted market prices for all securities. When quoted market prices in active markets are not available, Catholic Charities uses independent pricing services to establish fair value.

Assets Measured at Fair Value—Assets measured at fair value on a recurring basis as of June 30, 2015, are as follows:

	Level 1	Level 2	Level 3	Total	Redemption Frequency	Redemption Notice Period
Short-term investments	$ 685,570	$ -	$ -	$ 685,570	Daily	1 day
Equity securities	3,931,382			3,931,382	Daily	1 day
Mutual funds—equity strategy	16,725,517			16,725,517	Daily	1 day
Mutual funds—fixed income strategy	11,261,123			11,261,123	Daily	1 day
Fixed income securities:						
U.S. Treasuries		10,019,417		10,019,417	Daily	1 day
U.S. government agencies		3,362,722		3,362,722	Daily	1 day
Corporate		6,775,357		6,775,357	Daily	1 day
Commingled fund		16,882,458		16,882,458	Daily	1 day
Subtotal	32,603,592	37,039,954	-	69,643,546		
Alternative investments:						
Marketable alternative equity			2,449,841	2,449,841	Quarterly	>90 days
Real estate			4,360,148	4,360,148	Quarterly	>90 days
Private equity			1,192,498	1,192,498	Quarterly	>90 days
Total alternative investments	-	-	8,002,487	8,002,487		
Split-interest trust agreements			934,289	934,289		
Total	$32,603,592	$37,039,954	$8,936,776	$78,580,322		

Assets measured at fair value on a recurring basis as of June 30, 2014, are as follows:

	Level 1	Level 2	Level 3	Total	Redemption Frequency	Redemption Notice Period
Short-term investments	$ 1,169,687	$ -	$ -	$ 1,169,687	Daily	1 day
Equity securities	3,684,565			3,684,565	Daily	1 day
Mutual funds—equity strategy	18,183,352			18,183,352	Daily	1 day
Mutual funds—fixed income strategy	14,546,441			14,546,441	Daily	1 day
Fixed income securities:						
U.S. Treasuries		12,534,157		12,534,157	Daily	1 day
U.S. government agencies		3,404,915		3,404,915	Daily	1 day
Corporate		5,634,415		5,634,415	Daily	1 day
Commingled fund		16,130,524		16,130,524	Daily	1 day
Subtotal	37,584,045	37,704,011	-	75,288,056		
Alternative investments:						
Marketable alternative equity			1,232,063	1,232,063	Quarterly	>90 days
Real estate			3,914,541	3,914,541	Quarterly	>90 days
Private equity			457,567	457,567	Quarterly	>90 days
Total alternative investments	-	-	5,604,171	5,604,171		
Split-interest trust agreements			842,315	842,315		
Total	$37,584,045	$37,704,011	$6,446,486	$81,734,542		

A reconciliation for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3), and presents changes in unrealized gains or losses recorded in change in net assets for the years ended June 30, 2015 and 2014, for Level 3 assets is as follows:

	2015	**2014**
Balance—July 1	$ 5,604,171	$ 2,529,498
Purchases	2,461,149	3,104,561
Sales	(368,824)	(386,897)
Realized and unrealized gains—net	305,991	357,009
Balance—June 30	$ 8,002,487	$ 5,604,171
The amount of total gains or losses for the year included in changes in net assets attributable to the change in unrealized gains relating to assets still held at June 30	$ 305,991	$ 357,009

The following section describes the valuation methodologies used to measure different financial instruments at fair value, including an indication of the level in the fair value hierarchy in which the instrument is generally classified. Catholic Charities uses prices and inputs that are current as of the measurement date, obtained through a third-party custodian from independent pricing services. ASC 820, *Fair Value* also requires disclosure to assist in understanding the nature and risk of investments by major category for those investments that calculate an NAV.

Short-term investments include invested cash, money market mutual funds, and certificates of deposit, and are generally categorized in Level 1 of the fair value hierarchy.

Equity securities are valued based on quoted prices from an exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy.

