

Consolidated Financial Statements and
Supplemental Information Together
with Report of Independent Certified
Public Accountants

**The Bridgeport Roman Catholic
Diocesan Corporation and Affiliate**

June 30, 2019 and 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Most Reverend Frank J. Caggiano
Bishop of the Roman Catholic Diocese of Bridgeport

Report on the financial statements

We have audited the accompanying consolidated financial statements of The Bridgeport Roman Catholic Diocesan Corporation and Affiliate (collectively, the "Diocese"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 Diocese'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 Diocese'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 Bridgeport Roman Catholic Diocesan Corporation and Affiliate 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 of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position as of June 30, 2019 and 2018 and consolidating schedules of activities and consolidating schedules of program functional expenses for the years ended June 30, 2019 and 2018, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Stamford, Connecticut
December 19, 2019

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 19,736,310	\$ 25,142,501
Restricted cash	258,775	221,017
Property held for sale	25,125	-
Cemeteries and other accounts receivable, net	1,521,194	1,071,329
Bequest receivable	52,302	823,018
Due from related Diocesan entities, net	6,242,391	2,384,009
Prepaid expenses and other assets	576,391	625,484
Contributions receivable, net	3,958,678	5,025,139
Insurance recoveries receivable	321,247	288,933
Notes receivable, net	1,749,681	1,849,681
Investments, at fair value	7,165,837	6,786,467
Cemetery inventory	2,328,994	2,489,437
Beneficial interest in trust held by others	459,339	470,716
Beneficial interest in assets held by Foundations in Faith	10,028,587	10,018,158
Property, buildings and equipment, net	42,143,536	38,545,696
Total assets	\$ 96,568,387	\$ 95,741,585
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,686,912	\$ 3,284,221
Special collection payable	258,775	221,017
Self-insurance claims and deductible amounts payable	3,905,178	4,340,405
Deferred revenue	700,742	515,840
Refundable advances	1,139,371	393,305
Due to related Diocesan entities	2,867,420	1,535,358
Note payable	3,500,000	6,000,000
Deferred revenue - life use fees	2,042,486	2,619,240
Conditional asset retirement obligations	5,392,210	6,379,934
Pension and other postretirement benefit assets	\$ 17,223,618	17,291,078
Pension and other postretirement benefit obligations	(38,662,759)	(36,863,386)
Net pension and other postretirement benefit obligations	21,439,141	19,572,308
Total liabilities	43,932,235	44,861,628
Contingencies		
NET ASSETS		
Without donor restriction	36,599,624	33,234,700
With donor restriction	16,036,528	17,645,257
Total net assets	52,636,152	50,879,957
Total liabilities and net assets	\$ 96,568,387	\$ 95,741,585

The accompanying notes are an integral part of these consolidated financial statements.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, SUPPORT AND OTHER CHANGES			
Annual Catholic Appeal	\$ 7,494,713	\$ 2,523,086	\$ 10,017,799
Contributions and bequests	1,838,810	520,513	2,359,323
Cathedraticum from parishes	6,854,443	-	6,854,443
Employee benefit and insurance programs	15,298,764	-	15,298,764
Cemeteries operations	6,306,809	-	6,306,809
Rental income	1,770,978	-	1,770,978
Reimbursement revenue	334,032	-	334,032
Advertising	331,576	-	331,576
Program fees	177,159	-	177,159
Other operating revenues	729,215	-	729,215
Net assets released from restrictions	3,924,390	(3,924,390)	-
Total revenues, support and other changes	<u>45,060,889</u>	<u>(880,791)</u>	<u>44,180,098</u>
EXPENSES			
Programs	13,488,290	-	13,488,290
Employee benefit and insurance programs	17,461,639	-	17,461,639
Cemeteries operations	4,070,868	-	4,070,868
Teresian Towers and Carmel Ridge Estates	509,237	-	509,237
Management and general	4,889,537	-	4,889,537
Stewardship and development	575,551	-	575,551
Total expenses	<u>40,995,122</u>	<u>-</u>	<u>40,995,122</u>
Income (loss) from operations before depreciation and accretion	4,065,767	(880,791)	3,184,976
Depreciation and accretion	(1,789,593)	-	(1,789,593)
Income (loss) from operations before nonoperating activities	<u>2,276,174</u>	<u>(880,791)</u>	<u>1,395,383</u>
NONOPERATING ACTIVITIES			
Pension-related activity other than net periodic benefit cost	(2,891,546)	-	(2,891,546)
Change in value of beneficial interest in Foundations in Faith and third-party trust	-	(948)	(948)
Gain on sale of assets	1,479,613	-	1,479,613
Net assets released from restrictions	686,406	(686,406)	-
Investment income, net	426,296	9,821	436,117
Income from estimate change related to CARO	1,199,387	-	1,199,387
Insurance proceeds	35,573	-	35,573
Bad debt (expense) and recoveries, net	72,151	(50,405)	21,746
Support to Diocesan schools	(636,452)	-	(636,452)
Contributions from dissolved related entities	1,390,186	-	1,390,186
Independent accountability report	(701,680)	-	(701,680)
Miscellaneous non-operating income	326,410	-	326,410
Miscellaneous non-operating (expenses)	(297,594)	-	(297,594)
Change in net assets	<u>3,364,924</u>	<u>(1,608,729)</u>	<u>1,756,195</u>
Net assets - beginning of year	<u>33,234,700</u>	<u>17,645,257</u>	<u>50,879,957</u>
Net assets - end of year	<u>\$ 36,599,624</u>	<u>\$ 16,036,528</u>	<u>\$ 52,636,152</u>

The accompanying notes are an integral part of this consolidated financial statement.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUES, SUPPORT AND OTHER CHANGES			
Annual Catholic Appeal	\$ 8,536,786	\$ 2,555,000	\$ 11,091,786
Contributions and bequests	2,178,984	2,011,996	4,190,980
Cathedraticum from parishes	6,283,399	-	6,283,399
Employee benefit and insurance programs	15,521,572	-	15,521,572
Cemeteries operations	6,340,120	-	6,340,120
Rental income	1,612,364	-	1,612,364
Reimbursement revenue	396,292	-	396,292
Advertising	309,237	-	309,237
Program fees	215,988	-	215,988
Other operating revenues	665,712	-	665,712
Net assets released from restrictions	1,641,279	(1,641,279)	-
Total revenues, support and other changes	<u>43,701,733</u>	<u>2,925,717</u>	<u>46,627,450</u>
EXPENSES			
Programs	13,148,672	-	13,148,672
Employee benefit and insurance programs	20,120,817	-	20,120,817
Cemeteries operations	3,684,009	-	3,684,009
Teresian Towers and Carmel Ridge Estates	687,330	-	687,330
Management and general	4,918,182	-	4,918,182
Stewardship and development	931,810	-	931,810
Total expenses	<u>43,490,820</u>	<u>-</u>	<u>43,490,820</u>
Income from operations before depreciation and accretion	210,913	2,925,717	3,136,630
Depreciation and accretion	(1,974,676)	-	(1,974,676)
(Loss) income from operations before nonoperating activities	<u>(1,763,763)</u>	<u>2,925,717</u>	<u>1,161,954</u>
NONOPERATING ACTIVITIES			
Pension-related activity other than net periodic benefit cost	(587,448)	-	(587,448)
Lay pension fund contribution	(500,000)	-	(500,000)
Change in value of beneficial interest in Foundations in Faith and third-party trust	-	253,251	253,251
Investment income, net	552,050	503	552,553
Insurance proceeds	805,931	-	805,931
Bad debt (expense) and recoveries, net	(622,435)	-	(622,435)
Contributions from dissolved related entities	6,536,592	-	6,536,592
Miscellaneous non-operating income	571,472	-	571,472
Miscellaneous non-operating (expenses)	(305,828)	-	(305,828)
Change in net assets	<u>4,686,571</u>	<u>3,179,471</u>	<u>7,866,042</u>
Net assets - beginning of year	<u>28,548,129</u>	<u>14,465,786</u>	<u>43,013,915</u>
Net assets - end of year	<u>\$ 33,234,700</u>	<u>\$ 17,645,257</u>	<u>\$ 50,879,957</u>

The accompanying notes are an integral part of this consolidated financial statement.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

	Programs	Employee Benefits and Insurance Programs	Cemeteries Operations	Teresian Towers and Carmel Ridge Estates	Management and General	Stewardship and Development	Total
Personnel costs - lay	\$ 3,215,915	\$ -	\$ 1,959,173	\$ -	\$ 3,152,864	\$ 222,767	\$ 8,550,719
Personnel costs - religious	2,139,186	-	-	-	39,000	-	2,178,186
Total personnel costs	5,355,101	-	1,959,173	-	3,191,864	222,767	10,728,905
Insurance	151,728	17,195,604	148	-	39,776	-	17,387,256
Grants and contributions	5,487,877	-	-	-	-	-	5,487,877
Professional fees	618,221	260,959	766,916	-	271,261	40,244	1,957,601
Occupancy	585,086	-	234,782	-	653,764	912	1,474,544
Operations	-	-	958,295	509,237	-	-	1,467,532
Office	72,560	5,076	25,196	-	326,371	111,501	540,704
Dues, fees and memberships	399,046	-	-	-	44,885	1,094	445,025
Printing	281,887	-	-	-	3,837	157,132	442,856
Travel and seminars	308,344	-	12,717	-	34,821	2,495	358,377
Interest	-	-	-	-	252,562	-	252,562
Miscellaneous	88,462	-	74,100	-	63,070	2,790	228,422
Postage	139,978	-	39,541	-	7,326	36,616	223,461
Total expenses before depreciation and accretion	13,488,290	17,461,639	4,070,868	509,237	4,889,537	575,551	40,995,122
Depreciation and accretion	744,791	-	221,786	314,250	455,186	53,580	1,789,593
Total expenses	\$ 14,233,081	\$ 17,461,639	\$ 4,292,654	\$ 823,487	\$ 5,344,723	\$ 629,131	\$ 42,784,715

