CATHOLIC DIOCESE OF ST. PETERSBURG
PASTORAL CENTER

Combined Financial Statements
and Supplementary Financial Information

June 30, 2019 and 2018
(With Independent Auditor’s Report Thereon)

CATHOLIC DIOCESE OF ST. PETERSBURG
PASTORAL CENTER

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Independent Auditor's Report

Most Reverend Gregory L. Parkes, Bishop and
Diocesan Finance Council of the Catholic Diocese of St. Petersburg Pastoral Center:

We have audited the accompanying combined financial statements of the Catholic Diocese of St. Petersburg Pastoral Center and affiliated entities (see Note 1 to the combined financial statements) (the "Pastoral Center"), which comprise the combined statements of financial position as of June 30, 2019 and 2018, and the related combined statements of activities and cash flows for the years then ended, the related combined statement of functional expenses for the year ended June 30, 2019, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Pastoral Center's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pastoral Center'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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Catholic Diocese of St. Petersburg Pastoral Center and affiliated entities 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.

Report on Summarized Comparative Information

We have previously audited the Catholic Diocese of St. Petersburg Pastoral Center and affiliated entities' 2018 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated November 16, 2018. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Financial Information

The accompanying schedule of financial position information by fund and the schedule of activities information by fund are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined 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 combined financial statements or to the combined 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 combined financial statements as a whole.

Mayer Hoffman McCann P.C.

November 15, 2019
Clearwater, Florida

CATHOLIC DIOCESE OF ST. PETERSBURG
PASTORAL CENTER

Combined Statements of Financial Position

June 30, 2019 and 2018

		2019	2018
Assets			
Cash and cash equivalents	$	6,935,109	18,859,196
Investments:			
Diocesan investments		65,106,071	49,891,906
Held for others		92,973,623	99,618,506
Insurance premiums receivable, net		984,448	786,900
Pledges receivable, net		1,558,333	1,415,552
Estates and trusts receivable		3,119,363	3,091,412
Loans receivable - parishes and schools, net		12,941,733	11,900,272
Prepaid expenses and other assets		1,410,076	796,469
Cemetery plots and other inventory		294,428	367,041
Notes and other receivables, net		9,492,362	8,042,375
Land, buildings and equipment, net		31,104,926	31,052,356
Total assets	$	225,920,472	225,821,985
Liabilities and Net Assets			
Liabilities:			
Accounts payable, accrued expenses and other liabilities	$	5,561,480	5,012,529
Deposits held in trust - parishes and schools		70,155,953	77,034,291
Deposits held in trust - other		22,817,670	22,584,215
Estimated liability for insurance claims		5,721,211	4,876,610
Annuity obligations		836,292	878,286
Total liabilities		105,092,606	110,385,931
Net assets:			
Without donor restrictions:			
Undesignated		10,067,167	10,242,080
Invested in land, buildings and equipment, net		27,929,247	27,827,787
Designated for specific purposes		57,495,462	51,760,237
		95,491,876	89,830,104
With donor restrictions		25,335,990	25,605,950
Total net assets		120,827,866	115,436,054
Total liabilities and net assets	$	225,920,472	225,821,985

CATHOLIC DIOCESE OF ST. PETERSBURG
PASTORAL CENTER

Combined Statements of Activities

For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Support:						
Parish assessments and Annual Pastoral Appeal	$ 9,724,759	2,839,589	12,564,348	10,577,094	2,641,350	13,218,444
Contributions and bequests	500,926	677,060	1,177,986	533,248	1,281,046	1,814,294
Revenue:						
Insurance premium revenue	28,136,686	-	28,136,686	26,561,803	-	26,561,803
Investment return	6,523,834	682,923	7,206,757	7,394,433	912,845	8,307,278
Interest income on loans	593,309	-	593,309	717,155	-	717,155
Programs and sales	6,461,771	-	6,461,771	5,997,128	-	5,997,128
Losses on sale of property and equipment	(13,010)	-	(13,010)	(2,517)	-	(2,517)
Other revenues	538,684	2,486	541,170	406,941	-	406,941
Change in value of split-interest agreements	(69,726)	-	(69,726)	(55,464)	-	(55,464)
Net assets released from restrictions	3,423,995	(3,423,995)	-	4,564,097	(4,564,097)	-
Total support and revenue	55,821,228	778,063	56,599,291	56,693,918	271,144	56,965,062
Expenses:						
Program services:						
Clergy, religious, vocations and seminarian education	2,323,232	-	2,323,232	2,620,786	-	2,620,786
Catholic formation and education	4,073,948	-	4,073,948	4,841,641	-	4,841,641
Catholic social services	1,655,771	-	1,655,771	1,490,081	-	1,490,081
Parish, school and diocesan services	6,306,781	-	6,306,781	4,888,501	-	4,888,501
Pastoral leadership	1,292,567	-	1,292,567	1,144,835	-	1,144,835
Catholic enterprises:						
Bethany Center	2,140,267	-	2,140,267	2,070,497	-	2,070,497
Calvary Catholic Cemetery	1,956,676	-	1,956,676	2,026,806	-	2,026,806
Insurance Trusts	27,770,126	-	27,770,126	28,965,762	-	28,965,762
Savings and Loan	1,394,367	-	1,394,367	321,329	-	321,329
Total program services	48,913,735	-	48,913,735	48,370,238	-	48,370,238
Supporting services:						
Administration and fundraising	1,245,721	-	1,245,721	1,409,255	-	1,409,255
Total expenses	50,159,456	-	50,159,456	49,779,493	-	49,779,493
Other changes:						
Transfer of endowments to others	-	(1,048,023)	(1,048,023)	-	-	-
Change in net assets	5,661,772	(269,960)	5,391,812	6,914,425	271,144	7,185,569
Net assets, beginning of year	89,830,104	25,605,950	115,436,054	82,915,679	25,334,806	108,250,485
Net assets, end of year	$ 95,491,876	25,335,990	120,827,866	89,830,104	25,605,950	115,436,054

See accompanying independent auditor’s report and notes to combined financial statements.

