

Diocese of Camden, New Jersey

Financial Statements

Years Ended June 30, 2019 and 2018

Independent Auditor's Report

Most Reverend Dennis J. Sullivan,
Bishop of the Diocese of Camden, New Jersey
Camden, New Jersey

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Diocese of Camden, New Jersey and subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, and cash flows for the years then ended, the statement of functional expenses for the year ended June 30, 2019, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Camden, New Jersey and subsidiaries, as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.



Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Diocese of Camden, New Jersey and subsidiaries adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The ASU has been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Wipfli LLP".

Philadelphia, Pennsylvania
November 27, 2019

Diocese of Camden, New Jersey

Consolidated Statements of Financial Position

<i>As of June 30, 2019 and 2018</i>	2019	2018
ASSETS		
Cash and cash equivalents	\$ 6,479,318	\$ 10,561,842
Accounts receivable (net of allowance of \$23,559,356 and \$21,754,178 in 2019 and 2018, respectively)	9,934,840	10,077,700
Pledges receivable, net	24,764,028	7,862,562
Investments	197,051,250	181,720,254
Prepaid insurance premiums and other expenses	1,940,193	1,746,526
Loans receivable (net of allowance of \$25,585,267 and \$22,924,581 in 2019 and 2018, respectively)	19,446,201	22,500,015
Property and equipment, net	37,425,780	37,673,017
Land held for future parish sites and other property	13,675,836	13,908,480
TOTAL ASSETS	\$ 310,717,446	\$ 286,050,396
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 3,440,376	\$ 2,777,772
Due to parishes	22,949,460	6,434,358
Funds held for others	11,648,597	11,449,489
Reserve for self-insurance claims	21,039,848	7,509,541
Deposits payable	71,127,082	66,464,695
Note payable - line of credit	12,850,000	13,400,000
Total Liabilities	143,055,363	108,035,855
NET ASSETS		
Without donor restrictions	150,594,355	163,395,754
With donor restrictions	17,067,728	14,618,787
Total Net Assets	167,662,083	178,014,541
TOTAL LIABILITIES AND NET ASSETS	\$ 310,717,446	\$ 286,050,396

See accompanying notes to consolidated financial statements.

Diocese of Camden, New Jersey

Consolidated Statement of Activities

<i>Year Ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Diocesan assessments	\$ 4,405,052	\$ -	\$ 4,405,052
Insurance and employee benefit program	21,455,190	-	21,455,190
Cemetery operations	4,834,858	-	4,834,858
Fees and billings	2,088,116	-	2,088,116
Contributions, grants and collections	8,363,829	9,323,515	17,687,344
Net investment income	11,998,655	189,347	12,188,002
Contributed services	345,300	1,000	346,300
Net loss on disposal of property	(4,700)	-	(4,700)
Net assets released from restriction	7,064,921	(7,064,921)	-
Total Revenue and Support	60,551,221	2,448,941	63,000,162
EXPENSES			
Program Services			
Communications	376,206	-	376,206
Pastoral	4,743,408	-	4,743,408
Religious personnel development	3,597,783	-	3,597,783
Education	1,992,146	-	1,992,146
Tribunal	309,925	-	309,925
Insurance and employee benefit program	20,476,457	-	20,476,457
Cemetery operations	4,813,115	-	4,813,115
Youth and Young Adult Ministry	425,948	-	425,948
Office of Life and Social Justice	105,151	-	105,151
Interest expense	2,618,979	-	2,618,979
Grant to Catholic Charities, Diocese of Camden, Inc.	3,033,687	-	3,033,687
Grants to other affiliated institutions	6,834,285	-	6,834,285
Provision for doubtful accounts	4,594,995	-	4,594,995
Depreciation and amortization expense	628,677	-	628,677
Total Program Services	54,550,762	-	54,550,762
Supporting Services			
Management and General	15,525,671	-	15,525,671
Development	3,276,187	-	3,276,187
Total Supporting Services	18,801,858	-	18,801,858
Total Expenses	73,352,620	-	73,352,620
CHANGE IN NET ASSETS	(12,801,399)	2,448,941	(10,352,458)
NET ASSETS - BEGINNING OF YEAR	163,395,754	14,618,787	178,014,541
NET ASSETS - END OF YEAR	\$ 150,594,355	\$ 17,067,728	\$ 167,662,083

See accompanying notes to consolidated financial statements.

Diocese of Camden, New Jersey

Consolidated Statement of Activities

<i>Year Ended June 30, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Diocesan assessments	\$ 4,405,017	\$ -	\$ 4,405,017
Insurance and employee benefit program	21,090,109	-	21,090,109
Cemetery operations	4,786,285	-	4,786,285
Fees and billings	1,667,828	-	1,667,828
Contributions, grants and collections	7,126,216	7,870,046	14,996,262
Net investment income	17,941,430	389,376	18,330,806
Contributed services	382,900	1,100	384,000
Net loss on disposal of property	(168,096)	-	(168,096)
Net assets released from restriction	8,759,590	(8,759,590)	-
Total Revenue and Support	65,991,279	(499,068)	65,492,211
EXPENSES			
Program Services			
Communications	351,907	-	351,907
Pastoral	3,790,574	-	3,790,574
Religious personnel development	4,188,909	-	4,188,909
Education	1,916,602	-	1,916,602
Tribunal	344,524	-	344,524
Insurance and employee benefit program	17,042,380	-	17,042,380
Cemetery operations	4,997,232	-	4,997,232
Youth and Young Adult Ministry	481,452	-	481,452
Office of Life and Social Justice	139,034	-	139,034
Interest expense	2,424,974	-	2,424,974
Grant to Catholic Charities, Diocese of Camden, Inc.	3,075,031	-	3,075,031
Grants to other affiliated institutions	7,202,690	-	7,202,690
Provision for doubtful accounts	260,533	-	260,533
Depreciation and amortization expense	657,220	-	657,220
Total Program Services	46,873,062	-	46,873,062
Supporting Services			
Management and General	4,672,790	-	4,672,790
Development	3,634,277	-	3,634,277
Total Supporting Services	8,307,067	-	8,307,067
Total Expenses	55,180,129	-	55,180,129
CHANGE IN NET ASSETS	10,811,150	(499,068)	10,312,082
NET ASSETS - BEGINNING OF YEAR	152,584,604	15,117,855	167,702,459
NET ASSETS - END OF YEAR	\$ 163,395,754	\$ 14,618,787	\$ 178,014,541