The accompanying notes are an integral part of this consolidated financial statement.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018

	Programs	Employee Benefits and Insurance Programs	Cemeteries Operations	Teresian Towers and Carmel Ridge Estates	Management and General	Stewardship and Development	Total
Personnel costs - lay	\$ 2,996,796	\$ -	\$ 1,675,421	\$ -	\$ 2,876,741	\$ 436,134	\$ 7,985,092
Personnel costs - religious	2,352,252	-	-	-	75,575	-	2,427,827
Total personnel costs	5,349,048	-	1,675,421	-	2,952,316	436,134	10,412,919
Insurance	151,326	19,590,407	348,960	-	30,875	289	20,121,857
Grants and contributions	4,994,107	-	-	-	-	-	4,994,107
Professional fees	739,059	530,410	555,346	-	468,633	31,439	2,324,887
Occupancy	-	-	820,813	-	-	-	820,813
Operations	561,219	-	205,997	687,330	714,959	6,192	2,175,697
Office	403,350	-	-	-	11,071	27,519	441,940
Dues, fees and memberships	97,419	-	26,346	-	327,974	140,483	592,222
Printing	283,647	-	-	-	3,550	206,833	494,030
Travel and seminars	-	-	-	-	319,102	-	319,102
Interest	323,321	-	-	-	36,914	11,515	371,750
Miscellaneous	168,764	-	29,221	-	11,197	64,117	273,299
Postage	77,412	-	21,905	-	41,591	7,289	148,197
Total expenses before depreciation and accretion	13,148,672	20,120,817	3,684,009	687,330	4,918,182	931,810	43,490,820
Depreciation and accretion	808,226	-	272,388	314,250	487,457	92,355	1,974,676
Total expenses	<u>\$ 13,956,898</u>	<u>\$ 20,120,817</u>	<u>\$ 3,956,397</u>	<u>\$ 1,001,580</u>	<u>\$ 5,405,639</u>	<u>\$ 1,024,165</u>	<u>\$ 45,465,496</u>

The accompanying notes are an integral part of this consolidated financial statement.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,756,195	\$ 7,866,042
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and accretion	1,789,593	1,974,676
Noncash change in estimate from CARO	(1,199,387)	-
Gain on sale of assets	(1,479,613)	(512,423)
Change in fair value of beneficial interests	948	(253,251)
Bad debt (recovery) expense, net	(21,746)	622,435
In-kind donations of securities	(58,596)	(227,434)
Net appreciation in fair value of investments	(196,192)	(375,362)
(Increase) decrease in assets		
Cemeteries and other accounts receivable, net	(445,664)	318,151
Bequest receivable	770,716	(823,018)
Due from related Diocesan entities, net	(3,690,429)	(1,540,608)
Prepaid expenses and other assets	49,093	(83,785)
Contributions receivable, net	1,016,055	(3,208,363)
Insurance recoveries receivable	(32,314)	46,152
Cemetery inventory	160,443	99,445
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(597,311)	606,014
Special collection payable	37,758	(115,477)
Self-insurance claims and deductible amounts payable	(435,227)	1,484,379
Deferred revenue	184,902	(10,726)
Refundable advances	746,066	(20,222)
Due to related Diocesan entities	1,332,062	192,327
Deferred revenue - life use fees	(576,754)	(627,025)
Pension and other postretirement benefit obligations	1,866,833	1,159,264
Net cash provided by operating activities	977,431	6,571,191
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(237,645)	(406,364)
Proceeds from sales of investments	113,062	604,990
Purchases of property and equipment	(5,223,065)	(1,727,054)
Proceeds from sales of property	1,501,784	574,921
Advances on note receivable	-	(100,000)
Repayment received on note receivable	-	33,750
Net cash used in investing activities	(3,845,864)	(1,019,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in restricted cash	(37,758)	115,477
Principal payments on notes payable	(2,500,000)	(2,213,905)
Net cash used in financing activities	(2,537,758)	(2,098,428)
Net (decrease) increase in cash and cash equivalents	(5,406,191)	3,453,006
Cash and cash equivalents - beginning of year	25,142,501	21,689,495
Cash and cash equivalents - end of year	\$ 19,736,310	\$ 25,142,501
Supplementary Information:		
Cash paid for interest on indebtedness	\$ 252,562	\$ 319,102

The accompanying notes are an integral part of these consolidated financial statements.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 - ORGANIZATION

The Bridgeport Roman Catholic Diocesan Corporation ("BRCDC") is a Connecticut not-for-profit, religious non-stock corporation formed in 1953 serving more than 460,000 registered Catholics in Fairfield County. BRCDC's principal programs provide for pastoral, religious personnel services, care and support for retired clergy (including Queen of Clergy), Catholic education and faith formation, educational administration and curriculum, pastoral and human services focused on prison ministry and pastoral care of the aged, vocations and seminarian education, parish finance and other support services to parishes and individuals within the Fairfield county area.

BRCDC relies principally on contributions received through the Annual Catholic Appeal, fundraising efforts and the Fairfield County Catholic operations to support the mission related services BRCDC provides. Cathedraticum from parishes together with residual Catholic cemeteries revenues support the administration and general activities of BRCDC. In addition, BRCDC sponsors self-insured medical and dental care, workers' compensation programs, property, casualty, liability and other insurance programs, and Priest pension and postretirement benefit plans for BRCDC and other Diocesan entities and their employees. The other Diocesan entities are responsible for their respective portions of the cost of these programs.

BRCDC programs include the St. John Fisher Seminary (until July 31, 2017), The Catherine Dennis Keefe Queen of Clergy retirement home for Diocesan Priests, the Newman Center at Western Connecticut State University, and Teresian Towers and Carmel Ridge Estates, life use and rental properties for elderly residents and pastoral care services for residents at nursing homes, formerly owned by Diocesan related entities. BRCDC directly operates fifteen Catholic cemeteries and publishes the Fairfield County Catholic, a monthly publication available to all Catholics in the Roman Catholic Diocese of Bridgeport.

St. Joseph High School Properties LLC ("St. Joseph"), a single member LLC owned by the BRCDC, was organized for the purpose to acquire, hold, maintain or improve real property and improvements thereof to further the institutional advancement of a Diocesan high school. The financial statements of St. Joseph have been consolidated with those of BRCDC.

The following related Diocesan entities throughout Fairfield County, Connecticut are separately incorporated and independently controlled and/or managed on a day-to-day basis and their activities are not included in the accompanying consolidated financial statements.

- 82 parishes and one shrine
- 20 elementary schools and five high schools
- St. John Fisher Seminary, Inc. (since August 1, 2017)
- Bridgeport Diocesan Schools Corporation
- Catholic School Properties Fairfield County, Inc.
- Foundations in Faith, Inc. ("Foundations in Faith" - formerly Faith in the Future, Inc.)
- Foundations in Education, Inc.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018

- We Stand With Christ Inc. (since December 2017)
- Cardinal Shehan Center and the McGivney Community Center, after school programs for children
- St. Catherine Center for Special Needs, Inc., which provides educational and pastoral services for people with developmental disabilities including autism
- Catholic Charities of Fairfield County, Inc. (“Catholic Charities”)
- Six government-subsidized Augustana (Bishop Curtis) Homes, homes for the elderly (until October 2017 when all were sold)
- Bridgeport Diocesan Healthcare Properties, Inc. which is the sole member of Saint Joseph Properties LLC, The Blessed Pope John Paul II Properties LLC and St. Camillus Properties, LLC, owners of land on which previously owned nursing homes are located (All of these entities were dissolved during October 2019).
- Inner-City Foundation for Charity and Education, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and are presented on a consolidated basis to include the accounts of BRCDC, reflecting its activities and direct operations, and the accounts of St. Joseph (collectively, the “Diocese”). All significant intercompany balances and transactions have been eliminated in consolidation.

Change in Accounting Guidance

In 2019, the Diocese adopted new US GAAP guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Diocese to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Diocese to make certain expanded disclosures relating to: (1) the liquidity of financial assets; and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard prior year amounts for unrestricted net assets were reclassified to net assets without donor restrictions and temporarily and permanently restricted net assets were reclassified to net assets with donor restrictions.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

Classifications of Net Assets

The Diocese reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restriction - consist of resources available for the general support of the Diocese's operations, which may be used at the discretion of management and the Bishop of the Roman Catholic Diocese of Bridgeport.