CATHOLIC DIOCESE OF ST. PETERSBURG
PASTORAL CENTER

Combined Statement of Functional Expenses

For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	Program Services							Supporting Services			Total Expenses	
	Clergy, Religious, Vocations and Seminarian Education	Catholic Formation and Education	Catholic Social Services	Parish, School and Diocesan Services	Catholic Enterprises	Pastoral Leadership	Total	Administration	Fundraising	Total	2019	2018
Salaries	$ 549,915	1,208,917	141,369	2,303,041	1,858,682	313,917	6,375,841	331,557	29,804	361,361	6,737,202	6,471,588
Employee benefits, less intradiocesan insurance premiums of $1,290,665 and $1,164,554	113,531	249,584	29,186	475,469	383,729	64,809	1,316,308	64,454	10,150	74,604	1,390,912	1,383,746
	663,446	1,458,501	170,555	2,778,510	2,242,411	378,726	7,692,149	396,011	39,954	435,965	8,128,114	7,855,334
Grants, contributions and subsidies to Diocesan entities	148,048	1,403,268	386,230	1,450,429	500,000	-	3,887,975	-	-	-	3,887,975	3,190,887
Grants to Diocesan School Corporations	91,202	61,600	1,000,000	256,272	-	-	1,409,074	-	-	-	1,409,074	1,362,713
Insurance claims	-	-	-	-	22,143,388	-	22,143,388	-	-	-	22,143,388	24,737,298
Insurance premiums	-	-	-	-	3,342,427	-	3,342,427	-	-	-	3,342,427	3,121,500
Programs/conferences sponsored/clergy support	995,726	705,463	24,231	563,449	12,626	317,543	2,619,038	22,827	-	22,827	2,641,865	2,517,405
Professional fees	242,572	84,747	1,269	444,831	1,440,628	6,311	2,220,358	90,482	28,543	119,025	2,339,383	2,001,566
Travel, meetings and education	50,588	70,237	10,471	71,042	21,253	79,617	303,208	2,491	957	3,448	306,656	262,433
Property maintenance and taxes	23,697	19,215	6,006	74,659	117,258	10,429	251,264	23,672	-	23,672	274,936	331,825
Utilities and telephone	30,912	49,029	13,521	105,981	170,478	30,950	400,871	18,985	141	19,126	419,997	390,695
Assessments and quotas	-	-	-	30,198	-	420,507	450,705	-	-	-	450,705	357,270
Building/equipment maintenance	45,675	74,047	24,229	140,730	206,830	37,044	528,555	49,539	-	49,539	578,094	590,275
Supplies	11,748	16,071	5,288	42,875	23,785	6,237	106,004	4,613	736	5,349	111,353	140,272
Postage	4,249	4,108	5,683	84,129	12,243	3,004	113,416	2,958	489	3,447	116,863	105,963
Dues and periodicals	11,686	14,962	1,098	43,433	6,211	1,655	79,045	1,089	-	1,089	80,134	81,705
Stipends and contract labor	2,975	44,485	6,700	8,320	3,640	-	66,120	-	-	-	66,120	80,413
Rent	708	20,125	490	167,199	-	544	189,066	381	-	381	189,447	181,674
Cost of sales and other related expenses	-	-	-	-	721,562	-	721,562	-	-	-	721,562	680,894
Advertising	-	1,258	-	44,724	41,123	-	87,105	-	-	-	87,105	53,099
Interest paid to independent entities on deposits held	-	-	-	-	1,117,803	-	1,117,803	-	-	-	1,117,803	1,077,808
Interest on bank debt and capitalized leases	-	-	-	-	-	-	-	-	-	-	-	2,303
Depreciation	-	36,688	-	-	879,793	-	916,481	524,996	154	525,150	1,441,631	1,429,416
Net provisions (recoveries) for loan and other losses	-	10,144	-	-	257,977	-	268,121	31,656	5,047	36,703	304,824	(773,255)
Total expenses	$ 2,323,232	4,073,948	1,655,771	6,306,781	33,261,436	1,292,567	48,913,735	1,169,700	76,021	1,245,721	50,159,456	49,779,493

See accompanying independent auditor's report and notes to combined financial statements.

CATHOLIC DIOCESE OF ST. PETERSBURG
PASTORAL CENTER

Combined Statements of Cash Flows

For the Years Ended June 30, 2019 and 2018

		2019	2018
Cash flows from operating activities:			
Change in net assets	$	5,391,812	7,185,569
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Provision for doubtful accounts, net of recoveries		323,297	(749,645)
Provision for insurance claims		844,601	490,876
Losses on sale of property and equipment		13,010	2,517
Amortization of discount on loans receivable		(19,041)	(23,610)
Depreciation expense		1,441,631	1,429,416
Net realized and unrealized gains on investments		(3,250,637)	(3,742,285)
Change in value of split-interest agreements		69,726	55,464
Contributions under annuity agreements		-	(24,257)
Changes in operating assets and liabilities:			
Insurance premiums receivable		(947,130)	(252,683)
Pledges receivable		(147,828)	199,054
Estates and trusts receivable		(27,951)	466,992
Other receivables		(952,805)	4,940
Prepaid expenses and other assets		(613,607)	57,572
Cemetery plots and other inventory		72,613	41,098
Accounts payable, accrued expenses and other liabilities		548,951	(787,339)
Net cash provided by operating activities		2,746,642	4,353,679
Cash flows from investing activities:			
Proceeds from sales and maturities of investments		17,350,004	14,538,921
Purchases of investments		(22,431,000)	(22,368,028)
Net change in deposits held in trust		(6,882,532)	6,909,709
Net purchases of investments		(11,963,528)	(919,398)
Collections on loans receivable		8,138,281	5,811,763
Loans to Diocesan entities - parishes and schools		(9,371,040)	(2,815,071)
Collections on notes and other receivables		144,489	12,000
Purchases of land, buildings, and equipment		(1,515,262)	(859,641)
Proceeds from sales of land, buildings and equipment		8,051	44,896
Net cash provided by (used in) investing activities		(14,559,009)	1,274,549
Cash flows from financing activities:			
Assets received under charitable gift annuity agreements		-	60,000
Payments to donor annuitants		(111,720)	(113,944)
Net cash used in financing activities		(111,720)	(53,944)
Net increase (decrease) in cash and cash equivalents		(11,924,087)	5,574,284
Cash and cash equivalents, beginning of year		18,859,196	13,284,912
Cash and cash equivalents, end of year	$	6,935,109	18,859,196
Noncash activities:			
Increase in value of deposits held in trust - Non-Diocesan entities	$	237,649	827,821

(1) Nature of Operations and Basis for Presentation

The Catholic Diocese of St. Petersburg (the "Diocese") was established by the Roman Catholic Church in 1968 to serve the Catholic community in Citrus, Hernando, Hillsborough, Pasco and Pinellas Counties in West Central Florida. The Pastoral Center of the Diocese (the "Pastoral Center") operates as Diocese of St. Petersburg, Inc. and consists of the Office of Bishop and his supporting staff as employees of Diocese of St. Petersburg, Inc., who administer Diocesan assets and minister to parishes, schools and other Diocesan entities.

This financial report is intended to provide transparency and accountability to the parishioners of the Diocese, many of whom have made financial contributions directly to the Diocese or indirectly supported the Diocese through the financial support of parishes. In addition, this report serves other users who are also interested in the financial condition of entities that are funded through other sources. Inclusion in this report does not indicate that assets, net assets, or cash flow of any entity is available for other entities, nor do any liabilities attach to any of the entities with which an entity has been combined. Each entity has a specific purpose and its governing board has a fiduciary responsibility to the owners or beneficiaries of that entity. Assets which entities have acquired are distinct from the assets of other entities even though they may be comingled in a fund such as the Savings and Loan Trust of the Diocese of St. Petersburg. For the purposes of this financial report, the assets, liabilities, net assets, and activities of the Pastoral Center have been reported on a combined basis with those of the following organizations (which are separate legal entities under the laws of the State of Florida and administered by their respective Boards) which the Pastoral Center also ministers to and supports:

- Bethany Center, Inc.
- Emmaus Foundation, Inc. d/b/a The Catholic Foundation of the Diocese of St. Petersburg (the "Catholic Foundation")
- Insurance and Employee Benefit Trust of the Diocese of St. Petersburg (Insurance and Employee Benefit Trust)
- Miserere Guild, Inc. d/b/a Calvary Catholic Cemetery
- Miserere Guild of Hillsborough, Inc. d/b/a Resurrection Cemetery, Inc.
- Our Lady of Good Counsel Camp, Inc.
- Savings and Loan Trust of the Diocese of St. Petersburg (Savings and Loan Trust)
- WBVM - 90.5 FM, Inc.