Mutual funds are valued based on the NAV as computed once per day based on the quoted market prices of the securities in the fund’s portfolio and are generally categorized in Level 1 of the fair value hierarchy.

Fixed income securities are composed of U.S. Treasuries, U.S. government agency securities, and corporate bonds. U.S. Treasuries are valued using quoted market prices and, accordingly, are categorized in Level 2 of the fair value hierarchy. U.S. government agency securities are composed of noncallable agency issued debt securities and are generally valued using quoted market prices. Actively traded noncallable agency issued debt securities are categorized in Level 2 of the fair value hierarchy. The fair value of corporate bond securities is estimated using recently executed transactions, market price quotations (where observable), or bond spreads. If the spread data does not reference the issuer, then data that reference a comparable issuer are used. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy.

Commingled funds are an unregistered investment fund with a daily NAV that invests in large-cap and small-cap companies located in the United States. The commingled funds allow investors to sell their interests with a one-day notice. Such commingled funds are categorized in Level 2 of the fair value hierarchy.

Marketable alternative equity investments are composed of investments in fund of funds and hedge funds. Marketable alternative equity investments that cannot be fully redeemed at the NAV in the "near term" are investments that cannot be redeemed at its NAV within 90 days after the statement of financial position date. These marketable alternative equity investments that cannot be redeemed within the "near term" are categorized in Level 3 of the fair value hierarchy. These Level 3 investments are valued using estimates developed by external investment managers and are accepted or adjusted through a valuation review performed by management. Marketable alternative equity investments that can be redeemed within the "near term" are categorized in Level 2 of the fair value hierarchy. These Level 2 investments are composed of funds whose underlying securities are primarily valued based on quoted prices from an exchange.

Fixed income alternative investments are composed of hedge funds that invest in bonds. Fixed income alternative investments whose underlying assets are composed of securities that are valued based on observable transactions are generally categorized in Level 2 of the fair value hierarchy. Fixed income alternative investments whose underlying assets are not observable or whose value for underlying assets is determined using unobservable inputs are categorized as Level 3 of the fair value hierarchy. These investments are valued using estimates developed by external investment managers and are accepted or adjusted through a valuation review performed by management.

Real estate alternative investments are comprised of investments in diversified real estate funds. Real estate alternative investments that cannot be fully redeemed at the NAV in the "near term" are investments that cannot be redeemed at its NAV within 90 days after the statement of financial position date. These real estate alternative investments cannot be redeemed within the "near term" and are categorized in Level 3 of the fair value hierarchy. These investments are valued using estimates developed by external investment managers and are accepted or adjusted through a valuation review performed by management.

Private equity investments are comprised of investments in limited partnerships and private equity funds. These investments are valued using estimates developed by external investment managers and are accepted or adjusted through a valuation review performed by management. Private equity investments are categorized in Level 3 of the fair value hierarchy at June 30, 2015 and 2014.

The unfunded commitments, redemption frequency, and redemption notice period of investments held at NAV or its equivalent as of June 30, 2015 and 2014, are as follows:

	2015				
	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**	**Lockup or Gate**
Commingled fund	$ 16,882,458	$ -	Daily	1 day	n/a
Alternative investments:					
Marketable alternative equity	2,449,841		Quarterly	>90 days	n/a
Real estate	4,360,148		Quarterly	>90 days	2–6 years
Private equity	1,192,498	3,807,502	Quarterly	>90 days	3–5 years
Total	$ 24,884,945	$ 3,807,502			

	2014				
	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**	**Lockup or Gate**
Commingled fund	$ 16,130,524	$ -	Daily	1 day	n/a
Alternative investments:					
Marketable alternative equity	1,232,063		Quarterly	>90 days	n/a
Real estate	3,914,541		Quarterly	>90 days	2–6 years
Private equity	457,567	542,433	Quarterly	>90 days	3–5 years
Total	$ 21,734,695	$542,433			

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of current assets, trusteed funds, current liabilities, and other liabilities approximate their fair value, as they are short term in nature. The carrying value of debt and gift annuities payable approximates its fair value as of June 30, 2015 and 2014.