Net Assets With Donor Restriction - net assets subject to the following donor-imposed stipulations:

- Some donor restrictions are temporary in nature or satisfied by the passage of time that either expire with the passage of time or can be fulfilled by the actions of the Diocese pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets. However, when restrictions on donor-restricted contributions and investment return are met in the same accounting period, such amounts are reported as part of without donor restriction net assets.
- Other donor restrictions consist of funds that are subject to donor-imposed restrictions of gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes.

Cash and Cash Equivalents

Cash and cash equivalents are defined as highly liquid investments with original maturities of up to 90 days from the date of purchase, except for money market accounts held with investment brokers, which are considered to be held for long-term investment purposes.

Restricted Cash and Special Collection Payable

Restricted cash and special collections payable represent funds received from parishes throughout the Diocese for special offertory collections on designated days for the benefit of other non-Diocesan Catholic entities at the direction of the U.S. Conference of Catholic Bishops, which are being held until future payment.

Investments

Investments in equity and debt securities with readily determinable fair values are recorded at fair value determined on the basis of quoted market values as of the reporting date. Investments in non-exchange traded alternative investments are recorded at the fair value of the Diocese's unit value in these funds as reported by the respective external investment managers. All investments are managed by outside investment advisors subject to the review, approval, and control of the Diocese. Such valuations involve assumptions and methods that are reviewed by the Diocese for reasonableness.

Purchases and sales of securities are recorded on the trade-date basis. Dividends and interest are recognized as earned. Realized and unrealized gains include the Diocese's gains and losses on investments purchased and sold as well as held during the year.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) Topic 820, under the FASB Accounting Standards Codification (“ASC”) defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

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

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the reporting entity. The Diocese considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Diocese’s perceived risk of that instrument.

The Diocese’s policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

Amounts Due from Related Diocesan Entities

Amounts due from related Diocesan entities relate primarily to amounts due for employee benefits, insurance premiums, pension premiums, Cathedraticum from parishes and advances made to parishes, educational institutions, and other Diocesan affiliated organizations that are in financial need. Because of the uncertainty surrounding collection, management provides an allowance for doubtful accounts based on consideration of the type of receivable, responsible party, the known financial condition of the respective parish or Diocesan affiliated organization, historical collection patterns and comparative aging. These estimates are reviewed periodically and if the financial condition of the responsible party changes

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significantly, the Diocese will re-evaluate the recoverability of any amounts due from that organization. The Diocese writes-off any amounts that are no longer considered to be recoverable, and any payments subsequently received on such receivables are recorded as income in the period received.

Beneficial Interest in Trust Held by Others

The Diocese has been named as a beneficiary of a perpetual trust held by a third party. Perpetual trusts are initially recorded as permanently restricted support at fair value, based on the Diocese's beneficial interest in the fair value of the underlying trust assets at the time of gift. Subsequent changes in the trust's fair value are reported as changes in value in beneficial interests on the consolidated statements of activities. At June 30, 2019 and 2018, the balance of the Diocese's beneficial interest in a perpetual trust is \$459,339 and \$470,716, respectively, and is classified as Level 3 within the fair value hierarchy. The income received from the trust is designated for the benefit of seminarian education and recorded as part of investment income with donor restrictions.

The table below sets forth a summary of changes in fair value of the Diocese's Level 3 beneficial interest in trust held by others for the years ended June 30:

	2019	2018
Balance, beginning of year	\$ 470,716	\$ 472,867
Distributions	(20,000)	(20,000)
Change in fair value of beneficial interest in trust	8,623	17,849
Balance, end of year	\$ 459,339	\$ 470,716

Property, Buildings and Equipment

Property acquisitions and improvements are stated at cost, or in the case of donations, at fair value as determined on the date of gift. Additions and improvements that exceed \$2,500 and with useful lives greater than five years are capitalized and depreciated on a straight-line basis over the following estimated useful lives:

Furniture and fixtures	10 years
Vehicles, computers and other equipment	5 - 12 years
Buildings and related improvements	30 - 40 years
Land improvements	30 years

Repairs and maintenance are charged to expense as incurred. Property acquired under capital lease arrangements is capitalized and amortized over the useful life of the related asset or the lease term, whichever is shorter.

Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give in greater than one year are discounted to reflect the present value of future cash flows using a credit adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on an assessment of the creditworthiness of

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the respective donor. Contributions are written-off when determined to be uncollectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet this criteria for recognition.

Intentions to give under various wills and trust agreements are recorded as bequests receivable when the Diocese has an irrevocable right to the bequest and the proceeds are measurable.

Cemetery Inventory

Cemetery Inventory, which represents the cost of each unsold space, is stated at the lower of cost (computed based on the allocation of total costs incurred in the construction of the mausoleums) or market. As sales are made, inventory is reduced by the cost of the space sold.

Cemeteries Revenues

The Catholic cemeteries of the Diocese sell rights to interment and entombment on retail installment contracts generally of not more than one-year's duration, without interest. Revenues from these sales are recognized upon the date of sale. Other revenues generated from sales of cemetery merchandise and services are deferred until the merchandise is delivered or the services are performed, at which time they are fully earned.

A portion of revenue from sales is invested and together with the investment income therefrom is available for perpetual care and maintenance of cemetery properties. In addition, owners of private property improvements (private mausoleums, estate walls, etc.) at the cemeteries provide revenue that is held in trust by the Diocese and invested in perpetuity and together with the investment income therefrom is available for care and maintenance of the property improvements. Cemeteries and other accounts receivable are shown net of an allowance of \$81,716 and \$44,964 as of June 30 2019 and 2018, respectively. These receivables are all due within one year.

Deferred Revenue

Funds that are received from related entities in advance for medical insurance premiums for future periods are reflected as deferred revenue on the consolidated statements of financial position and are subsequently reflected in the consolidated statements of activities during the period in which they apply and are earned.

Deferred Revenue - Life Use Fees and Rental Income

The Diocese operates certain homes for life use and rental properties for elderly residents (Teresian Towers and Carmel Ridge Estates) in which a resident enters into a residency agreement requiring the payment of a one-time life use fee and a monthly service fee. These fees are exclusively for the costs of occupancy of the residential unit for life and no portion of the fee is allocated for medical care or services for the resident. The life use fee is refundable at a rate of 10% per annum from the date the resident is entitled to occupancy under the agreement to the date the unit is vacated by the resident. Teresian Towers also provides other senior living options that operate under operating lease agreements that do not require payment of a life use fee and are recorded as rental income in the period earned.

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Life use fees paid by the resident upon executing a residency agreement are recorded as deferred revenue and amortized into rental income based on the longer of the actuarially determined remaining estimated life of the respective resident or the remaining refundable term under the executed contract. Monthly service fees include resident maintenance fees and are recognized as part of rental income in the month in which they are earned.

Refundable Advances

Amounts of grants and contracts that are received but unearned are reflected as refundable advances in the accompanying consolidated statements of financial position and are subsequently reflected in the accompanying consolidated statements of activities during the period to which they apply as funds are expended or earned.

Conditional Asset Retirement Obligations

The Diocese has conditional asset retirement obligations (“CARO”) for asbestos materials and underground storage tanks associated with buildings it owns. Those obligations are defined as legal obligations associated with the eventual retirement of tangible long-lived assets in which the timing and/or the method of settlement is conditional on a future event that may or may not be within the control of the Diocese. The present value of those obligations and the resulting accretion expense, together with the related asset retirement cost capitalized, accumulated depreciation and depreciation expense, are recognized in the consolidated financial statements. As of June 30, 2019 and 2018, the CARO liability totaled \$5,392,210 and \$6,379,934, respectively. For the years ended June 30, 2019 and 2018, accretion of interest related to these obligations totaled \$311,130 and \$270,093, respectively. Additionally, as of June 30, 2019 and 2018, included in buildings and improvements are capitalized conditional asset retirement obligations at a cost of \$264,499 and accumulated depreciation of \$232,970 and \$231,020, respectively. During fiscal year 2019, a review of future CARO obligations resulted in a change in the estimate of \$1,199,387. This amount is reflected as nonoperating income in the consolidated statement of activities.

Functional Expense Allocation

Expenses are charged directly to Diocesan program services, management and general, and stewardship and development based on specific identification, to the extent practicable. Expenses related to more than one function have been allocated using reasonable ratios, as determined by management, amongst the programs and supporting services benefited. Those expenses include personnel costs, insurance, professional fees, occupancy, operations, office and depreciation. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Diocese.

Operating Measure

The Diocese classifies its consolidated statements of activities into operating and nonoperating activities. Operating activities principally include all income and expenses related to carrying out the Diocese’s mission, including interest and dividends from Diocesan operations and rental income. Nonoperating activities include interest and dividends not included in operating activities, realized and unrealized return (losses) on investments, change in value of beneficial interest, insurance proceeds, recovery of bad debt, gain or loss on disposition of assets, contributions from dissolved related entities and other activities considered to be of a more unusual or nonrecurring nature, if any.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated statement of financial position and the reported amounts of revenues and expenses during the reporting period. The most significant management judgments and estimates used in the preparation of the accompanying consolidated financial statements relate to the determination of depreciation and accretion expense, the reported fair value of certain financial instruments, the actuarial assumptions used to determine the reserves for self-insurance, liability for Priest pension and other postretirement benefits, deferred revenue associated with residence life use fees, provision for operating accruals, and the collectability of amounts due from related Diocesan entities and contributions receivable. Actual results could differ from those estimates.