See accompanying notes to consolidated financial statements.

Diocese of Camden, New Jersey

Statement of Functional Expenses

<i>Year Ended June 30, 2019</i>	Program	Management and General	Development	Total
Salaries and benefits	\$ 7,781,122	\$ 1,895,568	\$ 689,325	\$ 10,366,015
Insurance expense	20,802,400	119,148	3,528	20,925,076
Grants and distributions	10,892,770	-	-	10,892,770
Legal claims	-	11,487,496	-	11,487,496
Provision for doubtful accounts	4,594,995	-	-	4,594,995
Contracted services	1,918,278	203,282	1,631,725	3,753,285
Plant, utilities, and maintenance	2,520,277	80,194	68,940	2,669,411
Interest expense - deposit and loan fund	2,203,574	-	-	2,203,574
Interest expense - other	415,405	-	-	415,405
Administrative and office expenses	1,052,416	460,039	772,830	2,285,285
Presentations, workshops, and events	1,726,094	302,888	61,974	2,090,956
Professional fees	196,900	912,509	12,542	1,121,951
Contributed services expense	314,300	32,000	-	346,300
Staff-related expenses	132,231	32,547	35,323	200,101
Total	\$ 54,550,762	\$ 15,525,671	\$ 3,276,187	\$ 73,352,620

See accompanying notes to consolidated financial statements.

Diocese of Camden, New Jersey

Consolidated Statements of Cash Flows

<i>Years Ended June 30, 2019 and 2018</i>	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (10,352,458)	\$ 10,312,082
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization expense	1,284,188	1,430,531
Net gain on investments	(9,332,922)	(15,529,252)
Net loss on disposal of property	4,700	168,096
Provision for doubtful accounts	4,594,995	260,533
Increase (decrease) in reserve for self-insurance claims	13,530,307	(1,113,285)
(Increase) decrease in assets		
Accounts receivable	(1,114,613)	1,455,850
Pledges receivable	(16,901,466)	(6,390,994)
Prepaid insurance premiums and other expenses	(193,667)	328,017
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	662,604	(68,206)
Due to parishes	16,515,102	5,735,809
Funds held for others	199,108	41,295
Net Cash Used in Operating Activities	(1,104,122)	(3,369,524)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	(66,317,944)	(54,044,447)
Proceeds from sale of marketable securities	60,319,870	58,893,494
Net (additions to) collections on loans to parishes and affiliates	(283,708)	2,013,451
Purchases of land, property and equipment	(1,036,651)	(1,591,132)
Proceeds from sale of land, property and equipment	227,644	300,000
Net Cash Provided by (Used in) Investing Activities	(7,090,789)	5,571,366
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits received from parishes and affiliates	4,662,387	2,895,322
Payments on line of credit	(550,000)	-
Net Cash Provided by Financing Activities	4,112,387	2,895,322
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,082,524)	5,097,164
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	10,561,842	5,464,678
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,479,318	\$ 10,561,842
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 2,618,979	\$ 2,424,974

See accompanying notes to consolidated financial statements.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Diocese of Camden, New Jersey (the "Diocese of Camden"), a non-profit organization, is a canonized organization through which the Diocese conducts a portion of its temporal affairs in New Jersey. The Diocese is affiliated with Catholic parishes, schools and other social service agencies in Atlantic, Camden, Cape May, Cumberland, Gloucester and Salem Counties - New Jersey, which provide services to the communities located within these counties. Funding to support the Diocese and its programs is primarily received from assessments, program fees, cemetery operations, contributions and income on investments. The accompanying consolidated financial statements present the assets, liabilities and financial activities of the administrative and program offices and departments of the Diocese including Diocesan administered cemeteries and mausoleums, which are under control of the Ordinary of the Roman Catholic Diocese of Camden ("Ordinary"). All significant interoffice, interdepartmental and inter-fund balances and transactions have been eliminated to the extent the respective financial activities of those offices, departments and funds are included for purposes of these financial statements.

The Diocese of Camden Trusts, Inc. (the "Trusts") was organized for the purpose of assisting the Diocese of Camden in fulfilling its religious, charitable and educational mission by providing funding for education, religious personnel development, health care needs, and long-term capital needs. The sole member of the Trusts is the Bishop of Camden, ex officio.