12. NONCASH ASSISTANCE

During the years ended June 30, 2015 and 2014, Catholic Charities received certain food commodities with a value of approximately $4,133,263 and $4,164,891, respectively, under the terms of the federally funded programs whereby Catholic Charities acts as a distributor. The receipt and subsequent distribution of these commodities are not shown as revenues or expenditures in the combined financial statements of Catholic Charities.

Catholic Charities recorded in-kind donations of gifts in the amount of $1,429,860 and $1,260,290 during the years ended June 30, 2015 and 2014, respectively, which it distributed to the families it serves.

13. CONCENTRATION OF RISK

A significant portion of the funding for several of the programs is received from federal, state, or local governmental agencies. Fees and grants from these governmental agencies represent approximately 78% and 79% of total revenues and support for the years ended June 30, 2015 and 2014, respectively.

Major Funder

Catholic Charities' largest government funder is the State of Illinois, who accounted for approximately 71% and 75% of the fees and grants from government agencies for the years ended June 30, 2015 and 2014, respectively. The funds received from the State of Illinois originate both from the federal government and the State of Illinois. The funds originating with the State of Illinois represented approximately 29% and 33% of the total amount of fees and grants from government agencies for the years ended June 30, 2015 and 2014, respectively. The loss of, or significant adverse change in, the relationship between the Catholic Charities and the State of Illinois could have a material effect on Catholic Charities' programs and financial results.

The State of Illinois also accounted for 67% and 79% of Catholic Charities' program receivables at June 30, 2015 and 2014, respectively. Although Catholic Charities is directly affected by the financial condition of its funders, management does not believe significant credit risks exist at this time.

14. COMMITMENTS AND CONTINGENCIES

Catholic Charities participates in a self-insurance program managed by the Archdiocesan Pastoral Center—Catholic Bishop of Chicago. In the event that Catholic Charities withdraws from participation in the program, amounts may be payable to the Archdiocesan Pastoral Center for residual liabilities relating to historical claims experience or for claims incurred but not yet reported.

Catholic Charities is occasionally party to lawsuits and claims arising out of the conduct of its business. While the ultimate results of lawsuits or other proceedings against Catholic Charities cannot be predicted with certainty, management of Catholic Charities is of the opinion that the liabilities resulting from these contingencies are not material in relationship to the financial condition of Catholic Charities.

Catholic Charities is obligated to fund capital calls up to $5,000,000 in total to two of its alternative investments. As of June 30, 2015, Catholic Charities has a remaining commitment to fund $3,807,502 of the obligated $5,000,000. The fair value of this investment is $1,192,498 and $457,567 and is presented as investments in the combined statements of financial position as of June 30, 2015 and 2014, respectively.

15. TRANSACTIONS WITH RELATED PARTIES

Catholic Charities provides certain goods and services to various affiliated entities. A summary of the amounts due from (to) related parties, as of June 30, 2015 and 2014, is as follows:

	2015	2014
Due from Archdiocesan Pastoral Center	$ 12,919	$ -
Due from (to):		
Misericordia Home	1,271,183	1,176,688
Maryville Academy	(2,341)	(2,272)
Little Sisters of the Poor	(2,295)	(2,228)
St. Leo Residence LLC	1,061,645	1,167,330
Cortland Manor LLC	2,240,085	1,997,874
Total due from affiliates	4,581,196	4,337,392
Less allowance for doubtful accounts	(2,240,085)	(1,997,874)
Total due from affiliates—net	$ 2,341,111	$ 2,339,518

Catholic Charities provides assistance to Misericordia Home by facilitating the payment process for major construction projects on Misericordia's campus. As of June 30, 2015 and 2014, there was a receivable related to a construction project for Misericordia in the amount of $1,271,183 and $1,176,688, respectively. This amount is included in the combined statements of financial position as due from affiliates.