The Pastoral Center's audited combined financial statements do not include the assets, liabilities, net assets or activities of certain other separate legal entities such as parishes, missions, parochial schools, Diocesan high school corporations, Morning Star school corporations, Catholic Academies - Diocese of St. Petersburg, Inc., Catholic School System - Diocese of St. Petersburg, Inc., Catholic Formation, Inc., Catholic Charities, Diocese of St. Petersburg, Inc., DOSP USF Housing, Inc., multiple corporations providing affordable housing and other entities. However, Catholic Formation, Inc. and Catholic Charities, Diocese of St. Petersburg, Inc. each have separate audits conducted by independent certified public accounting firms with audited statements published on their respective websites.

(1) Nature of Operations and Basis for Presentation - Continued

The operations of the Diocese regularly include related party transactions with entities that are not combined, as well as with those that are combined. The Pastoral Center receives the majority of its operational support from approximately 80 parishes in the five-county area of the Diocese. In addition, the Pastoral Center provides significant financial support to many of the entities mentioned above, including those which are combined for reporting purposes and those which are not combined for reporting purposes.

The Pastoral Center has the following major types of ministries and program activities.

Pastoral Programs

Ministries and Apostolates: faith ministries and migrant apostolates; Miserere Guild, Inc., d/b/a Calvary Catholic Cemetery; WBVM - 90.5 FM, Inc., a radio station; Bethany Center, Inc., a retreat center; and Our Lady of Good Counsel Camp, Inc., a summer camp.

Catholic Formation and Education: education and formational ministries and programs; Catholic Education Foundation, Inc. whose purpose is to support the Catholic schools of the Catholic Diocese of St. Petersburg; and Emmaus Foundation, Inc. d/b/a The Catholic Foundation of the Diocese of St. Petersburg.

Social Services: providing support to Catholic Charities, and other operating ministries and social service activities.

Clergy Development and Religious: promoting and educating candidates to the priesthood, providing clergy support, providing support to seminaries and providing program services to the religious women and men in Diocesan institutions.

Parochial Services: providing various ministry and administrative support services to parishes, educational institutions and other Diocesan entities.

Insurance Programs: administration of the Diocesan insurance and employee benefit programs (a trust).

Savings and Loan Programs: an investing and lending program utilizing commingled funds for the Pastoral Center, parishes and educational institutions (a trust).

Property Administration: various activities related to the planning and maintenance of all Diocesan owned properties.

Stewardship: programs for encouraging and developing giving within the Diocese.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

These combined financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Diocesan Pastoral Center as a whole. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions: Net assets not subject to donor-imposed stipulations. Included in net assets without donor restrictions are net assets designated for specific programs by management based upon the nature and types of programs. Such designations are subject to change.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed stipulations are expected to be met by actions of the Pastoral Center and/or the passage of time or include a stipulation that assets provided be maintained in perpetuity by the Pastoral Center. Generally, the donors of these assets permit the Pastoral Center to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of donor restricted assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions, including unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value and are subsequently adjusted as necessary based on any permanent impairment of their fair value.

Interfund balances and interfund transactions are eliminated from these combined financial statements.

Assets are presented in the accompanying combined statements of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

(2) Summary of Significant Accounting Policies - Continued

(b) Cash and Cash Equivalents

Other than short-term investments, the Pastoral Center considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Cash is on deposit at several high quality financial institutions in bank deposit accounts which at times, may exceed federally insured limits. The Pastoral Center has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

(c) Loans Receivable - Parishes and Schools (Savings and Loan Trust)

A savings and loan program is administered by a Board of Trustees appointed by the Bishop of the Diocese. Loans made from the Trust are restricted to qualified Diocesan entities including parishes, schools and Catholic Charities. Loans may be made for construction projects and operational needs of the entities. Entities must submit written applications for loans demonstrating, among other things, their ability to repay the loan. All loan requests of greater than $50,000 must be approved by the Bishop and the Board of Trustees. Loans of less than $50,000 may be approved by the Bishop.

Loans are made at fixed interest rates (currently 4%) that are reviewed and adjusted periodically as necessary by the Trustees based upon the needs of the Trust and current market rate conditions. Such loans are amortized over periods ranging from 3 years to 30 years, depending on the size and type of loan, and the financial condition and needs of the entity. In some cases, usually involving construction projects, loans are not amortized until the completion of all of the requirements of the project or another event. In some cases, based on the entity's financial condition and/or the purpose of the loan, loans are made at zero percent interest.

On a quarterly basis, Pastoral Center management reviews the payment history of each loan, and based on such history, the financial condition of the entity and other pertinent factors, establishes an allowance for loans that they believe may not be collectible. Such allowances are reported to and approved by the Trustees on a quarterly basis as part of the Trust's quarterly financial statements.

(d) Notes and Other Receivables

Certain other notes and accounts receivable result from the ministries and operations of the Pastoral Center. Included are long-term, non-interest bearing land loans to certain parishes, stop-loss insurance claims' recoveries, costs advanced on low-income housing construction projects of the Diocese, Cemetery trade receivables, parish assessment receivables and other miscellaneous advances that are made outside the Savings and Loan Trust. Except for the land loans, these receivables are usually collected within one year. However, management analyzes the collectability of the receivables in this account on a quarterly basis, records an estimated allowance for uncollectible items, and reports the receivables net of the allowance.

(2) Summary of Significant Accounting Policies - Continued

(e) Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded net of an allowance for doubtful pledges. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows net of an allowance for doubtful pledges. The discounts on those amounts are computed using a risk adjusted interest rate which corresponds with the collection period of the respective pledge. Amortization of discounts is included in contribution revenue.

(f) Bequests Receivable

The Catholic Foundation recognizes its interest in estates in process as a receivable (when the Court declares the related will valid) at fair value and as net assets with donor restrictions.

(g) Estates and Trusts Receivable

The Pastoral Center recognizes a receivable and revenue for their interest in estates and trusts in process based on the inventories of assets and conditions contained in the respective documents. The Pastoral Center records receivables (when the court declares the related document valid) as net assets with donor restrictions. As funds (those with time or purpose restrictions) are collected, donor restricted assets are reclassified to net assets without donor restrictions if the donor-stipulated purpose has been fulfilled and reported in the combined statements of activities as net assets released from restrictions.

(h) Land, Buildings and Equipment

Land, buildings and equipment are stated at cost, when purchased or at fair value at date of gift, when donated. Land is valued at cost which, in the aggregate, is less than fair value. Depreciation on buildings and equipment is calculated using the straight-line method over the estimated useful lives of the assets.

(i) Pledges Payable

Unconditional promises for expenditures approved by the Board of Trustees and management are recorded as pledges payable in the year they are approved and the recipient is identified. These unconditional promises are expected to be paid in future years as specified in the approval process.

(2) Summary of Significant Accounting Policies - Continued

(j) Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated from the use and eventual disposition of the asset, excluding interest. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the combined statements of financial position and reported at the lower of carrying amount or fair value less costs to sell and no longer depreciated. No impairment charges were recorded during the years ended June 30, 2019 and 2018.

In addition to consideration of impairment upon events or changes in circumstances described above, management regularly evaluates the remaining lives of its impaired long-lived assets. If estimates are revised, the carrying value of affected assets is depreciated or amortized over the remaining lives.

(k) Fair Value Measurements of Investments

The Pastoral Center evaluates the fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. In accordance with generally accepted accounting principles, fair value measurements are evaluated by a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Pastoral Center's assumptions (unobservable inputs). Determining where an asset or liability falls within the hierarchy depends on the lowest level of input that is significant to the fair value measurement as a whole. There are three levels of hierarchy:

Level 1: based on quoted market prices in active markets for identical assets or liabilities;

Level 2: based on inputs other than Level 1 inputs which are either directly or indirectly observable;

Level 3: based on unobservable inputs. The Pastoral Center does not have any Level 3 fair value measurements.