The Diocese of Camden Healthcare Foundation, Inc. (the "Foundation") was organized in fiscal 2015 for the purpose of making grants to the Diocese of Camden to fund healthcare programs. The sole member of the Foundation is the Bishop of Camden, ex officio. During fiscal 2016, \$30,075,000 of net proceeds from the sale of the Diocesan nursing homes was given to the Foundation subject to the conditions of the agreement of sale. The amount subject to refund based on the outcome of uncertain future events noted in a guarantee and surety agreement is \$8,000,000 as of June 30, 2019 and 2018, and is included in funds held for others in the statements of financial position (See Note 16).

The accompanying consolidated financial statements do not include the financial operations of parishes, schools, housing services and Catholic Charities of the Diocese, as well as the Diocese of Camden Lay and Priest Pension Plans and the Post Retirement Benefits Plan for Priests, except insofar as financial transactions have taken place between them and the Diocese (subsidies, loans, deposits, etc.). These entities are separately incorporated, and each is an operating entity distinct from the Diocese and the Diocesan administrative offices; these entities maintain separate accounts and operate their own services and programs.

Basis of Consolidation

The consolidated financial statements include the accounts of the Diocese of Camden, New Jersey, the Diocese of Camden Trusts, Inc., and the Diocese of Camden Healthcare Foundation, Inc., and are referred to collectively throughout the notes as the "Diocese". All significant intra-entity transactions and balances have been eliminated.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Additionally, the Diocese reports information regarding its financial position and activities according to two classes of net assets, based upon the existence or absence of donor-imposed restrictions limiting the use of the contributed assets as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions. Included in net assets without donor restrictions are amounts which have been designated by the Ordinary for cemetery replacement and maintenance costs.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled or otherwise removed by actions of the Diocese; and other net assets subject to donor imposed restrictions that are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue and Support

Contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Revenue related to the sale of burial and crypt privileges is recognized upon consummation of agreements for delivery of service. Installment sales are recognized on an accrual basis at the time of the sale. Revenue related to the sale of crypt privileges for mausoleums not fully constructed is deferred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributed to more than one program or supporting function have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include employee benefits, which are allocated according to department headcount, as well as operation of plant and maintenance, depreciation, information technology and insurance, which are allocated on a square footage basis.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributed Services

Amounts attributable to contributed services of clergy and religious personnel are reported in the consolidated financial statements. The value of these services represents the difference between the stipend paid for the clergy and religious personnel and the comparable compensation which would be paid to lay persons possessing similar qualifications and performing similar services.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Diocese reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Diocese reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Cash and Cash Equivalents

For purposes of the statements of cash flows, management considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

Management provides an allowance for each type of receivable reported in its consolidated financial statements. These allowances are maintained at a level considered adequate to provide for subsequent adjustments and potential uncollectible accounts. Each allowance is increased by provisions charged to operations and reduced by the amount of receivables written off. Management has determined each allowance by considering the type of receivable, responsible party, historical collection patterns and comparative aging. These estimates are reviewed periodically and, as changes become necessary, they are charged or credited to operations in the periods in which they become known.

Promises to Give and Pledges Receivable

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received and as pledges receivable, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Promises to Give and Pledges Receivable (Continued)

When the Diocese conducts a long-term appeal program, contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of activity.

Investments

The Diocese carries investments in marketable securities with readily determinable fair values and all illiquid investments, such as certain bond, senior secured loan, and operating real estate funds, at their fair values. Unrealized gains and losses are included in investment income in the accompanying statements of activities. The Diocese's principal financial instruments subject to market risk are its investments. The degree and concentration of market risk varies by the type of investment.

Property and Equipment

Land, buildings, furniture and equipment are capitalized at cost, when purchased, or at fair value at date of gift, when donated. Depreciation is provided on the straight-line and accelerated basis over the estimated useful lives of the assets which range from 3 to 10 years for furniture and equipment, and 10 to 50 years for buildings and improvements. Cemetery land and improvements are amortized and mausoleum buildings and improvements are depreciated based on the amount of space obligated for burials and entombments as a percentage of available space.

Insurance

The Diocese maintains a protected self-insurance program for all lines of property coverage. Supplemental coverage is purchased for claims in excess of the self-insurance limits. Provision for incurred losses which have not yet been reported is determined by the Diocesan independent insurance broker and is charged as an expense currently.

The Diocese maintains a protected self-insurance health program for clergy and lay employees of the Diocese, its parishes and institutions, which is administered by a third-party administrator.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Change in Accounting Policy

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, presentation of an analysis of expenses by function and nature, and the lack of consistency in the type of information provided about expenses and investment return. The Diocese has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented, with the exception of certain omissions of prior year data as allowed under the standard. There was no change to reported revenues, net assets or the change in net assets for either period presented.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for the Diocese's year ending June 30, 2020. the Diocese is currently evaluating the impact of the provisions of ASC 606.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Amendments in this Update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and determining whether a transaction is conditional. The amendments in this Update are effective for the Diocese's year ending June 30, 2020 for transactions in which the entity serves as the resource recipient. Early application of the amendments in this Update is permitted. The Diocese is currently in the process of determining the impact of the new standard, and has not elected to early implement the amendments.