Concentration of Market and Credit Risks

Cash, cash equivalents and investments are exposed to interest rate, market, and credit risks. The Diocese maintains its cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. To minimize risk, the Diocese's cash accounts are placed with high-credit quality financial institutions, and the Diocese's investment portfolio is diversified with several investment managers in a variety of asset classes. The Diocese regularly evaluates its depository arrangements and investments, including performance thereof.

Income Taxes

The Diocese recognizes an individual tax position in its consolidated financial statements based upon whether the tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Diocese has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and, to review other matters that may be considered tax positions. As of June 30, 2019 and 2018, management has determined that the Diocese has no material uncertain tax positions that would require recognition or disclosure in its consolidated financial statements.

In an annually updated ruling, the Internal Revenue Service ("IRS") has held that agencies, instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in "The Official Catholic Directory" are exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Diocese is listed in "The Official Catholic Directory" and therefore is exempt from income tax. Accordingly, the accompanying consolidated financial statements reflect no provision for income taxes.

Liquidity and Availability

The Diocese's working capital and cash flows have cyclical variations during the year attributable to the cash receipts for contributions from the Annual Catholic Appeal, Cathedralricum assessment paid by parishes, cemetery operations allocations, rental income and other program fees as well as billings for medical, self-insurance and other fees to related entities.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

Total financial assets available to meet cash needs for general expenditures within one year at June 30, 2019 are as follows:

Cash and cash equivalents	\$ 19,736,310
Cemeteries and other accounts receivable, net within 1 year	1,139,194
Bequest receivable	52,302
Due from related Diocesan entities, net	6,242,391
Contributions receivable, net	3,958,678
Insurance recoveries receivable	321,247
Notes receivable, net within 1 year	250,000
Investments, at fair value	7,165,837
Beneficial interest in trust held by others	459,339
Beneficial interest in assets held by Foundations in Faith	10,028,587
Financial assets as of fiscal year end	49,353,885
Less amounts unavailable for general expenditures due to:	
Perpetual in nature	(10,487,926)
Subject to grantor time and purpose restrictions	(5,548,602)
Financial assets as of fiscal year end available to meet needs for general expenditures	\$ 33,317,357

Reclassifications

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. These reclassifications have no effect on previously reported change in net assets.

NOTE 3 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consist of the following unconditional promises to give at June 30:

	2019	2018
Amounts expected to be collected in:		
Less than one year	\$ 3,458,388	\$ 4,151,844
One to four years	784,438	1,118,600
	4,242,826	5,270,444
Less:		
Discount to net present value	(26,742)	(38,305)
Provision for doubtful accounts	(257,406)	(207,000)
	\$ 3,958,678	\$ 5,025,139

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 4 - NOTES RECEIVABLE, NET

During January 2012, the Diocese received a non-interest bearing note receivable from a parish totaling \$434,569 for outstanding obligations. The note is secured by real property and is due and payable during January 2032. The outstanding balance on this note receivable is \$343,477 as of June 30, 2019 and 2018.

During June 2018, the Diocese received a non-interest bearing note receivable from a parish totaling \$100,000 for capital improvement needs. This note is secured by real property, payable on demand and unsecured. The outstanding balance on this note receivable is \$100,000 as of June 30, 2019 and 2018. As of June 30, 2019, this note has been totally reserved for.

During fiscal 2017, the Diocese converted \$1,747,965 of amounts due from a related Diocesan corporation, which pertain to receivables due from suppressed parishes, to a non-interest bearing note receivable that is secured by the borrower's real property and rental income. The outstanding balance on this note receivable as of June 30, 2019 and 2018 totaled \$1,406,204, net of a discount for present value of \$341,761 (discount rate of 3.31%).

NOTE 5 - DUE FROM RELATED DIOCESAN ENTITIES, NET

Due from related Diocesan entities, net, consists of the following at June 30:

	2019	2018
Parishes	\$ 7,344,390	\$ 6,883,974
Schools	9,109,040	9,013,882
We Stand With Christ	3,988,875	-
Other	1,334,490	1,296,213
	21,776,795	17,194,069
Less: Provision for doubtful accounts	(15,534,404)	(14,810,060)
	\$ 6,242,391	\$ 2,384,009

A significant portion of amounts due from related Diocesan entities has accumulated over several years and relates to financial transactions with related Diocesan entities. Such transactions include billings for Cathedralicum, employee benefits, insurance premiums, pension premiums as well as advances made to such entities that are in financial need.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018

NOTE 6 - INVESTMENTS, AT FAIR VALUE

As of June 30, 2019, investments, at fair value, by fair value hierarchy level, consist of the following:

Description	Level 1	Level 3	Total
Money market funds	\$ 128,973	\$ -	\$ 128,973
Common stocks	293,888	-	293,888
Equity mutual funds	4,788,586	-	4,788,586
Bond mutual funds	1,558,741	-	1,558,741
Catholic Umbrella Pool	-	395,649	395,649
Total investments, at fair value	<u>\$ 6,770,188</u>	<u>\$ 395,649</u>	<u>\$ 7,165,837</u>

As of June 30, 2018, investments, at fair value, by fair value hierarchy level, consist of the following:

Description	Level 1	Level 3	Total
Money market funds	\$ 89,599	\$ -	\$ 89,599
Common stocks	220,392	-	220,392
Equity mutual funds	4,577,508	-	4,577,508
Bond mutual funds	1,450,907	-	1,450,907
Catholic Umbrella Pool	-	448,061	448,061
Total investments, at fair value	<u>\$ 6,338,406</u>	<u>\$ 448,061</u>	<u>\$ 6,786,467</u>

The following table summarizes the changes in the Diocese's Level 3 investments for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 448,061	\$ 413,861
Change in value	(52,412)	34,200
Balance, end of year	<u>\$ 395,649</u>	<u>\$ 448,061</u>

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 7 - PROPERTY, BUILDINGS AND EQUIPMENT, NET

Property, buildings and equipment, net, consist of the following at June 30:

	2019	2018
Furniture and fixtures	\$ 2,887,047	\$ 2,864,591
Vehicles, computers and other equipment	4,113,783	4,109,218
Buildings and improvements	63,598,983	63,372,587
	70,599,813	70,346,396
Less: Accumulated depreciation	(52,391,153)	(50,824,330)
	18,208,660	19,522,066
Construction in progress	5,163,056	263,805
Land improvements	1,849,337	1,790,046
Land	16,922,483	16,969,779
Property, buildings and equipment, net	\$ 42,143,536	\$ 38,545,696
Property held for sale	\$ 25,125	\$ -

Certain land and buildings owned by the Diocese, with a net book value of \$13,524,996 and \$14,073,945 at June 30, 2019 and 2018, respectively, are made available to Diocesan high schools, elementary schools and the middle school for their use, free of rent. In addition, land and buildings owned by the Diocese with a net book value of \$676,429 and \$783,375 at June 30, 2019 and 2018, respectively, are leased to Sacred Heart University through April 30, 2080, with Sacred Heart University paying for all utilities, maintenance and repairs, and insurance, in exchange for tuition credits, which totaled approximately \$491,000 and \$468,000 for 2019 and 2018, respectively. The tuition credits are utilized by teachers in Diocesan schools seeking advanced degrees and by Diocesan seminarians seeking undergraduate degrees or individual courses.

NOTE 8 - BENEFICIAL INTEREST IN ASSETS HELD BY FOUNDATIONS IN FAITH

Foundations in Faith, a related Diocesan entity, is a Connecticut nonprofit, non-stock corporation formed in February 1996. Foundations in Faith was established to raise, manage and disburse funds raised by the Foundations in Faith Endowment Campaign of the Roman Catholic Diocese of Bridgeport. The campaign purposes were to create a permanent endowment to support Catholic education, vocation and seminary education, priests' residence and retirement fund and Diocesan ministries and programs that benefit Diocesan regional high schools, elementary schools and BR CDC. Foundations in Faith and BR CDC are considered to be financially interrelated under US GAAP as both entities are under common control of the Bishop of the Diocese of Bridgeport and BR CDC is the beneficiary of certain endowment funds held by Foundations in Faith. Accordingly, BR CDC records its respective interest in the assets of Foundations in Faith and the change in its interest using a method similar to the equity method of accounting. As of June 30, 2019 and 2018, BR CDC has recorded a beneficial interest in assets held by Foundations in Faith of \$10,028,587 and \$10,018,158, respectively, on the accompanying consolidated statements of financial position.

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June 30, 2019 and 2018

NOTE 9 - DUE TO RELATED DIOCESAN ENTITIES

Amounts due to related Diocesan entities consist of the following at June 30:

	2019	2018
Catholic Charities	\$ 988,616	\$ 571,171
Foundations in Education, Inc.	891,231	392,057
The Catholic Academy of Bridgeport Inc.	535,295	213,629
Other related entities	452,278	358,501
	\$ 2,867,420	\$ 1,535,358

NOTE 10 - NOTE PAYABLE

In October 2011, the Diocese obtained a \$15,000,000 loan from the Knights of Columbus that is secured by certain properties and other assets of the Diocese. Under the terms of the original loan agreement, monthly payments of interest only (at 5% per annum) were payable through December 2016. Monthly payments of principal and interest would commence in January 2017 and continue through the maturity date on December 1, 2031. In January 2016, the loan was amended which reduced the interest rate to 4.49% per annum, extended the interest only payment period for one year (i.e., through December 2017) and released certain assets previously held as collateral for the loan agreement. In January 2018 and 2019, the loan was amended to extend the interest only period through December 2018 and 2019. As of June 30, 2019 and 2018, the outstanding balance under the loan totaled \$3,500,000 and \$6,000,000, respectively.