The Pastoral Center evaluates its hierarchy disclosures annually, and based on various factors it is possible that an asset or liability may be classified differently from year to year. The Pastoral Center's Level 2 alternative investments are valued at net asset value (NAV). The Pastoral Center does not have any unfunded commitments for these investments and the investments are redeemable daily.

(2) Summary of Significant Accounting Policies - Continued

(k) Fair Value Measurements of Investments - Continued

Fair value of investments measured on a recurring basis at June 30, 2019 and 2018 are as follows:

	Level 1	Level 2	Level 3	Total
June 30, 2019:				
Mutual funds	$ 101,688,909	-	-	101,688,909
Marketable equity securities	11,333,734	-	-	11,333,734
Bonds and other income securities	401,044	15,541,743	-	15,942,787
Short-term investments	11,395,680	-	-	11,395,680
Certificates of deposit	-	254,646	-	254,646
	$ 124,819,367	15,796,389	-	140,615,756
Alternative investments measured at NAV				17,463,938 **(a)**
Total investments, at fair value				$ 158,079,694
June 30, 2018:				
Mutual funds	$ 91,649,415	-	-	91,649,415
Marketable equity securities	8,709,345	-	-	8,709,345
Bonds and other income securities	427,074.00	14,550,427	-	14,977,501
Short-term investments	11,215,080	-	-	11,215,080
Certificates of deposit	-	257,442	-	257,442
	$ 112,000,914	14,807,869	-	126,808,783
Alternative investments measured at NAV				22,701,629 **(a)**
Total investments, at fair value				$ 149,510,412

(a) *In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the accompanying combined statements of financial position.*

(l) Other Fair Value Measurements

At June 30, 2019 and 2018, the following methods, assumptions and accounting principles were used to estimate the fair value of each of the following classes of financial instruments for which it is practical to estimate that value:

Pledges Receivable: The fair value is determined at the present value of the amount pledged based on the risk adjusted interest rate which corresponds with the collection period of the respective pledge.

(2) Summary of Significant Accounting Policies - Continued

(l) Other Fair Value Measurements - Continued

Loans Receivable: Except for non-interest-bearing loans in the amount of $1,440,514 and $578,740 at June 30, 2019 and 2018, respectively, the carrying amount of loans receivable approximates fair value because these financial instruments bear rates which approximate current market rates for loans of similar collateral position, credit quality and maturities. Noninterest bearing loans relate to planned construction for certain parishes.

Notes and Other Receivables: The carrying amount of notes and other receivables includes land purchase receivables that are not subject to repayment terms at the present time. Such land purchase receivables were $5,858,954 and $5,253,443 at June 30, 2019 and 2018, respectively, and are non-interest bearing. It is not practical, nor possible, to obtain independent estimates of the fair values for these receivables (see Note 7).

Savings Deposits: The carrying amount of savings deposits approximates fair value because of the short-term maturities of these financial instruments.

(m) Endowments

The Pastoral Center follows applicable Florida law with respect to donor-restricted funds and complies with any donor imposed restrictions on the use of the investment income or net appreciation resulting from the donor restricted funds in perpetuity. However, when there is an absence of donor restrictions on the use of the investment income or net appreciation, the Pastoral Center follows applicable law.

The Pastoral Center has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment assets, which include both internally designated and donor restricted endowments while seeking to maintain the purchasing power of these endowment assets over the long term. The objective is to maintain the purchasing power of endowment assets in perpetuity by seeking long-term returns, which either match or exceed the spending rate plus inflation.

To satisfy its long-term rate-of-return objectives, the Pastoral Center relies on a total return strategy using higher returning asset classes. Asset allocation is global in scope and allows the investment of foreign and domestic securities in the portfolio. The Pastoral Center targets a diversified asset allocation that places an emphasis on equity-based and fixed income mutual funds, and marketable equity securities to achieve its long-term return objectives within prudent risk constraints.

(2) Summary of Significant Accounting Policies - Continued

(n) Parish Assessments and Annual Pastoral Appeal

Parish assessments help fund the various ministry budgets of the Pastoral Center and are recorded in the year the parish is assessed by the Pastoral Center. Such assessment is based on each parish's offertory, among other factors. The Annual Pastoral Appeal (APA) represents pledges received from parishioners to help pay their parish's assessment. APA pledges receivable at June 30, 2019 and 2018 are included in net assets with donor restrictions since they will not be available to the Diocese until the next fiscal year.

(o) Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Diocese have been summarized on a functional basis in the combined statement of functional expenses. Expenses directly attributable to a specific functional area of the Pastoral Center are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on either time spent by employees on each functional area or based on a square footage analysis for all indirect occupancy-related expenses.

(p) Reclassifications

Certain amounts appearing in the 2018 combined financial statements have been reclassified to conform to the presentation in 2019.

(q) Income Taxes

In an annually updated ruling, the Internal Revenue Service has held that the 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 the provisions of Section 501(c)(3) of the Internal Revenue Code. The Diocese and the combined entities within these financial statements are listed in "The Official Catholic Directory" and therefore the Pastoral Center is exempt from income tax. Accordingly, the accompanying financial statements reflect no provision for income taxes.

The Diocese has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; and to review other matters that may be considered tax positions. No amounts of unrecognized tax benefits or liabilities have been recorded by the Pastoral Center as of June 30, 2019 or 2018.

(r) Cemetery - Perpetual Care Funds

Included in the Cemetery's sales contract is a commitment to maintain graves, crypts, niches and memorial gardens in perpetuity and the contract stipulates 10% of such sales shall be segregated for the perpetual care of the Cemetery. The Cemetery has set these funds aside as a reserve designated for this commitment.

(2) Summary of Significant Accounting Policies - Continued

(s) Use of Estimates

The preparation of the combined financial statements in accordance with generally accepted accounting principles in the United States of America requires management of the Pastoral Center to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Significant items subject to such estimates include the estimates of the allowances for uncollectible loans and pledges and the reserves for insurance claims. Actual results could differ from those estimates.

(t) Subsequent Events

In accordance with generally accepted accounting principles in the United States of America the management of the Pastoral Center must evaluate subsequent events, and must recognize and disclose events or transactions occurring after the combined statement of financial position date under certain circumstances. The Pastoral Center evaluated its June 30, 2019 combined financial statements for subsequent events through November 15, 2019, the date the combined financial statements were available to be issued. The Pastoral Center is not aware of any subsequent events which would require recognition or disclosure in the combined financial statements.

(u) Recent Accounting Pronouncement

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, and the lack of consistency in the type of information provided about expenses and investment return. The Pastoral Center has adopted this ASU as of and for the year ended June 30, 2019. As a result, the Pastoral Center changed the presentation of its net asset classes, included a statement of functional expenses for fiscal 2019 and expanded its footnote disclosures as required by the ASU.