Reclassifications

Certain amounts as previously reported in the 2018 consolidated financial statements have been reclassified to conform to the 2019 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets. The reclassifications relate to the classification of certain expenses between management and general and grants to other affiliated institutions.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability of Financial Resources

As of June 30, 2019, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets:	
Cash	\$ 6,181,375
Accounts receivable, net	9,934,840
Investments	58,445,650
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Total financial assets available within one year	74,561,865
Liquidity resource:	
Bank line of credit	11,650,000
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Total financial assets and liquidity resources available within one year	\$ 86,211,865
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The Diocese strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Cash consists of bank accounts on deposit. Accounts receivable includes billings to parishes and other entities and balances due from individual cemetery customers less allowance for doubtful accounts, and amounts due from insurance carriers. Investments include assets that are immediately tradeable plus pooled funds, cash and cash equivalents, held with investment custodians. The Bank line of credit consists of the available balance on a \$25 million dollar line of credit (see Note 9), less a \$500,000 letter of credit required by an insurance provider.

The Diocese manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures and to meet its liabilities and other obligations as they become due.

Note 3: Fair Value Measurements

Certain financial and non-financial assets and liabilities are required (or permitted) to be reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted market prices for identical instruments in active markets that the entity has the ability to access and are the most observable. Level 2 inputs include quoted market prices for similar assets or liabilities and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgment about the assumptions market participants would use in pricing the asset or liability.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 3: Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Diocese's financial investments measured at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market	\$ 3,426,386	\$ -	\$ -	\$ 3,426,386
Equities in stocks and funds:				
Consumer Discretionary	18,102,530	-	-	18,102,530
Consumer Staples	7,098,432	-	-	7,098,432
Energy	4,033,393	-	-	4,033,393
Financials	26,194,863	-	-	26,194,863
Healthcare	22,171,412	-	-	22,171,412
Industrials	19,734,381	-	-	19,734,381
Information Technology	33,264,883	-	-	33,264,883
Materials	3,606,693	-	-	3,606,693
Telecommunication Services	15,750,694	-	-	15,750,694
Utilities	3,474,638	-	-	3,474,638
International Mutual Fund	73,319	-	-	73,319
ETFs - Domestic				
Sector/Strategy	71,120	-	-	71,120
Fixed Income:				
Domestic bond funds	17,810,837	-	-	17,810,837
Total investments in the fair value hierarchy	\$ 174,813,581	\$ -	\$ -	174,813,581
Investments measured at NAV				<u>22,237,669</u>
Total investments at fair value				<u>\$ 197,051,250</u>

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 3: Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Diocese's financial investments measured at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market	\$ 5,518,707	\$ -	\$ -	\$ 5,518,707
Equities in stocks and funds:				
Consumer Discretionary	22,487,247	-	-	22,487,247
Consumer Staples	5,052,819	-	-	5,052,819
Energy	5,386,930	-	-	5,386,930
Financials	26,438,305	-	-	26,438,305
Healthcare	20,719,523	-	-	20,719,523
Industrials	15,992,641	-	-	15,992,641
Information Technology	35,425,125	-	-	35,425,125
Materials	4,599,877	-	-	4,599,877
Telecommunication Services	1,313,811	-	-	1,313,811
Utilities	2,722,550	-	-	2,722,550
International Mutual Fund	96,400	-	-	96,400
ETFs - Domestic				
Sector/Strategy	52,385	-	-	52,385
Fixed Income:				
Domestic bond funds	15,482,706	-	-	15,482,706
Total investments in the fair value hierarchy	\$ 161,289,026	\$ -	\$ -	161,289,026
Investments measured at NAV				<u>20,431,228</u>
Total investments at fair value				<u>\$ 181,720,254</u>

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 3: Fair Value Measurements (Continued)

The following table includes additional disclosures for investments whose fair value is estimated using net asset value (NAV).

<i>As of June 30, 2019</i>	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Real Estate Operating Funds (a)	\$ 9,077,588	\$ 2,508,439	Ineligible	-
Senior Secured Loan Funds (b)	4,143,965	2,445,886	Ineligible	-
International Bond Mutual Fund (c)	9,016,116	-	Monthly	30 days
	\$ 22,237,669	\$ 4,954,325		

<i>As of June 30, 2018</i>	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Real Estate Operating Funds (a)	\$ 9,182,612	\$ 3,071,555	Ineligible	-
Senior Secured Loan Funds (b)	2,722,591	4,336,758	Ineligible	-
International Bond Mutual Fund (c)	8,526,025	-	Monthly	30 days
	\$ 20,431,228	\$ 7,408,313		

The following methods and assumptions were used to estimate the fair value of each class of financial instruments, as well as related investment strategies:

Mutual Funds - Valued at the net asset value of shares held by the Diocese at year-end.

Equity Securities and Exchange Traded Funds (ETFs) - Shares in companies or exchange traded trust funds traded on national securities exchanges are valued at the closing price reported in the active market in which the individual securities are traded.

Real Estate Operating Funds (a) - The Diocese invests in four real estate investment funds which operate real estate properties in the United States. The significant strategies of the funds are to purchase, improve, operate and sell multi-family, office and other commercial real estate properties. The fair value of these investments has been estimated using the net asset value per share of the funds as provided by the fund managers. The fund managers value the properties based on the income, cost and sales comparison approaches of estimating property value. The sale of the underlying assets is expected to occur in the next seven years with proceeds being distributed to investors during that period.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 3: Fair Value Measurements (Continued)

Senior Secured Loan Funds (b) - The Diocese invests in three senior secured loan funds which originate and acquire loans, primarily from middle-market companies domiciled in the United States. These loans are secured with assets of the companies at interest rates that float, and are serviced and managed by the funds until maturity. The fair value of the senior secured loan funds was determined based on the Diocese's interest in the net asset value of the funds. The funds expect repayment of the loans over the next three to five years with proceeds being distributed to investors during that period.