On September 28, 2018, the Diocese obtained a \$5.5 million construction loan to be utilized for the Imagine 2020 school remodeling and expansion project, of which up to \$5 million can be utilized for construction related costs and \$500,000 is reserved for interest expense. The loan has a total term of 10 years with a four-year construction term followed by a six-year permanent term. Interest only payments are due during the construction term on outstanding balances followed by principal and interest during the permanent term. Interest is fixed at 4.4% for the initial five years adjusted thereafter for the remaining five years to the Federal Home Loan Bank of Boston Classic Rate plus 2.0%. The Diocese has not drawn on this loan through the date of the issuance of these financial statements.

Scheduled payments due on notes payable at June 30, 2019 are as follows:

2020	\$ 111,360
2021	230,348
2022	240,906
2023	251,948
2024	263,497
Thereafter	2,401,941
Total	\$ 3,500,000

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June 30, 2019 and 2018

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Restricted net assets at June 30:

	2019	2018
Subject to an expenditure for a specific purpose:		
Queen of Clergy priest expansion	\$ 255,832	\$ 214,852
St. John Fisher Seminary capital improvements and other	129,201	137,168
Education grants	169,811	206,687
Diocesan programs	661,015	581,365
Newman Center - ministry programs	155,436	145,615
World Youth Day	40,832	95,100
Catholic Leadership Institute	-	126,503
Imagine 2020 school remodeling and expansion project	-	465,931
Other	177,797	158,023
Total purpose restricted	1,589,924	2,131,244
Subject to the passage of time:		
Contributions receivable	3,958,678	5,025,139
Total time restricted	3,958,678	5,025,139
Perpetual in nature		
Beneficial interest in trust held by others	459,339	470,716
Beneficial interest in assets held by Foundations in Faith	10,028,587	10,018,158
Total perpetual in nature	10,487,926	10,488,874
Total net assets with donor restrictions	\$ 16,036,528	\$ 17,645,257

Net assets were released from restrictions by incurring expenses satisfying the following purpose or time restrictions for the years ended June 30:

	2019	2018
Purpose restrictions	\$ 741,067	\$ 935,242
Time restrictions	3,869,729	706,037
Total net assets released from restrictions	\$ 4,610,796	\$ 1,641,279

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 12 - DEFINED BENEFIT PLANS

Bridgeport Diocesan Pension Plan (Lay Plan)

The Diocese participates in the Bridgeport Diocesan Pension Plan (the "Lay Plan"), a multiemployer, defined benefit plan sponsored by the Roman Catholic Diocese of Bridgeport. The Lay Plan covers lay employees of the Diocese and other Diocesan entities who worked at least 20 hours per week and met the eligibility requirements of three years of continuous service and 30 years of age on or before July 2, 2008. Effective July 31, 2010, pension benefits under the plan were frozen. No additional benefits will be earned by participants for services rendered after that date. Pension benefits are based on years of service and average compensation over a five-year period during the last ten years of employment prior to July 31, 2010.

Due to the nature of the Lay Plan, it is not practicable to determine the extent to which the assets of the Lay Plan cover the actuarially computed value of vested benefits for the Diocese, on a standalone basis. In addition, because the Lay Plan is considered to be a multi-employer plan, it is only subject to certain minimum reporting requirements. Pension expense allocated to the Diocese for the Lay Plan for the years ended June 30, 2019 and 2018 amounted to approximately \$382,000 and \$344,000, respectively, and is expected to approximate \$424,000 for the year ending June 30, 2020.

The Lay Plan is considered a church plan and are therefore exempt from the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

At June 30, 2019 and 2018, the date of the most recent valuation, the Lay Plan's projected benefit obligation exceeded the fair value of its assets by approximately \$92.5 million and \$79 million, respectively (unaudited).

Diocese of Bridgeport Retirement Plan for Priests

The Diocese of Bridgeport Retirement Plan for Priests ("Priest Plan") is a non-contributory, defined benefit plan qualified under IRS regulations. The Priest Plan covers incardinated Diocesan priests with pension benefits provided at a uniform monthly amount that has been increased from time to time, most recently effective January 1, 2015, to increase the monthly retirement benefit from \$1,900 to \$2,000 for all active and retired priests. Plan assets are held by a third-party trustee.

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June 30, 2019 and 2018

The following tables provide a reconciliation of the changes in the Priest Plan's funded status to the benefit obligation recorded in the consolidated statements of financial position at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 23,001,093	\$ 22,942,283
Service cost	480,122	498,894
Interest cost	1,019,364	931,902
Actuarial loss	1,369,968	159,885
Plan amendment	186,816	-
Benefits paid	<u>(1,568,944)</u>	<u>(1,531,871)</u>
Projected benefit obligation at end of year	<u>\$ 24,488,419</u>	<u>\$ 23,001,093</u>
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	\$ 17,291,078	\$ 16,792,890
Actual return on plan assets	921,004	1,426,000
Benefits paid	(1,568,944)	(1,531,871)
Plan sponsor contributions	<u>580,480</u>	<u>604,059</u>
Fair value of plan assets at end of year	<u>\$ 17,223,618</u>	<u>\$ 17,291,078</u>
Unfunded status (liability)	<u>(7,264,801)</u>	<u>(5,710,015)</u>
Accumulated benefit obligation	<u>\$ 24,488,419</u>	<u>\$ 23,001,093</u>

Cumulative amounts recognized in changes in unrestricted net assets and not yet recognized in net periodic benefit cost consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Net loss	\$ 5,192,702	\$ 3,735,845
Unrecognized prior service cost	<u>1,287,025</u>	<u>1,214,860</u>
	<u>\$ 6,479,727</u>	<u>\$ 4,950,705</u>

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

Net periodic benefit cost for the Priest Plan includes the following components during the years ended June 30:

	<u>2019</u>	<u>2018</u>
Service cost	\$ 480,122	\$ 498,894
Interest cost	1,019,364	931,902
Expected return on plan assets	(1,088,462)	(1,063,685)
Amortization of unrecognized prior service cost	114,651	114,651
Amortization of unrecognized net loss	80,569	95,751
	<u> </u>	<u> </u>
Net periodic benefit cost	<u>\$ 606,244</u>	<u>\$ 577,513</u>

Amounts recognized in changes in unrestricted net assets consist of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Net gain	\$ 1,537,426	\$ (202,430)
Amortization of unrecognized net loss	(80,569)	(95,751)
Amortization of unrecognized prior service cost	72,165	(114,651)
	<u> </u>	<u> </u>
Pension-related activity other than net periodic benefit cost	<u>\$ 1,529,022</u>	<u>\$ (412,832)</u>

The estimated actuarial loss and unrecognized prior service cost that will be amortized into net periodic benefit cost during the fiscal year ended June 30, 2019 is \$80,569 and \$114,651, respectively.

Assumptions

Weighted-average assumptions used to determine the benefit obligation are as follows at June 30:

	<u>2019</u>	<u>2018</u>
Discount rate	3.80%	4.60%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic benefit cost are as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Discount rate	4.60%	4.20%
Expected long-term return on plan assets	6.50%	6.50%

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018

Contributions

The Diocese expects to contribute approximately \$584,000 to the Priest Plan during the fiscal year ended June 30, 2019.

Estimated Future Benefit Payments

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

2020	\$ 1,722,836
2021	1,651,996
2022	1,600,101
2023	1,595,800
2024	1,546,614
2025 to 2028	7,074,315

Plan Assets

Asset management objectives include maintaining an adequate level of diversification to reduce interest rate and market risk while also providing adequate liquidity to meet benefit payment requirements.

The Diocese's long-term investment objective is to achieve the actuarial target return, maintain sufficient liquidity to meet the obligations of the plan, diversify the investments to reduce risk, and achieve investment results over the long term that compare favorably with those of other pension plans, professionally managed portfolios and appropriate benchmark indices. Consistent with this long-term objective, the composition of plan investments is managed within a range that targets the following allocations by asset type:

	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Asset Class:			
Equities	45.00%	70.00%	80.00%
Fixed income	14.00	30.00	50.00
Cash equivalents	0.00	0.00	20.00

The Diocese's Investment Committee regularly reviews the plan assumptions, asset allocation and performance of the investments in the Priest Plan.