(3) Investments

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

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Mutual funds:				
Large Cap Growth Equity	$ 34,861,028	28,902,363	28,610,634	23,414,217
Small Cap Value Equity	62,642	43,006	1,161,640	1,123,630
Domestic Fixed Income	36,137,071	32,511,732	33,993,054	31,929,989
Global Balanced / TAA	11,359,710	10,863,797	10,538,346	10,073,032
International Equity	19,268,458	18,133,843	17,345,741	15,716,062
Marketable equity securities:				
Domestic - Small Cap Value	11,333,734	10,799,336	8,709,345	7,041,596
Bonds and other income securities:				
US Government obligations	9,510,404	9,140,920	8,581,596	8,742,279
Mortgage-backed securities	5,031,403	5,016,046	4,745,187	4,905,377
Corporate bonds	999,936	987,355	1,223,644	1,257,540
Aggregate bond index	401,044	392,672	427,074	437,744
Alternative investments:				
Passive S&P 500 Equity	17,463,938	7,302,147	22,701,629	12,471,668
Short-term investments:				
Prime Obligations Institutional FFS	11,395,680	11,395,680	11,215,080	11,218,279
Certificates of deposit	254,646	254,646	257,442	257,442
	$ 158,079,694	135,743,543	149,510,412	128,588,855

Investments at June 30, 2019 and 2018 are held for the following funds/activities:

	2019	2018
Savings and Loan Fund Trust	$ 115,643,131	107,163,529
Emmaus Foundation, Inc.	27,435,563	27,313,806
Endowed Funds	10,853,186	11,905,214
Cemetery Funds	4,147,814	3,127,863
Total investments	$ 158,079,694	149,510,412
Including:		
Held in Trust for Parishes and Schools	$ 70,155,953	77,034,291
Held in Trust for the Catholic Foundation and other Funds	22,817,670	22,584,215
Total investments held in trust	$ 92,973,623	99,618,506

Included in the Savings and Loan Fund Trust investments above are investments of $1,741,334 and $1,706,842 at June 30, 2019 and 2018, respectively, which are pledged as collateral for self-insurance of workers compensation claims (see Note 6).

(3) Investments - Continued

The components of net investment return for the years ended June 30, 2019 and 2018 are as follows:

		2019	2018
Interest and dividend income	$	4,271,942	4,806,597
Net realized and unrealized gains		3,250,637	3,742,285
Management and custodial fees		(315,822)	(241,604)
Total investment return, net	$	7,206,757	8,307,278

(4) Pledges Receivable

Pledges receivable from participating parishes and other entities at June 30, 2019 and 2018 are as follows:

		2019	2018
Pledges receivable	$	1,563,166	1,422,352
Less allowance for doubtful pledges		(4,833)	(6,800)
Net pledges receivable	$	1,558,333	1,415,552

An allowance for doubtful pledges is provided for balances due when the collection of such amounts is considered doubtful. Although the Pastoral Center continues to work with these donors, at present there has been no decision made as to a definitive and adequate means of repayment.

The activity in the allowance for doubtful accounts is as follows:

		Amount
Balance at June 30, 2017	$	-
Provision for doubtful accounts		9,300
Write-offs		(2,500)
Balance at June 30, 2018		6,800
Provision for doubtful accounts		5,047
Write-offs		(7,014)
Balance at June 30, 2019	$	4,833

(5) Loans Receivable - Parishes and Schools (Savings and Loan Fund Trust)

Loans receivable from Diocesan entities at June 30, 2019 and 2018 are as follows:

		2019	2018
Parishes and parochial schools	$	17,013,223	16,530,464
High schools		487,718	487,718
		17,500,941	17,018,182
Less discount on non-interest bearing loans		(30,567)	(49,608)
Less allowance for doubtful loans		(4,528,641)	(5,068,302)
Loans receivable, net	$	12,941,733	11,900,272

An allowance for doubtful loans is provided for balances due when the collection of such amounts is considered doubtful. Although the Trust continues to work with these entities and has restructured the terms on certain loans, at present there has been no decision made as to a definitive and adequate means of repayment. The interest rate charged for loans was 4.0% during the years ended June 30, 2019 and 2018, except for loans of $1,440,514 and $578,740 outstanding as of June 30, 2019 and 2018, respectively, which are non-interest bearing.

The activity in the allowance for doubtful loans was as follows:

		Amount
Balance at June 30, 2017	$	7,895,075
Net provision (recoveries)		(892,235)
Write-offs		(1,934,538)
Balance at June 30, 2018		5,068,302
Net provision (recoveries)		(539,661)
Write-offs		-
Balance at June 30, 2019	$	4,528,641

(6) Insurance and Employee Benefits Trust

All Diocesan entities, including parishes and schools, are required to participate in the insurance programs that are administered through this Trust. The insurance programs include: Property, Liability, Workers' Compensation, Vehicle, Unemployment Compensation, Group Health, Group Life, Short-term Disability, Long-term Disability, Student Accident, and Special Events. Some of these programs are fully-insured through independent underwriters; some are self-funded; and some are funded with a combination of fully-insured and self-funded sources. The two self-funded programs with the highest potential risk (Workers' Compensation and Group Health) use fully-insured stop-loss insurances to protect against catastrophic losses.

(6) Insurance and Employee Benefits Trust - Continued

Participating entities are charged premiums based upon the estimated costs of the programs, including insurance premiums paid to underwriters, self-insured claims expenses, excess and stop-loss insurance premiums, professional administration fees, necessary reserves and administration costs.

Reserves for self-funded insurance claims for potential uninsured losses are computed using actuarial valuations and management estimates. In the opinion of management, the reserves for insurance claims of $5,721,211 and $4,876,610 at June 30, 2019 and 2018, respectively, represent adequate provision for unpaid losses which have been incurred, but may not be reported, as of June 30, 2019 and 2018.

Insurance premiums receivable from participating entities at June 30, 2019 and 2018 are as follows:

		2019	2018
Insurance premiums receivable	$	2,388,268	1,441,138
Less allowance for doubtful accounts		(1,403,820)	(654,238)
Net insurance premiums receivable	$	984,448	786,900

The activity in the allowance for doubtful accounts was as follows:

		Amount
Balance at June 30, 2017	$	745,719
Net provision (recoveries)		(91,481)
Write-offs		-
Balance at June 30, 2018		654,238
Net provision (recoveries)		749,582
Write-offs		-
Balance at June 30, 2019	$	1,403,820

(7) Notes and Other Receivables

Notes and other receivables are as follows:

		2019	2018
Land purchase receivables	$	5,858,954	5,253,443
Ministry and program trade receivables		827,261	763,155
Parish assessment receivables		1,209,202	1,172,431
Stop-loss recoveries and other insurance receivable		-	10,688
Other		3,216,412	2,353,871
		11,111,829	9,553,588
Less allowance for doubtful accounts		(1,619,467)	(1,511,213)
Notes and other receivables, net	$	9,492,362	8,042,375

The activity in the allowance for doubtful accounts was as follows:

		Amount
Balance at June 30, 2017	$	1,343,856
Provision for doubtful accounts		224,771
Write-offs		(57,414)
Balance at June 30, 2018		1,511,213
Provision for doubtful accounts		108,329
Write-offs		(75)
Balance at June 30, 2019	$	1,619,467

The land purchase receivables included in notes and other receivables are amounts advanced to twelve parishes in previous years to fund the cost of the parishes' land, determined in accordance with Diocesan Policy at the time of the creation of the parish. The amounts paid are non-interest bearing and are not subject to a recovery agreement at the present time. However, by agreement with the parishes, under certain circumstances, the Bishop of the Diocese of St. Petersburg may demand that the amounts be repaid to the Savings and Loan Fund Trust. Management has classified these transactions with the parishes as receivables at their book value since (1) it is not known when the Bishop may request the recovery of the amounts paid, and (2) the amounts paid are ultimately secured by the parishes' property, and in the event of the closing and sale of the parish, first dollar proceeds would come to the Savings and Loan Fund Trust of the Diocese of St. Petersburg and would be sufficient to recover the receivables.