International Bond Mutual Fund (c) - The International Bond Mutual Fund invests in fixed and floating interest rate bonds of corporations, governments and government-related issuers worldwide. The fair value of the international mutual fund was determined based on the Diocese's interest in the net asset value of the fund.

Note 4: Investments

Investments are stated at fair value and consist of the following at June 30, 2019:

	Cost	Fair Value
Money market	\$ 3,426,386	\$ 3,426,386
Stock and equity funds	119,422,195	153,576,359
Fixed income funds	25,344,750	26,826,953
Senior secured loan funds	2,145,547	4,143,965
Real estate operating funds	4,344,039	9,077,587
Total	\$ 154,682,917	\$ 197,051,250

Investments are stated at fair value and consist of the following at June 30, 2018:

	Cost	Fair Value
Money market	\$ 5,518,707	\$ 5,518,707
Stock and equity funds	109,449,566	140,287,613
Fixed income funds	22,171,036	24,008,731
Senior secured loan funds	1,819,509	2,722,591
Real estate operating funds	4,832,504	9,182,612
Total	\$ 143,791,322	\$ 181,720,254

These investments are exposed to various risks such as market volatility, interest rate and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the values of these securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 4: Investments (Continued)

The following schedule summarizes the investment income and its classification in the statement of activities for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 4,202,983	\$ 40,238	\$ 4,243,221
Net gain on investments	9,155,764	177,158	9,332,922
Investment management fees	(1,360,092)	(28,049)	(1,388,141)
Net Investment Income	\$ 11,998,655	\$ 189,347	\$ 12,188,002

Interest and dividend income includes \$1,250,820 of interest income from loans receivable for the year ended June 30, 2019 (see Note 8).

The following schedule summarizes the investment income and its classification in the statement of activities for the year ended June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 4,068,465	\$ 39,023	\$ 4,107,488
Net gain on investments	15,149,120	380,132	15,529,252
Investment management fees	(1,276,155)	(29,779)	(1,305,934)
Net Investment Income	\$ 17,941,430	\$ 389,376	\$ 18,330,806

Interest and dividend income includes \$1,302,386 of interest income from loans receivable for the year ended June 30, 2018 (see Note 8).

Note 5: Pledges Receivable, net

Pledges receivable consist of the following at June 30, 2019 and 2018:

Catholic Strong Campaign

In fiscal year 2018, the Diocese embarked on a Diocesan-wide campaign, "Catholic Strong", seeking to raise contributions to primarily benefit the parishes of the Diocese. Seventy percent of the funds raised through this campaign will be allocated for parish needs as determined locally and thirty percent will fund the Diocese's coordination and support of various ministries. The goal of Catholic Strong is to raise \$50 million. The expected distribution is: \$35 million for Strong Parishes, \$3 million for Strong Faith, \$4 million for Strong Service, and \$8 million for Strong Schools.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 5: Pledges Receivable, net (Continued)

Bishop's Annual Appeal - House of Charity

The Diocese conducts its Bishop's Annual Appeal - House of Charity campaign each year beginning in January, the proceeds of which are used to support various social service and other programs administered by the Diocese and affiliated organizations. Uncollected pledges and contributions received from the current campaign beginning in January through June 30 of each fiscal year are recorded as support with donor restrictions, since their use is restricted until the following fiscal year. Management estimates that most pledges receivable will be collected within one year.

Amounts to be received under the Catholic Strong Campaign and the Bishop's Annual Appeal - House of Charity as of June 30, 2019 and 2018 are as follows:

	2019	2018
Receivable in less than one year	\$ 9,753,731	\$ 4,191,244
Receivable in one to five years	16,489,292	4,442,027
Receivable in more than five years	54,383	-
	26,297,406	8,633,271
Less: Effect of discount to net present value	(1,212,687)	(419,597)
Less: Allowance for uncollectible promises to give	(320,691)	(351,112)
Pledges Receivable, net	\$ 24,764,028	\$ 7,862,562

Pledges that are due beyond one year are discounted using discount rates ranging from 1.83% to 2.78%. Pledges receivable under the Catholic Strong Campaign at June 30, 2019 and 2018 are reported at net realizable value, which is the amount the Diocese expects to collect.

Note 6: Property and Equipment

Balances by major category are as follows at June 30:

	2019	2018
Land and ground improvements	\$ 18,810,031	\$ 15,758,746
Buildings and improvements	45,935,291	45,529,316
Furniture and equipment	2,009,057	2,043,531
Construction in progress	518,763	2,998,895
Total	67,273,142	66,330,488
Less accumulated depreciation and amortization	(29,847,362)	(28,657,471)
Net Operating Properties	\$ 37,425,780	\$ 37,673,017

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 7: Insurance Programs

The Diocese maintains a protected self-insurance program ("DSIP") including all lines of property and liability coverage. Protected self-insurance, as opposed to unlimited self-insurance, provides for maximum dollar amount of exposure for individual claims with excess insurance covering the exposure above various self-insured retentions ("SIR"). Losses within the SIR's are funded based on actuarial projections. The program affords coverage to Roman Catholic parishes, institutions and agencies in the Diocese of Camden, as well as to other Roman Catholic entities in the Diocese which, by mutual agreement, become part of the program. The program provides "all risk" replacement cost coverage for property exposure with a separate limit for flood and earthquake losses, as well as workers' compensation and various liability coverages.