The expected rate of return on pension plan assets is determined by those assets' historical long-term investment performance, current asset allocation and estimates of future long-term returns by asset class.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

As of June 30, 2019 and 2018, the Diocese's Priest Plan assets, that are classified as Level 1 within the fair value hierarchy, consist of the following:

	<u>2019</u>	<u>2018</u>
Cash equivalents	\$ 561,494	\$ 1,322,538
Common stocks	-	5,430,062
Equity mutual funds	11,061,564	3,219,890
Exchange traded funds	-	2,390,138
Bond mutual funds	5,600,560	4,632,508
Corporate and government bonds	-	295,942
	<u>\$ 17,223,618</u>	<u>\$ 17,291,078</u>
Total		

The Diocese's pension plan weighted-average asset allocations at June 30, by asset category are as follows:

	<u>2019</u>	<u>2018</u>
Equity mutual funds	64.00%	18.00%
Bond mutual funds	33.00	27.00
Cash equivalents	3.00	8.00
Exchange traded funds	0.00	14.00
Common stocks	0.00	31.00
Other	0.00	2.00
	<u>100.00%</u>	<u>100.00%</u>
Total		

Former Pension Plan for Priests

The Diocese also provides pension benefits to priests under a plan that was superseded by the Priest Plan who were retired before adoption of the Priest Plan and were not eligible to participate due to their advanced ages when the Priest Plan was adopted. The present value of the estimated obligation to these priests total \$56,132 and \$58,161 determined using a discount rate of 3.8% and 4.6% at June 30, 2019 and 2018, respectively, and is included in pension and other postretirement benefit obligations in the accompanying consolidated statements of financial position. Pension payments were approximately \$28,000 and \$26,000 for the years ended June 30, 2019 and 2018, respectively. The obligation is unfunded. The actuarial (loss) gain together with interest on this obligation is recorded as a reduction of other pension expense for priests and totaled \$(2,029) and \$66,184 for the years ended June 30, 2019 and 2018, respectively.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 13 - DEFINED CONTRIBUTION PLANS

The Diocese maintains a defined contribution 401(a) thrift plan covering all lay employees of the Diocese and other Diocesan entities working at least 30 hours per week who meet the eligibility requirements of one year of service and 21 years of age. Contributions are based on years of service to Diocesan entities at rates of 3% and 5% after the one-year eligibility period. The Diocese's contributions totaled approximately \$254,000 and \$250,000 for the years ended June 30, 2019 and 2018, respectively.

The Diocese also provides for a non-contributory 403(b) salary reduction plan for all employees who wish to participate. The Diocese does not make employer contributions to the 403(b) plan.

NOTE 14 - POSTRETIREMENT PRIESTS' MEDICAL AND DENTAL PLAN

The Diocese provides a postretirement medical and dental benefits plan for retired priests on an unfunded basis through insurance purchased annually from a third party. The following provides further information about the priests' postretirement medical and dental plan.

The following table provides a reconciliation of the changes in the priests' postretirement medical and dental funded status to the benefit obligation recorded in the consolidated statements of financial position at June 30:

	2019	2018
Change in projected benefit obligation:		
Accumulated benefit obligation at beginning of year	\$ 13,804,132	\$ 12,139,306
Service cost	427,107	372,613
Interest cost	574,598	468,861
Amendments (change in eligibility age from 75 to 71)	935,919	875,880
Actuarial (gain) loss	(1,171,816)	423,616
Benefits paid	(451,732)	(476,144)
	\$ 14,118,208	\$ 13,804,132

Cumulative amounts recognized in changes in unrestricted net assets and not yet recognized in net periodic benefit cost consist of the following as of June 30:

	2019	2018
Net loss	\$ 1,797,396	\$ 3,051,661
Transition obligation	975,000	1,170,000
Prior service cost	1,941,429	1,088,880
	\$ 4,713,825	\$ 5,310,541

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

Net periodic benefit cost for the priest postretirement medical and dental plan includes the following components during the years ended June 30:

	2019	2018
Service cost	\$ 427,107	\$ 372,613
Interest cost	574,598	468,861
Amortization of actuarial loss	82,449	68,216
Amortization of transition obligation	195,000	195,000
Amortization of prior service cost	83,370	36,000
Net periodic benefit cost	\$ 1,362,524	\$ 1,140,690

Amounts recognized in changes in unrestricted net assets consist of the following for the years ended June 30:

	2019	2018
Actuarial (gain) loss	\$ (1,171,816)	\$ 423,616
New prior service cost	935,919	875,880
Amortization of actuarial loss	(82,449)	(68,216)
Amortization of transition obligation	(195,000)	(195,000)
Amortization of prior service cost	(83,370)	(36,000)
Pension-related activity other than net periodic benefit cost	\$ (596,716)	\$ 1,000,280

The estimated net loss, transition obligation and prior service cost for the Diocese's priests' postretirement medical and dental plan that will be amortized into net periodic benefit cost over the next fiscal year are \$19,464, \$195,000 and \$134,738, respectively.

Assumptions

Weighted-average assumptions used to determine the benefit obligation are as follows at June 30:

	2019	2018
Discount rate	3.48%	4.11%
Health-care cost trend rate assumed for next year	7.50	8.00
Ultimate health-care cost trend rate	5.30	5.00
Year ultimate health-care cost trend rate is achieved	2024	2024

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

Weighted-average assumptions used to determine net periodic benefit cost are as follows for the years ended June 30:

	2019	2018
Discount rate	4.11%	3.82%
Health-care cost trend rate assumed for next year	7.00	7.50
Ultimate health-care cost trend rate	5.00	5.00

The effect of a 1% change in the health care cost trend rate is as follows as of and for the years ended June 30:

	2019	
	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 269,332	\$ (196,911)
Effect on accumulated benefit obligation	3,143,447	(2,039,594)
	2018	
	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 246,937	\$ (179,147)
Effect on accumulated benefit obligation	2,638,312	(2,039,594)

Estimated Future Benefit Payments

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

2020	\$	487,044
2021		494,164
2022		503,892
2023		524,855
2024		529,587
2025 to 2028		2,850,637

Contributions

Because the priests' postretirement medical and dental plan is unfunded, the future benefit payments also represent the expected contributions to the plan for that year.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

NOTE 15 - CONTINGENCIES

The Diocese, in the normal course of its operations, is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the Diocese is not aware of any claims or contingencies, which are not covered by insurance that would have a material adverse effect on the Diocese's consolidated financial statements.

The Diocese has unconditionally guaranteed in the event of default, loans from banks to other Diocesan entities principally related to the construction of facilities. At June 30, 2019 and 2018, the aggregate balances outstanding on these loans, which the Diocese has guaranteed, approximated \$5,104,000 and \$5,686,000, respectively. Management is currently not aware of any defaults or circumstances that would require the Diocese to perform under such guarantees and as such, no loss provision has been recognized as of June 30, 2019 and 2018.

NOTE 16 - SUBSEQUENT EVENTS

The Diocese evaluated its June 30, 2019 consolidated financial statements for subsequent events through December 19, 2019, the date the consolidated financial statements were available to be issued. The Diocese is not aware of any material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

SUPPLEMENTARY INFORMATION

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

June 30, 2019

	<u>Diocesan Operations</u>	<u>Employee Benefits and Insurance Programs</u>	<u>Cemeteries Operations</u>	<u>Teresian Towers and Carmel Ridge Estates</u>	<u>St. Joseph High School Properties LLC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 10,609,680	\$ 5,403,490	\$ 1,707,394	\$ 2,015,746	\$ -	\$ -	\$ 19,736,310
Restricted cash	258,775	-	-	-	-	-	258,775
Property held for sale	25,125	-	-	-	-	-	25,125
Cemeteries and other accounts receivable, net	473,301	-	497,758	656,238	-	(106,103)	1,521,194
Bequest receivable	52,302	-	-	-	-	-	52,302
Due from related Diocesan entities, net	5,822,406	474,502	-	-	-	(54,517)	6,242,391
Prepaid expenses and other assets	516,345	50,046	10,000	-	-	-	576,391
Contributions receivable, net	3,958,678	-	-	-	-	-	3,958,678
Insurance recoveries receivable	-	321,247	-	-	-	-	321,247
Notes receivable, net	1,749,681	-	-	-	-	-	1,749,681
Investments, at fair value	599,570	400,348	6,165,919	-	-	-	7,165,837
Cemetery inventory	6,973	-	2,322,021	-	-	-	2,328,994
Beneficial interest in trust held by others	459,339	-	-	-	-	-	459,339
Beneficial interests in assets held by Foundations in Faith	10,028,587	-	-	-	-	-	10,028,587
Property, buildings and equipment, net	32,443,985	-	8,347,147	602,115	750,289	-	42,143,536
Due from funds	24,525,001	4,319,605	-	-	-	(28,844,606)	-
	<u>\$ 91,529,748</u>	<u>\$ 10,969,239</u>	<u>\$ 19,050,238</u>	<u>\$ 3,274,099</u>	<u>\$ 750,289</u>	<u>\$ (29,005,226)</u>	<u>\$ 96,568,387</u>
Total assets							
LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts payable and accrued expenses	\$ 2,001,627	\$ 141,971	\$ 454,290	\$ 249,644	\$ -	\$ (160,620)	\$ 2,686,912
Special collection payable	258,775	-	-	-	-	-	258,775
Self-insurance claims and deductible amounts payable	-	3,905,178	-	-	-	-	3,905,178
Deferred revenue	10,982	671,760	18,000	-	-	-	700,742
Refundable advances	578,915	-	560,456	-	-	-	1,139,371
Due to related Diocesan entities	2,867,420	-	-	-	-	-	2,867,420
Notes payable	3,500,000	-	-	-	-	-	3,500,000
Deferred revenue- life use fees	-	-	-	2,042,486	-	-	2,042,486
Conditional asset retirement obligations	5,392,210	-	-	-	-	-	5,392,210
Net pension and other postretirement benefit obligations	-	21,439,141	-	-	-	-	21,439,141
Due to funds	4,413,261	24,431,343	2	-	-	(28,844,606)	-
Total liabilities	<u>19,023,190</u>	<u>50,589,393</u>	<u>1,032,748</u>	<u>2,292,130</u>	<u>-</u>	<u>(29,005,226)</u>	<u>43,932,235</u>
NET ASSETS (DEFICIT)							
Without donor restriction	56,470,030	(39,620,155)	18,017,491	981,969	750,289	-	36,599,624
With donor restriction	16,036,528	-	-	-	-	-	16,036,528
Total net assets (deficit)	<u>72,506,558</u>	<u>(39,620,155)</u>	<u>18,017,491</u>	<u>981,969</u>	<u>750,289</u>	<u>-</u>	<u>52,636,152</u>
Total liabilities and net assets (deficit)	<u>\$ 91,529,748</u>	<u>\$ 10,969,238</u>	<u>\$ 19,050,239</u>	<u>\$ 3,274,099</u>	<u>\$ 750,289</u>	<u>\$ (29,005,226)</u>	<u>\$ 96,568,387</u>