St. Leo Residence LLC was formed in April 2003 for the purpose of constructing and operating a 141-unit residential apartment building located at 7750 South Emerald, Chicago, Illinois. The building was completed in August 2006. CCHDC is a controlling entity of the general partner of the limited partnership. As such, CCHDC has guaranteed to fund any operating deficits up to $195,000 or reduced income tax benefits incurred by the limited partner during the duration of the partnership agreement. CCHDC has agreed to create and maintain required reserves totaling $556,000, which was funded to the project at the conclusion of the development phase.

As of June 30, 2015 and 2014, CCHDC provided funding of $526,476 and $526,476, respectively, in exchange for an equity ownership of 0.01% and a loan receivable of $4,145,692 and $4,145,692, respectively, both of which are included in the combined statements of financial position. Future equity contributions of $65,000 in total are expected to be made in subsequent periods. In addition, for the years ended June 30, 2015 and 2014, CCHDC and Catholic Charities provided operating funding of $308,890 and $322,784, respectively, and received reimbursement of $414,575 and $315,000, respectively. As of June 30, 2015 and 2014, the net due from St Leo LLC was $1,061,645 and $1,167,330, respectively. This amount has been included in the combined statements of financial position as due from affiliates.

Cortland Manor LLC was formed in May 2001 for the purpose of rehabilitating and operating a 22-unit residential apartment building located at 1900 North Karlov, Chicago, Illinois. The building was completed in July 2003. CCHDC is a controlling entity of the managing member of the limited liability company. As such, CCHDC has guaranteed to cover any operating deficits up to $150,000 or reduced income tax benefits incurred by the limited partner during the duration of the operating agreement. CCHDC has agreed to create and maintain required reserves totaling $170,000, which was funded to the project at the conclusion of the development phase.

As of June 30, 2015 and 2014, CCHDC has provided funding to the Cortland Manor LLC of $105,734 and $105,734 in exchange for an equity ownership of 0.01% and a loan receivable of $1,289,158 and $1,289,158, respectively, both of which are included in the combined statements of financial position. In addition, for the years ended June 30, 2015 and 2014, Catholic Charities provided operating funding of $817,211 and $835,054, respectively, and received reimbursement of $575,000 and $713,000, respectively. As of June 30, 2015 and 2014, the net due from Cortland Manor LLC was $2,240,085 and $1,997,874, respectively. As of June 30, 2015 and 2014, this receivable includes a reserve for doubtful accounts of $2,240,085 and $1,997,874, respectively. The net amount has been included in the combined statements of financial position as due from affiliates.

16. SUBSEQUENT EVENTS

Effective July 1, 2015, Catholic Charities entered into a transfer agreement with the Sisters of the Good Shepherd Province of Mid-North America to assume sponsorship and obtain control of the House of the Good Shepherd corporation and its assets and liabilities, “Corporation.” No consideration was paid for the acquisition. The Corporation is a domestic violence shelter for women and children.

Management has evaluated all subsequent events through December 9, 2015, which is the date the combined financial statements were available to be issued and concluded no subsequent events have occurred that would require recognition that have not already been recognized or that require disclosure that have not already been disclosed.