(8) Land, Buildings and Equipment

Land, buildings and equipment consist of the following at June 30, 2019 and 2018:

		2019	2018	Useful Life
Buildings and improvements	$	32,488,161	32,055,500	10 - 30 years
Construction-in-progress		1,030,554	335,797	-
Computer equipment		1,153,175	1,000,057	5 - 10 years
Furniture and fixtures		3,206,200	3,065,458	5 - 20 years
Vehicles		365,496	365,496	3 - 5 years
		38,243,586	36,822,308	
Less accumulated depreciation		(20,451,615)	(19,082,907)	
		17,791,971	17,739,401	
Land		13,312,955	13,312,955	
	$	31,104,926	31,052,356	

Depreciation expense for the years ended June 30, 2019 and 2018 was $1,441,631 and $1,429,416, respectively.

(9) Leases

The Pastoral Center leases equipment under capital leases, which are included in accounts payable, accrued expenses and other liabilities. The economic substance of the lease is that the Pastoral Center is financing the acquisition of the equipment through the lease, and accordingly, they are recorded as capital lease obligations as of June 30, 2019 and 2018 totaling $1,368 and $4,325, respectively. The cost and accumulated amortization of the leased assets as of June 30, 2019 were $15,438 and $14,152, respectively. The cost and accumulated amortization of the leased assets as of June 30, 2018 were 15,438 and $11,064, respectively. Future minimum lease payments due under these leases are nominal in amount and expire over various dates through November 2019.

The Pastoral Center leases equipment, office and residential space during the course of operations under operating leases. Rent expense for these leases was $189,447 and $181,674 for the years ended June 30, 2019 and 2018, respectively.

The Pastoral Center has entered into an agreement to lease office space from a parish for WBVM - 90.5 FM, Inc. The lease is for 25 years, which commenced October 2009. The lease may be terminated by the Pastoral Center with six months written notice to the parish. For each of the years ended June 30, 2019 and 2018, rent expense for the lease was $84,804.

(10) Bank Debt

The unsecured line of credit is for working capital needs up to $10,000,000 and the balance drawn was $0 at June 30, 2019 and 2018. The line of credit bears interest at a rate of LIBOR plus .97% (3.36% at June 30, 2019) and matures in June 2021.

The Pastoral Center is subject to a financial covenant with the bank which stipulates the Pastoral Center must maintain unencumbered and unrestricted investments, with a fair value of at least the total loans outstanding, including amounts due to the bank for which the Diocese has guaranteed repayment or is a co-signor (see Note 16) or $17.3 million. At June 30, 2019 and 2018, the Pastoral Center was in compliance with this covenant.

There was no interest paid on the line of credit during the years ended June 30, 2019 and 2018.

(11) Deposits Held in Trust - Non-Diocesan Entities

Deposits held in trust - Non-Diocesan entities are held and managed by the Catholic Foundation under various programs for the benefit of various ministries in the Diocese. The net investment income earned or losses incurred on these deposits is distributed to the participants.

Deposits held in trust for non-Diocesan entities at June 30, 2019 and 2018 are as follows:

	2019	2018
A Catholic corporation	$ 11,796,936	11,594,489
School endowments	8,300,670	8,207,196
Other Diocesan entities	14,816	13,928
A Parochial school	2,577,132	2,636,292
Other entities	128,116	132,310
Total	$ 22,817,670	22,584,215

(12) Designated for Specific Programs

Net assets designated for specific programs at June 30, 2019 and 2018 were as follows:

	2019	2018
Cemetery operations and care	$ 7,407,404	7,488,648
Insurance/employee benefit trust	16,400,657	14,434,720
Annual Pastoral Appeal	6,421,571	7,103,344
Savings and Loan Trust	26,682,952	21,916,803
Communications	741	741
Good Counsel Camp	582,137	815,981
Total	$ 57,495,462	51,760,237

(13) Net assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018 consist of the following:

		2019	2018
Purpose restrictions:			
Catholic formation and education	$	4,507,352	3,117,230
Assistance to the needy		108,136	109,307
Clergy and seminarian support		3,170,895	3,559,776
Communications		128,029	95,443
Other ministries		976,001	1,206,668
		8,890,413	8,088,424
Time restrictions:			
Assistance to the needy		2,946,033	2,910,535
Annual Pastoral Appeal		1,547,873	1,385,469
Charitable gift annuities		561,121	576,840
Land held for sale		-	240,000
		5,055,027	5,112,844
To be held in perpetuity:			
Catholic formation and education		5,860,950	6,045,330
Seminarian support		2,385,573	3,215,325
Diocesan ministries		1,802,954	1,802,954
Cemetery care		129,352	129,352
Parish ministry and support		1,035,484	1,035,484
Other		176,237	176,237
		11,390,550	12,404,682
Total net assets with donor restrictions	$	25,335,990	25,605,950

Net assets with donor restrictions in perpetuity are invested in one of three ways. They are either invested in the Diocesan Savings and Loan Trust where they earn a fixed rate of return; or, they are placed in the Catholic Foundation for investment with independent investment managers; or, they are placed directly with independent investment institutions. The Trust and the Foundation are governed by separate Boards of Trustees that are appointed by the Bishop of the Diocese of St. Petersburg. These Trustees oversee the investment of these funds. For those funds placed with independent investment managers and institutions, investment policies are adopted that consider the purposes and needs of the earnings based on the individual restrictions of the funds' donors.

In 2019, the Catholic Foundation transferred a donor endowment of $218,271 to the catholic high school named as the beneficiary. In 2019, the Pastoral Center also transferred an endowment of $829,752 restricted for the support of seminarians to St. Vincent de Paul Regional Seminary's endowment.

(14) Annuity Obligations

The Catholic Foundation is certified by the State of Florida to market and manage charitable gift annuity contracts. Under these contracts, a donor transfers assets to the Catholic Foundation at the beginning of the contract and the Catholic Foundation makes predetermined quarterly payments to the donor, or in certain cases donors' spouses, over their remaining lifetimes. Upon the donors' death, the remaining assets are available for the Catholic Foundation's use, subject to any specific donor restrictions. Annuity obligations are stated at the actuarial present value of future cash flows expected to be paid to donors over their lifetimes. The discount rates used in computing the present value of annuity obligations range from 1.2% to 6.2% as of June 30, 2019 and 2018. At June 30, 2019 and 2018, annuity obligations totaled $836,292 and $878,286, respectively.

State law requires the Catholic Foundation to maintain a reserve fund in connection with its gift annuity program. The required amount to be maintained in the fund is based on a multiple of the actuarial value of the related annuity obligations.

(15) Commitments and Contingencies

(a) Loan Contingencies

The Diocese entered into a line of credit arrangement with a financial institution to provide up to $30 million in financing for construction and renovation projects undertaken by Diocesan parishes, a high school and Catholic Charities, Diocese of St. Petersburg, Inc. The respective Diocesan entities are responsible for repayment of any amounts borrowed, and the Savings and Loan Trust of the Diocese is a co-signer on all loans. The loans have maturity dates that range from May 15, 2020 to September 1, 2029, however the loans are subject to renewal at those times. The amount outstanding on borrowings by Diocesan entities, which is not reflected in these combined financial statements at June 30, 2019 and 2018 under this line of credit, was $17,319,184 and $16,696,719, respectively. The Diocese has not experienced any losses on these borrowings for the years ended June 30, 2019 and 2018.