This consolidating schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

June 30, 2018

	<u>Diocesan Operations</u>	<u>Employee Benefits and Insurance Programs</u>	<u>Cemeteries Operations</u>	<u>Teresian Towers and Carmel Ridge Estates</u>	<u>St. Joseph High School Properties LLC</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 15,457,877	\$ 5,357,272	\$ 2,153,050	\$ 2,174,302	\$ -	\$ -	\$ 25,142,501
Restricted cash	221,017	-	-	-	-	-	221,017
Cemeteries and other accounts receivable, net	242,569	-	488,183	340,577	-	-	1,071,329
Bequest receivable	823,018	-	-	-	-	-	823,018
Due from related Diocesan entities, net	2,268,050	863,251	-	-	-	(747,292)	2,384,009
Prepaid expenses and other assets	480,922	131,517	10,000	3,045	-	-	625,484
Contributions receivable, net	5,025,139	-	-	-	-	-	5,025,139
Insurance recoveries receivable	-	288,933	-	-	-	-	288,933
Notes receivable, net	1,849,681	-	-	-	-	-	1,849,681
Investments, at fair value	472,198	450,412	5,863,857	-	-	-	6,786,467
Cemetery inventory	-	-	2,489,437	-	-	-	2,489,437
Beneficial interest in trust held by others	470,716	-	-	-	-	-	470,716
Beneficial interest in assets held by Foundations in Faith	10,018,158	-	-	-	-	-	10,018,158
Property, buildings and equipment, net	28,540,629	-	8,349,089	905,689	750,289	-	38,545,696
Due from funds	20,135,275	4,286,207	17,944,807	-	-	(42,366,289)	-
Total assets	\$ 86,005,249	\$ 11,377,592	\$ 37,298,423	\$ 3,423,613	\$ 750,289	\$ (43,113,581)	\$ 95,741,585
LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts payable and accrued expenses	\$ 2,260,221	\$ 322,751	\$ 941,320	\$ 220,425	\$ -	\$ (460,496)	\$ 3,284,221
Special collection payable	221,017	-	-	-	-	-	221,017
Self-insurance claims and deductible amounts payable	-	4,340,405	-	-	-	-	4,340,405
Deferred revenue	1,075	514,765	-	-	-	-	515,840
Refundable advances	-	-	393,305	-	-	-	393,305
Due to related Diocesan entities	1,535,358	-	-	-	-	-	1,535,358
Notes payable	6,000,000	-	-	-	-	-	6,000,000
Deferred revenue - life use fees	-	-	-	2,619,240	-	-	2,619,240
Conditional asset retirement obligations	6,379,934	-	-	-	-	-	6,379,934
Net pension and other postretirement benefit obligations	-	19,572,308	-	-	-	-	19,572,308
Due to funds	18,488,044	23,878,245	-	286,796	-	(42,653,085)	-
Total liabilities	\$ 34,885,649	\$ 48,628,474	\$ 1,334,625	\$ 3,126,461	\$ -	\$ (43,113,581)	\$ 44,861,628
Contingencies							
NET ASSETS (DEFICIT)							
Without donor restriction	33,474,343	(37,250,882)	35,963,798	297,152	750,289	-	33,234,700
With donor restriction	17,645,257	-	-	-	-	-	17,645,257
Total net assets (deficit)	\$ 51,119,600	\$ (37,250,882)	\$ 35,963,798	\$ 297,152	\$ 750,289	\$ -	\$ 50,879,957
Total liabilities and net assets (deficit)	\$ 86,005,249	\$ 11,377,592	\$ 37,298,423	\$ 3,423,613	\$ 750,289	\$ (43,113,581)	\$ 95,741,585

This consolidating schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended June 30, 2019

	Diocesan Operations	Employee Benefits and Insurance Programs	Cemeteries Operations	Teresian Towers and Carmel Ridge Estates	St. Joseph High School Properties LLC	Eliminations	Total
REVENUES, SUPPORT AND OTHER CHANGES							
Annual Catholic Appeal	\$ 10,017,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,017,799
Contributions and bequests	2,359,323	-	-	-	-	-	2,359,323
Cathedraticum from parishes	6,854,443	-	-	-	-	-	6,854,443
Employee benefit and insurance programs	-	18,033,610	-	-	-	(2,734,846)	15,298,764
Cemeteries operations	1,437,000	-	6,306,809	-	-	(1,437,000)	6,306,809
Rental income	422,605	-	-	1,348,373	-	-	1,770,978
Reimbursement revenue	334,032	-	-	-	-	-	334,032
Advertising	331,576	-	-	-	-	-	331,576
Program fees	177,159	-	-	-	-	-	177,159
Other operating revenues	879,937	-	-	72,403	-	(223,125)	729,215
Total revenues, support and other changes	<u>22,813,874</u>	<u>18,033,610</u>	<u>6,306,809</u>	<u>1,420,776</u>	<u>-</u>	<u>(4,394,971)</u>	<u>44,180,098</u>
EXPENSES							
Programs	14,606,725	-	-	-	-	(1,118,435)	13,488,290
Employee benefit and insurance programs	-	17,609,639	-	-	-	(148,000)	17,461,639
Cemeteries operations	-	-	6,390,210	-	-	(2,319,342)	4,070,868
Teresian Towers and Carmel Ridge Estates	-	-	-	652,249	-	(143,012)	509,237
Management and general	5,514,398	-	-	-	-	(624,861)	4,889,537
Stewardship and development	616,872	-	-	-	-	(41,321)	575,551
Total expenses	<u>20,737,995</u>	<u>17,609,639</u>	<u>6,390,210</u>	<u>652,249</u>	<u>-</u>	<u>(4,394,971)</u>	<u>40,995,122</u>
Income from operations before depreciation and accretion	2,075,879	423,971	(83,401)	768,527	-	-	3,184,976
Depreciation and accretion	(1,253,557)	-	(221,786)	(314,250)	-	-	(1,789,593)
Income (loss) from operations before nonoperating activities	<u>822,322</u>	<u>423,971</u>	<u>(305,187)</u>	<u>454,277</u>	<u>-</u>	<u>-</u>	<u>1,395,383</u>
NONOPERATING ACTIVITIES							
Pension related-activity other than net periodic benefit cost	-	(2,891,546)	-	-	-	-	(2,891,546)
Change in value of beneficial interest in Foundations in Faith and third-party trust	(948)	-	-	-	-	-	(948)
Gain on sale of assets	1,479,613	-	-	-	-	-	1,479,613
Investment income, net	103,419	30,125	302,573	-	-	-	436,117
Income from estimate change related to CARO	1,199,387	-	-	-	-	-	1,199,387
Insurance proceeds	-	34,023	1,550	-	-	-	35,573
Bad debt (expense) and recoveries, net	(136,600)	158,346	-	-	-	-	21,746
Support to Diocesan schools	(512,260)	(124,192)	-	-	-	-	(636,452)
Contributions from dissolved related entities	1,390,186	-	-	-	-	-	1,390,186
Independent accountability report	(701,680)	-	-	-	-	-	(701,680)
Debt forgiveness from Cemeteries	17,945,243	-	(17,945,243)	-	-	-	-
Miscellaneous nonoperating income	95,870	-	-	230,540	-	-	326,410
Miscellaneous nonoperating (expenses)	(297,594)	-	-	-	-	-	(297,594)
Change in net assets	<u>21,386,958</u>	<u>(2,369,273)</u>	<u>(17,946,307)</u>	<u>684,817</u>	<u>-</u>	<u>-</u>	<u>1,756,195</u>
Net assets (deficit) - beginning of year	<u>51,119,600</u>	<u>(37,250,882)</u>	<u>35,963,798</u>	<u>297,152</u>	<u>750,289</u>	<u>-</u>	<u>50,879,957</u>
Net assets (deficit) - end of year	<u>\$ 72,506,558</u>	<u>\$ (39,620,155)</u>	<u>\$ 18,017,491</u>	<u>\$ 981,969</u>	<u>\$ 750,289</u>	<u>\$ -</u>	<u>\$ 52,636,152</u>

This consolidating schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.