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SUPPLEMENTAL INFORMATION

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015

	Catholic Charities of the Archdiocese of Chicago	Catholic Charities Housing Development Corporation	Federally Assisted Residences	Options for Housing			St. Joseph Carondelet	Social Enterprise Initiatives	Holy Family Villa	Eliminating Entries	Total
				Homelessness Prevention Call Center	Cooke's Manor, LLC	Other					
ASSETS											
CURRENT ASSETS:											
Cash and cash equivalents	$ 14,649,629	$ 224,042	$ 671,466	$ 49,349	$ 42,901	$ (14,544)	$ -	$ 119,057	$ 60,228	$ -	$ 15,802,128
Receivables—net	28,430,628	(1,200)	958,714	150,160	48,563			32,045	1,440,397	(23,670)	31,035,637
Prepaid and other assets	1,505,945	98,229	35,353	1,918	1,555	989		14,707	4,634		1,663,330
Due from affiliates—net	5,445,728	17,324,035								(20,428,652)	2,341,111
Total current assets	50,031,930	17,645,106	1,665,533	201,427	93,019	(13,555)	-	165,809	1,505,259	(20,452,322)	50,842,206
INVESTMENTS	77,484,614	632,210							161,419		78,278,243
LONG-TERM RECEIVABLES	2,295,109	8,029,028								(2,594,178)	7,729,959
OTHER NONCURRENT ASSETS	1,000,379	63,887	9,446,579		148,939				16,561		10,676,345
LAND, BUILDINGS, AND EQUIPMENT—Net	23,106,786	335,811	142,484,902	6,917	1,455,497	85,048		37,970	18,559,341		186,072,272
TOTAL	$ 153,918,818	$ 26,706,042	$ 153,597,014	$ 208,344	$ 1,697,455	$ 71,493	$ -	$ 203,779	$ 20,242,580	$ (23,046,500)	$ 333,599,025
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES:											
Accounts payable and accrued compensation	$ 10,787,957	$ 22,741	$ 1,390,742	$ 5,082	$ 10,754	$ 765	$ -	$ 25,465	$ 514,248	$ (23,670)	$ 12,734,084
Interest payable	45,242	9,081	35,649								89,972
Due to governmental agencies	4,268,084										4,268,084
Due to affiliates—net		57,540	6,302,048	1,304,792	1,157,468	86,029	(33,732)	416,135	13,732,550	(23,022,830)	
Current portion of other liabilities	825,470							3,025	65,354		893,849
Contractual current portion of long-term debt	184,932		137,608		1,200						323,740
Total current liabilities	16,111,685	89,362	7,866,047	1,309,874	1,169,422	86,794	(33,732)	444,625	14,312,152	(23,046,500)	18,309,729
OTHER NONCURRENT LIABILITIES	2,263,665		407,587			3,780			214,733		2,889,765
RETIREMENT BENEFITS LIABILITIES (CURRENT AND NONCURRENT)	115,775,084										115,775,084
REFUNDABLE GRANT ADVANCES		934,629	153,460,279		500,000						154,894,908
LONG-TERM DEBT—Less current portion	3,510,760	10,070,000	7,286,184		737,800						21,604,744
Total liabilities	137,661,194	11,093,991	169,020,097	1,309,874	2,407,222	90,574	(33,732)	444,625	14,526,885	(23,046,500)	313,474,230
NET (DEFICIT) ASSETS	16,257,624	15,612,051	(15,423,083)	(1,101,530)	(709,767)	(19,081)	33,732	(240,846)	5,715,695		20,124,795
TOTAL	$ 153,918,818	$ 26,706,042	$ 153,597,014	$ 208,344	$ 1,697,455	$ 71,493	$ -	$ 203,779	$ 20,242,580	$ (23,046,500)	$ 333,599,025