(b) Guarantees

The Diocese guaranteed borrowings from a commercial bank by Catholic Charities, Diocese of St. Petersburg, Inc.; a $300,000 revolving line of credit. The $300,000 revolving line of credit bears interest at a variable rate based on the 30 day LIBOR rate, plus 1.47% and is not less than 3.0%. Total borrowings under the term loan and the revolving line of credit guaranteed by the Pastoral Center which are not reflected in these combined financial statements at June 30, 2019 and 2018 were $157,891 and $0, respectively. The guarantee is for the entire amount and term of the borrowings. The guarantee is secured by deposits and investments, if any, maintained by Catholic Charities at the commercial bank. If Catholic Charities defaults on a payment, the Pastoral Center would have to perform under the guarantee. It is not practical to obtain independent estimates of the fair values for the contingent liability for this guaranteed debt.

(15) Commitments and Contingencies - Continued

(b) Guarantees - Continued

During 2012 the Diocese guaranteed a borrowing from a commercial bank by Catholic Charities - Arbor Villas, Inc. and Catholic Charities, Diocese of St. Petersburg, Inc.; a $1,000,000 commercial real estate term loan. The amount due under this loan guaranteed by the Diocese which is not reflected in these combined financial statements at June 30, 2019 and 2018 was $135,000 and $175,000, respectively. The loan is payable at $3,333 per month, plus interest with any remaining unpaid principal due September 2, 2021. Interest on the loan is based upon the 30 day LIBOR rate, plus 1.90% and is not less than 3.0%. The loan is secured by deposits and investments, if any, maintained by Catholic Charities at the commercial bank and the low-income housing project purchased with the loan, including rents, leases and profits of Catholic Charities - Arbor Villas, Inc. It is not practical to obtain independent estimates of the fair values for the contingent liability for this guaranteed debt.

(c) Litigation

The Pastoral Center is subject to asserted and unasserted claims arising in the course of its activities. While the result of litigation cannot be predicted with absolute certainty, management believes the final outcome will not have a materially adverse effect on the Pastoral Center's financial condition. The Pastoral Center has accrued for estimated losses as of June 30, 2019 and 2018.

(16) Pension Plan

The Diocese has a multiemployer defined benefit pension plan named "Pension Plan for the Employees of the Entities of the Diocese of St. Petersburg" (the "Plan"). The Plan is a non-contributory plan and covers employees of all Diocesan entities who meet participation requirements. The Pastoral Center and the other employer entities of the Diocese make contributions to the Plan equal to amounts accrued for pension expense, which includes the amortization of past service cost over periods of 15 to 30 years. Information concerning Plan assets and accrued benefits is not kept with respect to each individual participating entity; the Plan is administered and evaluated only on an aggregate basis. Eligible employees, as defined in the Plan document, are entitled to pension benefits beginning with normal retirement age equal to a defined amount per unit of service. In addition, eligible employees, as defined in the Plan document, may be entitled to early retirement and disability benefits under certain circumstances. As a Church, the Plan is not subject to ERISA. A favorable Determination Letter was received from the Internal Revenue Service for the Plan during 2014. The Pastoral Center's total pension expense for the years ended June 30, 2019 and 2018 was $773,473 and $733,439, respectively.

(16) Pension Plan - Continued

Total contributions to the Plan by all participating entities were approximately $8.9 million and $8.7 million for the years ended June 30, 2019 and 2018, respectively. As of June 30, 2019, the most recent actuarial valuation, the accumulated Plan benefits and the assets available for such benefits are as follows:

		Amount
Vested benefits:		
Participants currently receiving payments	$	127,647,581
Terminated vested participants		26,092,436
Other participants		62,574,020
		216,314,037
Nonvested benefits		3,878,116
Total actuarial present value of accumulated plan benefits	$	220,192,153
Net assets available for plan benefits	$	207,635,655

The Pastoral Center also offers a 401(k) Plan for substantially all of the employees of the entities of the Diocese. This Plan is administered separately from the Defined Benefit Pension Plan discussed above. This Plan is a non-contributory plan, and as such, the Pastoral Center did not make any contributions to the plan during fiscal years 2019 and 2018.

(17) Related Parties

In addition to the operating ministries disclosed in Note 1, there are certain other ministries operating outside the geographic area of the Diocese that are not included in the combined financial statements, in which the Pastoral Center has an economic and ministerial interest. They are ministries owned and operated by dioceses included in the Province of Florida, as follows: St. Vincent de Paul Regional Seminary and The Florida Catholic Conference.

The Pastoral Center's percentage of ownership in the seminary is between 20% and 25% and, for the Florida Catholic Conference is between 40% and 45%. The Pastoral Center, and the other dioceses in the Province of Florida, provides support to each of these ministries in the form of tuition and operating subsidies.

For the years ended June 30, 2019 and 2018, the Diocese provided operating subsidies to the St. Vincent de Paul Regional Seminary in the amounts of $91,202 and $116,542, respectively, and to the Florida Catholic Conference in the amounts of $180,460 and $165,430, respectively.

(17) Related Parties - Continued

The Diocese has also formed several corporations that operate within the Diocese that are not included in the combined financial statements. They are Catholic Formation, Inc., Catholic Academies - Diocese of St. Petersburg, Inc., Catholic School System - Diocese of St. Petersburg, Inc. and DOSP USF Housing, Inc.

Catholic Formation, Inc. was formed to conduct the activities of a capital campaign throughout the Diocese. The capital campaign is taking place over several years and the primary purpose is to provide support to Catholic education and Seminarian education for the Diocese. As of June 30, 2019 the Diocese has advanced the amount of $17,792 to the Catholic Formation, Inc. The advance represents funding of certain parish-share grants disbursed by the Diocese for Catholic Formation, Inc. The advance was included in notes and other receivables. As of June 30, 2018 the Diocese received an advance in the amount of $1,281,622 from Catholic Formation, Inc. The advance represents funding of certain parish-share grants which were disbursed by the Diocese for Catholic Formation, Inc. in January 2019. The advance was included in accounts payable, accrued expenses, and other liabilities.

The two Catholic School Corporations were formed to provide support to certain Catholic Schools of the Diocese. Parish assessments include a special assessment for the schools in the amount of $1,291,716 and $1,255,881, for the years ended June 30, 2019 and 2018, respectively. The related subsidy expense for 2019 and 2018 was $266,303 and $1,543,553, respectively.

During 2016 the Diocese created DOSP USF Housing, Inc., a not for profit Florida corporation for the purpose of investing in the development of faith-based student housing adjacent to the campus of the University of South Florida in Tampa, Florida. During 2017, the Diocese advanced $1,715,000 to DOSP USF Housing, Inc. as initial funding of this entity. This loan has accrued interest at 4% since inception. The balance due was $1,895,253 and $1,840,440 as of June 30, 2019 and 2018, respectively. Due to the start-up nature of this activity, repayment terms have not been set. The provision for doubtful accounts includes an allowance for half of the value of the loan as of June 30, 2019.

(18) Endowments

The Diocese has interpreted FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as donor restricted net assets in perpetuity (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as restricted net assets in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by FUPMIFA. Any amount not appropriated for expenditure will be reclassified, subject to the original endowment restrictions imposed by the donor.

(18) Endowments - Continued

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

- The duration and preservation of the fund
- The purposes of the organization
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predicable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A diversified asset allocation is utilized to achieve its long-term return objectives with prudent risks.