The Diocese is party to various civil actions. While legal counsel is unable to determine the ultimate outcome of these actions, based upon information available at this time to counsel and the Diocese, it is believed the final resolution of these matters will not have a material adverse effect on the Diocese's financial position. To the extent a liability has been determined, a reserve has been accrued at June 30, 2019 and 2018 (see Note 16).

The Diocese has a protected self-insured health program for clergy and lay employees of the Diocese, and of Roman Catholic parishes and institutions in the Diocese.

In addition, life insurance benefits for lay employees are paid from conventional group policies, the premiums for which are billed and collected for the Diocese by a third-party administrator and remitted to the insurance carriers.

Note 8: Deposit and Loan Fund

The Diocese maintains a deposit and loan fund designed as a cooperative investment and lending program for the mutual benefit of participating parishes and certain affiliated organizations where the deposits are held in trust. Parishes and affiliates earn interest on surplus monies deposited in the fund which may be withdrawn at any time. Parishes and affiliates in turn borrow from the fund in the form of unsecured loans with various repayment terms. Interest on loans is recognized over the term of the loan and is calculated monthly using the simple-interest method on principal amounts outstanding. The Diocese has interest bearing loans that accrue interest on all outstanding balances, and non-interest bearing loans. Generally, loans are not considered past due or delinquent. However, management considers loans to be impaired when the loan or a portion of the loan is deemed uncollectible based on: the Diocese's historical collection patterns, the borrower's failure to repay the loan, adverse situations that may affect the borrower's ability to repay, the estimated value of underlying or potential collateral, and current economic conditions.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 8: Deposit and Loan Fund (Continued)

Loans receivable consist of the following at June 30:

	2019	2018
Parishes	\$ 36,441,736	\$ 37,140,733
Other affiliated institutions	8,589,732	8,283,863
	45,031,468	45,424,596
Less allowance for doubtful accounts	(25,585,267)	(22,924,581)
Total	\$ 19,446,201	\$ 22,500,015

Activity in the allowance for doubtful accounts is as follows:

<i>Years Ended June 30, 2019 and 2018</i>	2019	2018
Balance - beginning of year	\$ 22,924,581	\$ 23,487,587
Increase in allowance for specific loans	3,198,385	731,217
Decrease in allowance for specific loans	(537,699)	(1,294,223)
Balance - end of year	25,585,267	22,924,581
Loans receivable evaluated on an individual basis, with an allowance as of June 30	\$ 34,096,582	\$ 31,012,752

Deposits payable consist of the following at June 30:

	2019	2018
Parishes	\$ 60,699,161	\$ 56,682,418
Other affiliated institutions	10,427,921	9,782,277
Total	\$ 71,127,082	\$ 66,464,695

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 9: Line of Credit

The Diocese has a revolving line of credit agreement with PNC Bank to fund working capital and other diocesan needs, which expires December 9, 2020. The agreement provides that the Diocese of Camden may borrow at any time an amount not to exceed the lesser of \$25,000,000 or 90% of the Margin Value of the Pledged Collateral, as defined in the agreement. Interest is payable monthly on the outstanding balance at a rate of LIBOR plus .55%, which was 2.94% and 2.64% at June 30, 2019 and 2018, respectively. A commitment fee of .10% per annum is payable quarterly on the unused line. The outstanding principal and any accrued and unpaid interest is due and payable on December 9, 2020. Outstanding borrowings were \$12,850,000 and \$13,400,000 at June 30, 2019 and 2018, respectively. Additionally, \$500,000 of the revolving line of credit was restricted as security for an unused letter of credit provided by a bank, that is required by an insurance provider. The Diocese of Camden Trusts, Inc. has guaranteed repayment of outstanding borrowings on the line of credit by pledging certain of its cash and marketable securities (the Pledged Collateral). The agreement has a covenant requiring that the Diocese of Camden Trusts, Inc. maintain at all times Pledged Collateral equal to the amount of the outstanding borrowings. The credit risk in issuing a financial guarantee is essentially the same as that involved in extending credit to the Diocese of Camden. The Trusts would be obligated to perform under this guarantee if the Diocese of Camden failed to pay principal and interest payments to the lender when due. The maximum potential amount of future (undiscounted) payments under this guarantee that the Trusts could be required to make is \$25,000,000 in principal, any unpaid interest that has accrued, plus any fees incurred by the lender in enforcing its rights. As of June 30, 2019, the fair market value of the pledged marketable securities was approximately \$46,000,000.

Note 10: Multiemployer Pension and Post-Retirement Benefit Plans

The Diocese is a participating employer in two separate multiemployer defined benefit pension plans providing benefits for lay employees and priest personnel. The Diocese of Camden Lay Pension Plan (the "Lay Plan") EIN: 22-2953668 Plan: 001, and The Pension Plan for Priests of the Diocese of Camden (the "Priest Plan") EIN: 22-2953664 Plan: 003 qualify as church institutions under the Internal Revenue Code and are, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), nor are the Plans' benefits guaranteed by the Pension Benefit Guarantee Corporation. Plan information is not publicly available.

The Lay Plan is a defined benefit pension plan covering substantially all lay employees of the Diocese. The Lay Plan provides for 100% vesting of benefits after ten years of credited service. The Diocese's policy is to fund pension costs currently. The Lay Plan provides retirement benefits to eligible lay personnel based on employee's compensation and years of service. Effective July 1, 2009, the Lay Plan was frozen for, and excludes, employees hired on or after the effective date (see Note 11).