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2015

	Catholic Charities of the Archdiocese of Chicago	Catholic Charities Housing Development Corporation	Federally Assisted Residences	Options for Housing: Homelessness Prevention Call Center	Options for Housing: Cooke's Manor, LLC	Options for Housing: Other	St. Joseph Carondelet	Social Enterprise Initiatives	Holy Family Villa	Eliminating Entries	Total
REVENUE:											
Fees and grants from governmental agencies	$ 138,391,976	$ -	$ 11,654,788	$ 411,761	$ 622,923	$ -	$ -	$ (9,542)	$ 6,607,556	$ -	$ 157,679,462
Program service fees	9,569,041	87,988	4,804,380		54,959	11,810		318,473	4,372,630	(1,720,288)	17,498,993
Contributions	21,422,734		6,100	49,996	235,810			(46,860)	163,797		21,831,577
United Way	3,568,139				10,000						3,578,139
Other revenue	313,547							57,431			370,978
Investment income	2,441,519	106,554							(5,485)		2,542,588
Total revenue	175,706,956	194,542	16,465,268	461,757	923,692	11,810	-	319,502	11,138,498	(1,720,288)	203,501,737
EXPENSES:											
Salaries	67,595,526	16,576	3,403,521	388,524	348,736			150,884	4,666,768		76,570,535
Employee benefits/payroll taxes	29,183,514	6,996	1,719,794	183,580	126,857		(346)	40,613	1,302,769		32,563,777
Total salaries and related expenses	96,779,040	23,572	5,123,315	572,104	475,593	-	(346)	191,497	5,969,537	-	109,134,312
Food purchases	37,180,443				2,496			208,471	331,607	(142,000)	37,581,017
Specific assistance to individuals	14,826,878				330	4,742			7,814		14,839,764
Occupancy	11,469,081	10,890	3,358,938	70,694	108,856	6,936		37,141	501,752	(44,826)	15,519,462
Supplies	4,039,256	917	554,907	6,383	48,638	33		17,705	884,991		5,552,830
Professional fees and contract service payments	10,607,703	35,285	2,589,590	40,605	171,958	235		20,365	2,057,053	(317,268)	15,205,526
Telephone	1,754,841	1,754	190,247	38,683	10,502	3		6,493	37,814		2,040,337
Outside printing	448,462		757	30	602			5,116	2,805		457,772
Local transportation	2,291,702	51	53,850	1,572	6,736			21,682	44,092		2,419,685
Conferences, conventions, and meetings	1,982,372	4,534	1,236,969	1,296	43,398			637	26,536	(1,216,194)	2,079,548
Membership dues and subscriptions	176,945		24,929	188	165			2,076	35,429		239,732
Awards and grants	76,008		5,000								81,008
Interest and financing costs	75,272	79,773	432,673						29,260		616,978
Payments to affiliates	4,636										4,636
Distribution of in-kind gifts	1,429,860										1,429,860
Retirement benefit-related changes other than net periodic cost	6,475,105										6,475,105
Miscellaneous	1,143,654	12,190	29,638	319	348			3,194	265,725		1,455,068
Total expenses before depreciation and allocation of management and general expenses	190,761,258	168,966	13,600,813	731,874	869,622	11,949	(346)	514,377	10,194,415	(1,720,288)	215,132,640
Depreciation	2,202,676	8,298	3,031,536	1,051	83,419	5,727		19,460	675,892		6,028,059
Allocation of management and general expenses	(2,374,780)	15,595	1,321,689	58,280	75,784	1,406		37,883	864,143		
Total expenses	190,589,154	192,859	17,954,038	791,205	1,028,825	19,082	(346)	571,720	11,734,450	(1,720,288)	221,160,699
CHANGE IN NET ASSETS	(14,882,198)	1,683	(1,488,770)	(329,448)	(105,133)	(7,272)	346	(252,218)	(595,952)	-	(17,658,962)
NET ASSETS—Beginning of year	31,139,822	15,698,818	(14,022,763)	(772,082)	(604,634)	(11,809)	33,386	11,372	6,311,647		37,783,757
INTERAGENCY TRANSFER		(88,450)	88,450								
NET ASSETS (DEFICIT)—End of year	$ 16,257,624	$ 15,612,051	$ (15,423,083)	$ (1,101,530)	$ (709,767)	$ (19,081)	$ 33,732	$ (240,846)	$ 5,715,695	$ -	$ 20,124,795

CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Catholic Charities of the Archdiocese of Chicago	Catholic Charities Housing Development Corporation	Federally Assisted Residences	Options for Housing: Homelessness Prevention Call Center	Options for Housing: Cooke's Manor, LLC	Options for Housing: Other	St. Joseph Carondelet	Social Enterprise Initiatives	Holy Family Villa	Eliminating Entries	Total
CASH FLOWS FROM OPERATING ACTIVITIES:											
(Decreases) increases in net assets	$(14,882,198)	$ 1,683	$(1,488,770)	$(329,448)	$(105,133)	$ (7,272)	$ 346	$(252,218)	$(595,952)	$ -	$(17,658,962)
Adjustments to reconcile increases (decreases) in net assets to net cash (used in) provided by operating activities:											
Retirement benefit changes other than net periodic cost	6,475,105										6,475,105
Net gain on disposal of fixed assets	(821,355)										(821,355)
Net loss on sale of other assets	756,589										756,589
Depreciation	2,202,676	8,296	3,031,538	1,051	83,419	5,727		19,460	675,892		6,028,059
Amortization of deferred debt issuance costs		5,111									5,111
Net realized gain on investments	(3,185,278)										(3,185,278)
Net unrealized loss on investments	2,673,317								10,665		2,683,982
Change in fair value of split-interest trust agreements	(91,974)										(91,974)
Contributions restricted for permanent endowment	(132,525)										(132,525)
Contributed investments	(359,282)										(359,282)
Inherent contribution	(951,702)										(951,702)
Changes in operating accounts:											
Receivables	(1,853,051)	3,205	(675,150)	(65,665)	(8,605)			850	(497,251)	(6,725)	(3,102,392)
Prepaid and other assets	(21,128)	2,253	(9,720)	33	(26)	(534)		53,475	19,456		43,809
Due (to) from affiliates	(1,384,549)	(245,058)	(444,119)	412,070	60,713	22,934	(346)	374,202	986,378	216,182	(1,593)
Accounts payable and accrued compensation	1,554,949	(24,786)	(57,841)	(148)	(7,692)	(643)		(54,607)	50,941	6,725	1,466,898
Pension and postretirement benefits	5,930,670										5,930,670
Security deposits	(4,353)		17,651			750			32,580		46,628
Gift annuities payable	(56,026)										(56,026)
Other liabilities	2,158,415	6,131	(875)					3,025	60,954		2,227,650
Net cash (used in) provided by operating activities	(1,991,700)	(243,165)	372,714	17,893	22,676	20,962	-	144,187	743,663	216,182	(696,588)
CASH FLOWS FROM INVESTING ACTIVITIES:											
Land, buildings, and equipment purchased or constructed	(2,079,448)	(18,826)	(8,520,588)			(29,132)			(732,399)		(11,380,393)
Net purchases/sales of investments	4,111,952								(5,180)		4,106,772
Change in loan receivable		216,182								(216,182)	
Assets transferred—affiliates	57,430							(57,430)			
Proceeds from sale of fixed assets	1,535,655										1,535,655
Proceeds from sale of other assets	247,328										247,328
Changes in assets whose use is limited	3,966	2,384	(927,273)		(12,247)				1,982		(931,188)
Net cash (used in) provided by investing activities	3,876,883	199,740	(9,447,861)	-	(12,247)	(29,132)	-	(57,430)	(735,597)	(216,182)	(6,421,826)
CASH FLOWS FROM FINANCING ACTIVITIES:											
Refundable grant advances			8,692,515								8,692,515
Repayments of long-term debt	(94,020)		(126,578)		(1,200)						(221,798)
Proceeds from new loans			75,986								75,986
Debt issuance costs											
Contributions restricted for permanent endowment	132,525										132,525
Net cash provided by (used in) financing activities	38,505	-	8,641,923	-	(1,200)	-	-	-	-	-	8,679,228
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,923,688	(43,425)	(433,224)	17,893	9,229	(8,170)	-	86,757	8,066	-	1,560,814
CASH AND CASH EQUIVALENTS—Beginning of year	12,725,941	267,467	1,104,690	31,456	33,672	(6,374)		32,300	52,162		14,241,314
CASH AND CASH EQUIVALENTS—End of year	$ 14,649,629	$ 224,042	$ 671,466	$ 49,349	$ 42,901	$(14,544)	$ -	$ 119,057	$ 60,228	$ -	$ 15,802,128
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:											
Cash paid for interest	$ 30,030	$ 73,642	$ 433,548	$ -	$ -	$ -	$ -	$ -	$ 29,260	$ -	$ 566,480
Contributed investments	$ 359,282	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 359,282
Contributed other assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable for fixed asset additions	$ 56,110	$ -	$ 186,736	$ -	$ -	$ -	$ -	$ -	$ 28,540	$ -	$ 271,386