The Bridgeport Roman Catholic Diocesan Corporation and Affiliate

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended June 30, 2018

	Diocesan Operations	Employee Benefits and Insurance Programs	Cemeteries Operations	Teresian Towers and Carmel Ridge Estates	St. Joseph High School Properties LLC	Eliminations	Total
REVENUES, SUPPORT AND OTHER CHANGES							
Annual Catholic Appeal	\$ 11,091,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,091,786
Contributions and bequests	3,990,980	-	-	-	200,000	-	4,190,980
Cathedraticum from parishes	6,283,399	-	-	-	-	-	6,283,399
Employee benefit and insurance programs	-	18,409,348	-	-	-	(2,887,776)	15,521,572
Cemeteries operations	1,437,000	-	6,340,120	-	-	(1,437,000)	6,340,120
Rental income	362,898	-	-	1,249,466	-	-	1,612,364
Reimbursement revenue	396,292	-	-	-	-	-	396,292
Advertising	309,237	-	-	-	-	-	309,237
Program fees	215,988	-	-	-	-	-	215,988
Other operating revenues	557,351	-	-	108,361	-	-	665,712
Total revenues, support and other changes	<u>24,644,931</u>	<u>18,409,348</u>	<u>6,340,120</u>	<u>1,357,827</u>	<u>200,000</u>	<u>(4,324,776)</u>	<u>46,627,450</u>
EXPENSES							
Programs	14,411,490	-	-	-	-	(1,262,818)	13,148,672
Employee benefit and insurance programs	-	20,120,817	-	-	-	-	20,120,817
Cemeteries operations	-	-	5,974,471	-	-	(2,290,462)	3,684,009
Teresian Towers and Carmel Ridge Estates	-	-	-	716,720	-	(29,390)	687,330
Management and general	5,567,541	-	-	-	-	(649,359)	4,918,182
Stewardship and development	1,024,557	-	-	-	-	(92,747)	931,810
Total expenses	<u>21,003,588</u>	<u>20,120,817</u>	<u>5,974,471</u>	<u>716,720</u>	<u>-</u>	<u>(4,324,776)</u>	<u>43,490,820</u>
Income from operations before depreciation and accretion	3,641,343	(1,711,469)	365,649	641,107	200,000	-	3,136,630
Depreciation and accretion	(1,388,038)	-	(272,388)	(314,250)	-	-	(1,974,676)
Income (loss) from operations before nonoperating activities	<u>2,253,305</u>	<u>(1,711,469)</u>	<u>93,261</u>	<u>326,857</u>	<u>200,000</u>	<u>-</u>	<u>1,161,954</u>
NONOPERATING ACTIVITIES							
Pension related-activity other than net periodic benefit cost	-	(587,448)	-	-	-	-	(587,448)
Lay pension fund contribution	(500,000)	-	-	-	-	-	(500,000)
Change in value of beneficial interest in Foundations in Faith and third-party trust	253,251	-	-	-	-	-	253,251
Investment income, net	38,425	40,187	473,941	-	-	-	552,553
Insurance proceeds	-	742,378	63,553	-	-	-	805,931
Bad debt (expense) and recoveries, net	(37,486)	(584,949)	-	-	-	-	(622,435)
Contributions from dissolved related entities	6,536,592	-	-	-	-	-	6,536,592
Miscellaneous nonoperating income	472,743	-	-	-	98,729	-	571,472
Miscellaneous nonoperating (expenses)	(305,828)	-	-	-	-	-	(305,828)
Change in net assets	<u>8,711,002</u>	<u>(2,101,301)</u>	<u>630,755</u>	<u>326,857</u>	<u>298,729</u>	<u>-</u>	<u>7,866,042</u>
Net assets (deficit) - beginning of year	<u>42,408,598</u>	<u>(35,149,581)</u>	<u>35,333,043</u>	<u>(29,705)</u>	<u>451,560</u>	<u>-</u>	<u>43,013,915</u>
Net assets (deficit) - end of year	<u>\$ 51,119,600</u>	<u>\$ (37,250,882)</u>	<u>\$ 35,963,798</u>	<u>\$ 297,152</u>	<u>\$ 750,289</u>	<u>\$ -</u>	<u>\$ 50,879,957</u>

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The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
CONSOLIDATING SCHEDULE OF PROGRAM FUNCTIONAL EXPENSES
For the year ended June 30, 2019

	Pastoral Services of the Bishop*	Religious Personnel Services (includes Queen of Clergy)	Catholic Education and Faith Formation	Pastoral and Human Services	Vocations	Communications and Social Media	Other Program Support	Total Programs
Personnel costs - lay	\$ 738,094	\$ 867,910	\$ 1,016,796	\$ 177,638	\$ 25,706	\$ 389,771	\$ -	\$ 3,215,915
Personnel costs - religious	215,527	499,577	153,280	827,965	442,837	-	-	2,139,186
Total personnel costs	<u>953,621</u>	<u>1,367,487</u>	<u>1,170,076</u>	<u>1,005,603</u>	<u>468,543</u>	<u>389,771</u>	<u>-</u>	<u>5,355,101</u>
Insurance	10,617	121,630	5,112	13,392	977	-	-	151,728
Grants and contributions	-	-	-	-	-	-	5,487,877	5,487,877
Professional fees	100,199	57,864	256,356	11,001	12,070	180,731	-	618,221
Occupancy	128,307	395,148	48,739	8,541	765	3,586	-	585,086
Office	17,056	15,960	28,288	2,493	-	8,763	-	72,560
Dues, fees and memberships	277,939	6,384	94,530	13,814	2,864	3,515	-	399,046
Printing	28,677	8,679	19,989	1,036	1,147	222,359	-	281,887
Travel and seminars	100,475	20,264	148,839	4,644	30,426	3,696	-	308,344
Miscellaneous	20,457	36,289	15,726	9,380	6,610	-	-	88,462
Postage	6,679	567	2,491	499	1,519	128,223	-	139,978
Total expenses before depreciation and accretion	<u>1,644,027</u>	<u>2,030,272</u>	<u>1,790,146</u>	<u>1,070,403</u>	<u>524,921</u>	<u>940,644</u>	<u>5,487,877</u>	<u>13,488,290</u>
Depreciation and accretion	153,049	189,006	166,652	99,648	48,867	87,569	-	744,791
Total expenses	<u>\$ 1,797,076</u>	<u>\$ 2,219,278</u>	<u>\$ 1,956,798</u>	<u>\$ 1,170,051</u>	<u>\$ 573,788</u>	<u>\$ 1,028,213</u>	<u>\$ 5,487,877</u>	<u>\$ 14,233,081</u>

* Includes the Offices of the Bishop, Vicar General, Chancellor, Strategic and Pastoral Planning, Tribunal and Safe Environment.

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The Bridgeport Roman Catholic Diocesan Corporation and Affiliate
CONSOLIDATING SCHEDULE OF PROGRAM FUNCTIONAL EXPENSES
For the year ended June 30, 2018

	Pastoral Services of the Bishop*	Religious Personnel Services (includes Queen of Clergy)	Catholic Education and Faith Formation	Pastoral and Human Services	Vocations	Communications and Social Media	Other Program Support	Total Programs
Personnel costs - lay	\$ 687,687	\$ 765,049	\$ 968,199	\$ 170,270	\$ 26,460	\$ 379,131	\$ -	\$ 2,996,796
Personnel costs - religious	192,566	554,590	153,924	798,839	652,333	-	-	2,352,252
Total personnel costs	<u>880,253</u>	<u>1,319,639</u>	<u>1,122,123</u>	<u>969,109</u>	<u>678,793</u>	<u>379,131</u>	<u>-</u>	<u>5,349,048</u>
Insurance	8,817	124,671	2,414	12,536	2,675	213	-	151,326
Grants and contributions	-	-	-	-	-	-	4,994,107	4,994,107
Professional fees	174,408	26,753	298,782	4,383	22,111	212,622	-	739,059
Occupancy	132,438	373,544	46,452	5,799	-	2,986	-	561,219
Dues, fees and memberships	264,743	6,872	114,316	11,829	850	4,740	-	403,350
Office	26,723	9,110	44,649	3,619	751	12,567	-	97,419
Printing	16,217	5,159	16,548	1,066	547	244,110	-	283,647
Travel and seminars	92,787	18,977	166,272	3,244	36,136	5,905	-	323,321
Postage	10,513	1,673	2,593	532	3,940	149,513	-	168,764
Miscellaneous	19,361	24,162	7,330	17,086	9,373	100	-	77,412
Total expenses before depreciation and accretion	<u>1,626,260</u>	<u>1,910,560</u>	<u>1,821,479</u>	<u>1,029,203</u>	<u>755,176</u>	<u>1,011,887</u>	<u>4,994,107</u>	<u>13,148,672</u>
Depreciation and accretion	161,184	189,362	180,533	102,008	74,848	100,291	-	808,226
Total expenses	<u>\$ 1,787,444</u>	<u>\$ 2,099,922</u>	<u>\$ 2,002,012</u>	<u>\$ 1,131,211</u>	<u>\$ 830,024</u>	<u>\$ 1,112,178</u>	<u>\$ 4,994,107</u>	<u>\$ 13,956,898</u>

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