The Priest Plan provides retirement benefits to priest personnel with the approval of the Ordinary.

The Diocese is also a participating employer in the Post Retirement Benefits Plan for Priests of the Diocese of Camden ("PRBP") EIN: 22-2953664 Plan: 001 which provides health benefits for retired priests in the Diocese of Camden. Billings for coverage in the plan are included in the billings for the Priest Plan. A portion of those billings are allocated to the post-retirement benefits plan. Also, the "premium" cost for health benefits is allocated to the post-retirement benefits plan.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 10: Multiemployer Pension and Post-Retirement Benefit Plans (Continued)

Contributions to these plans are made by the parish or organization that employs the lay employee or to which the priest is assigned. The plans are managed by the Diocese. The total pension and post-retirement benefits plan expense included in these financial statements for these plans was \$667,955 and \$643,523 for the years ended June 30, 2019 and 2018, respectively.

The following table presents information about the Diocese's multiemployer pension and post-retirement benefits plans, for which financial information is not publicly available, as of and for the years ended June 30, 2018 and 2017 (the most recently available information):

Pension Fund	Contributions for the years ended June 30,		Total contributions from all employers in the Plan for the years ended June 30,		Present value of accumulated plan benefits as of July 1,		Total plan assets as of June 30,	
	2018	2017	2018	2017	2018	2017	2018	2017
Lay Plan	\$ 469,115	\$ 520,558	\$ 3,618,358	\$ 3,635,312	\$ 118,081,816	\$ 114,328,559	\$ 106,398,314	\$ 102,070,722
Priest Plan	122,806	128,778	759,979	699,929	24,072,368	23,819,153	19,764,564	19,932,145
PRBP	51,602	51,332	325,700	307,974	14,024,427	14,121,974	7,881,863	7,945,164

The funding ratio for the Lay Plan as of June 30, 2018 and 2017 was 90% and 89%, respectively. The funding ratio for the Priest Plan as of June 30, 2018 and 2017 was 82% and 84%, respectively. The funding ratio for the PRBP as of June 30, 2018 and 2017 was 56%. The Diocese was not subject to any surcharges from these plans for the years ended June 30, 2018 and 2017. Contributions to these plans by the Diocese represented more than 5% of total plan contributions based upon the plans' years ended June 30, 2018 and 2017.

The Diocese is also a participating employer in the Teamsters Pension Trust Fund of Philadelphia and Vicinity (the "Union Plan"). The Union Plan covers eligible union employees of the cemetery operations of the Diocese and generally provides retirement benefits to employees based on years of service. The Diocese's contributions to the Union Plan did not represent more than 5% of total contributions to the plan based on the most recently available Forms 5500 for the Union Plan (plan years ended December 31, 2018 and 2017).

The following table presents information about the Diocese's participation in the Union's multiemployer pension plan, for which financial information is publicly available, as of June 30, 2019 and for the years ended June 30, 2019 and 2018:

	EIN and Plan No.	Pension Protection Act Zone Status	FIP/RP Status	Contributions for the Years Ended June 30,		Surcharge Imposed	Expiration of Collective Bargaining Agreement
				2019	2018		
Teamsters Pension Trust Fund of Philadelphia and Vicinity	23-1511735 Plan 001	Yellow 12/31/18	Yellow 12/31/17	Adopted	\$ 68,171 \$ 66,979	No	7/31/19

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 10: Multiemployer Pension and Post-Retirement Benefit Plans (Continued)

The risks of participating in these multiemployer defined benefit pension and post-retirement benefits plans are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the Diocese and the remaining participating employers. There is currently no provision in the plans to recognize an employer withdrawal.

Note 11: Defined Contribution Plan

Effective July 1, 2009, new full-time lay employees hired after the effective date are only eligible to participate in a noncontributory defined contribution pension plan, the Diocese of Camden Retirement Plan (the "Plan"). The Plan covers certain employees of the Diocese and affiliated organizations designated by the Diocese as entitled to adopt the Plan. The Plan qualifies as a church institution under the Internal Revenue Code and is, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Participants who are 21 years of age and have completed one year of employment are eligible for an employer contribution of up to 3% of the participant's gross salary. The Plan provides for 100% vesting of benefits after ten years of credited service. The Diocese made contributions to the plan of \$71,508 and \$74,776 for the years ended June 30, 2019 and 2018, respectively.

The Diocese provides postemployment benefits to certain former employees of the Diocese and certain other affiliates during a period following employment but before retirement. Benefits may include salary continuation, severance benefits, and continuation of health care benefits for terminated employees. Total postemployment benefits costs were approximately \$237,000 and \$21,000 for the years ended June 30, 2019 and 2018, respectively.

Note 12: Income Taxes

The Diocese of Camden, Trusts and Foundation are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management has determined that there are no uncertain tax positions that would require financial statement recognition.

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 13: Related Party Transactions

The Diocese provides certain administrative services to the Roman Catholic parishes and other institutions in the Diocese. Such services include insurance coverage, participation in employee benefit programs, finance and accounting support services, and management of investments for the institutions' funds in excess of their operating requirements.

Amounts recognized by the Diocese for insurance coverage and participation in employee benefit programs totaled \$21,455,190 and \$21,090,109 for the years ended June 30, 2019 and 2018, respectively. Interest expense paid by the Diocese on the institutions' excess funds investment was \$2,203,574 and \$2,115,982 for the years ended June 30, 2019 and 2018, respectively. Interest income earned by the Diocese on loans receivable from institutions was \$1,250,820 and \$1,302,386 for the years ended June 30, 2019 and 2018, respectively.

The Diocese authorized and made grants of \$3,033,687 and \$3,075,031 to Catholic Charities, Diocese of Camden, Inc. during the years ended June 30, 2019 and 2018, respectively. These grants include contributed office space with a value of approximately \$320,000 and \$308,000 for the years ended June 30, 2019 and 2018, respectively. The grants were funded by the Bishop's Annual Appeal - House of Charity campaign.

The Diocese received administration fees of approximately \$160,000 for each of the years ended June 30, 2019 and 2018 for finance and accounting support services provided to the Diocese of Camden Lay and Priest Pension Plans and the Priest Post Retirement Benefits Plan.

The Diocese manages an Inter-Parochial Catholic School Fund whereby parishes within the Diocese contribute to the fund, which is used to support Catholic elementary schools within the Diocese. Contribution revenue was approximately \$5,525,000 and \$5,485,000, and expenses, included in grants to other affiliated institutions, were approximately \$5,222,000 for each of the years ended June 30, 2019 and June 30, 2018.

Note 14: Net Assets

Net assets without donor restrictions include the following at June 30:

	2019	2018
Undesignated	\$ 13,815,509	\$ 27,745,708
Designated for cemetery replacement and maintenance cost	18,432,800	17,888,700
Designated for activities of Trusts and Foundation (as approved by respective Trustees)	118,346,046	117,761,346
Total	\$ 150,594,355	\$ 163,395,754

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 14: Net Assets (Continued)

Net assets with donor restrictions are available for the following purposes at June 30:

	2019	2018
Subject to expenditure for specified purpose:		
Bishop's Annual Appeal - House of Charity	\$ 7,942,129	\$ 9,291,689
Catholic Strong	3,921,755	-
Special Gifts	1,182,028	1,186,664
Diocesan Missions	1,275,169	1,516,577
Lifelong Formation	1,103,308	1,123,644
Tuition assistance	165,273	343,412
Interparochial Catholic School Fund	913,079	559,571
Communications Collection	209,208	245,171
Respect Life	195,975	201,974
Rice Bowl	105,132	92,800
Human Development	44,672	47,285
Endowment fund assets to be held in perpetuity	10,000	10,000
Total net assets with donor restrictions	\$ 17,067,728	\$ 14,618,787

Net assets released from donor restrictions during the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Satisfaction of purpose restrictions:		
Bishop's Annual Appeal - House of Charity	\$ 6,202,863	\$ 7,868,494
Special Gifts	8,198	60,901
Diocesan Missions	287,954	138,420
Lifelong Formation	10,013	68,447
Tuition assistance	359,684	432,144
Communications Collections	43,625	39,700
Respect Life	106,334	139,034
Rice Bowl	21,250	12,450
Human Development	25,000	-
Total	\$ 7,064,921	\$ 8,759,590

Diocese of Camden, New Jersey

Notes to Consolidated Financial Statements

Note 15: Financial Instruments - Concentrations of Credit Risk

As of June 30, 2019 and 2018, the Diocese held financial instruments, which exceeded federally insured deposits by approximately \$6,342,000 and \$10,558,000, respectively. The financial instruments consist of checking accounts that are not federally insured by the Federal Deposit Insurance Corporation. The Diocese has not experienced any losses in such financial instruments. Management believes that the Diocese is not exposed to any significant credit risk related to cash and cash equivalents.

Note 16: Commitments and Contingencies

The Foundation entered into a Guaranty and Suretyship Agreement as a condition of the sale of the Diocesan nursing homes (see Note 1). The Foundation was assigned the net proceeds of the purchase price and is required to maintain in an account with PNC Bank ("control account") certain amounts for the payment and performance of all liabilities, obligations, covenants, and duties of the nursing homes of any kind, present or future to the buyers of the nursing homes. The maximum liability under the guaranty in year one, through December 14, 2016, was \$15,000,000, and the maximum cumulative liability for years 2-8, through December 14, 2023, is \$8,000,000, subject to the terms of the agreement. An amount of not less than 125% of these guaranteed amounts shall be retained in the control account. The total amount which must be retained in the control account in year one was \$18,750,000. The total amount which must be retained in the control account in years 2-8 is \$10,000,000. As of June 30, 2019, the fair market value of the investments in the control account was \$24,312,850.

During fiscal 2019, the New Jersey Independent Victim Compensation Fund (IVCP) was established to administer claims related to the sexual abuse of minors by diocesan priests of the Roman Catholic dioceses of Newark, Paterson, Metuchen, Trenton and Camden. The IVCP will accept claims from June 15, 2019 through December 31, 2019 provided the claim is registered prior to or on October 31, 2019. The Diocese recorded expenses and reserves related to these claims for incidences prior to June 30, 2019 of approximately \$11,500,000 as of and for the year ended June 30, 2019.

New Jersey has abrogated the civil Statute of Limitations for claims of child sexual abuse effective December 1, 2019. The law extends statute of limitations in civil actions for sexual abuse claims; expands categories of potential defendants in civil actions; and creates a two-year window for parties to bring previously time-barred actions based on sexual abuse. Legal counsel and management of the Diocese are unable to determine the ultimate outcome of potential future claims in connection with this law.

Note 17: Subsequent Events

In preparing these financial statements, the Diocese has evaluated events and transactions for potential recognition or disclosure through November 27, 2019, the date the financial statements were available to be issued.