The Diocese has a policy of appropriating distributions each year of approximately 4% to 5% of the endowment funds. Accordingly, over the long term, the Diocese expects the current spending policy to allow its endowments to grow. This is consistent with the Diocese's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

At June 30, 2019, endowed net assets are comprised of $2,443,647 and $11,390,550 of donor restricted funds and restrictions in perpetuity, respectively, totaling $13,834,197. The changes in endowment net assets for the year ending June 30, 2019 are as follows:

		With Donor Restrictions
Endowments, beginning of year	$	15,163,258
Contributions		33,891
Transfer of endowments to others		(1,048,023)
Investment return		614,708
Distribution of earnings (expenditures)		(929,637)
Endowments, end of year	$	13,834,197

(19) Liquidity and Availability of Resources

The Pastoral Center is supported by contributions both with and without donor restrictions and must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Pastoral Center's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

As of June 30, 2019, the Pastoral Center's financial assets available to meet general expenditures within one year were as follows:

Financial assets:	
Cash and cash equivalents	$ 6,935,109
Investments	158,079,694
Insurance premiums receivable	984,448
Pledges receivable	1,558,333
Estates and trusts receivable	3,119,363
Loans receivable	12,941,733
Notes and other receivables	9,492,362
Total financial assets	193,111,042
Less amounts unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions:	
Endowments	(11,390,550)
Deposits held in trust	(92,973,623)
Long-term contributions receivable	(3,119,363)
Long-term loans receivable	(12,941,733)
Long-term notes and other receivables	(9,492,362)
Donor-imposed restrictions	(8,890,413)
Time restrictions	(2,946,033)
Charitable gift annuities	(561,121)
Total contractual or donor-imposed restrictions	(142,315,198)
Board-designations for specific purposes, net of long-term receivables above	(32,213,294)
Financial assets available to meet general expenditures within one year	$ 18,582,550

General expenditures of the Pastoral Center totaled approximately $50,159,000 in fiscal 2019.

SUPPLEMENTARY FINANCIAL INFORMATION

CATHOLIC DIOCESE OF ST. PETERSBURG
PASTORAL CENTER

Schedule of Financial Position Information by Fund

June 30, 2019

		Operating Funds	Savings and Loan Trust	Insurance / Benefits Trust	Cemetery Funds	(Emmaus) Catholic Foundation	Endowment Funds	Bethany Center	Elimination Entries		Total
Assets											
Cash and cash equivalents	$	19,844,954	5,914,655	20,799,298	2,058,521	1,330,149	98,849	112,706	(43,224,023)	**(a)**	6,935,109
Investments		1,992,415	115,643,131	-	4,147,814	42,181,917	8,860,771	-	(14,746,354)	**(b)**	158,079,694
Insurance premiums receivable, net		-	-	984,448	-	-	-	-	-		984,448
Pledges receivable, net		1,547,873	-	-	-	10,460	-	-	-		1,558,333
Estates and trusts receivable		3,119,363	-	-	-	-	-	-	-		3,119,363
Loans receivable - parishes and schools, net		-	12,990,030	-	-	-	-	-	(48,297)	**(c)**	12,941,733
Prepaid expenses and other assets		378,970	-	957,191	73,815	-	-	100	-		1,410,076
Cemetery plots and other inventory		-	-	-	290,928	-	-	3,500	-		294,428
Notes and other receivables, net		2,074,897	8,057,028	-	1,287,221	505,110	-	8,180	(2,440,074)	**(c)**	9,492,362
Land, buildings and equipment, net		16,148,048	-	-	3,686,193	300,220	-	12,216,569	(1,246,104)	**(d)**	31,104,926
Due from other funds		2,606,296	-	-	1,153,929	-	-	-	(3,760,225)	**(b)**	-
Total assets	$	47,712,816	142,604,844	22,740,937	12,698,421	44,327,856	8,959,620	12,341,055	(65,465,077)		225,920,472

(Continued)

CATHOLIC DIOCESE OF ST. PETERSBURG
PASTORAL CENTER

Schedule of Financial Position Information by Fund - Continued

Liabilities and Net Assets	Operating Funds	Savings and Loan Trust	Insurance / Benefits Trust	Cemetery Funds	(Emmaus) Catholic Foundation	Endowment Funds	Bethany Center	Elimination Entries		Total
Liabilities:										
Accounts payable, accrued expenses and other liabilities	$ 2,931,387	174,769	619,069	1,350,178	54,988	553,960	119,129	(242,000)	(c)	5,561,480
Deposits held in trust - parishes and schools	-	113,379,976	-	-	-	-	-	(43,224,023)	(a)	70,155,953
Deposits held in trust - Non-Diocesan entities	2,823	-	-	254,646	37,181,262	125,293	-	(14,746,354)	(b)	22,817,670
Estimated liability for insurance claims	-	-	5,721,211	-	-	-	-	-		5,721,211
Annuity obligations	-	-	-	-	836,292	-	-	-		836,292
Note payable	48,297	-	-	-	-	-	2,198,074	(2,246,371)	(c)	-
Due to other funds	-	2,367,147	-	-	595,970	168,020	629,088	(3,760,225)	(b)	-
Total liabilities	2,982,507	115,921,892	6,340,280	1,604,824	38,668,512	847,273	2,946,291	(64,218,973)		105,092,606
Net assets:										
Unrestricted:										
Undesignated	9,231,920	-	-	-	991,087	(161,197)	5,357	-		10,067,167
Invested in land, buildings and equipment	16,099,751	-	-	3,686,193	-	-	9,389,407	(1,246,104)	(d)	27,929,247
Designated for specific programs	7,004,449	26,682,952	16,400,657	7,407,404	-	-	-	-		57,495,462
Total unrestricted	32,336,120	26,682,952	16,400,657	11,093,597	991,087	(161,197)	9,394,764	(1,246,104)		95,491,876
With donor restrictions	12,394,189	-	-	-	4,668,257	8,273,544	-	-		25,335,990
Total net assets	44,730,309	26,682,952	16,400,657	11,093,597	5,659,344	8,112,347	9,394,764	(1,246,104)		120,827,866
Total liabilities and net assets	$ 47,712,816	142,604,844	22,740,937	12,698,421	44,327,856	8,959,620	12,341,055	(65,465,077)		225,920,472

(a) Elimination of interdiocesan savings account
(b) Elimination of interdiocesan accounts
(c) Elimination of interdiocesan borrowings
(d) Elimination of interdiocesan property sale

CATHOLIC DIOCESE OF ST. PETERSBURG
PASTORAL CENTER

Schedule of Activities Information by Fund

For the Year Ended June 30, 2019

	Operating Funds	Savings and Loan Trust	Insurance / Benefits Trust	Cemetery Funds	(Emmaus) Catholic Foundation	Endowment Funds	Bethany Center	Elimination Entries		Total
Support and revenue:										
Support:										
Parish assessments and Annual Pastoral Appeal	$ 12,564,348	-	-	-	-	-	-	-		12,564,348
Contributions and bequests	612,889	-	-	10,970	520,190	-	308,937	(275,000)	**(a)**	1,177,986
Revenue:										
Insurance premium revenues	-	-	29,836,983	-	-	-	-	(1,700,297)	**(b)**	28,136,686
Investment return	956,332	6,168,686	254,303	268,995	254,613	(54,854)	278	(641,596)	**(c)**	7,206,757
Programs, sales and other revenue	3,168,801	595,807	25,690	2,507,720	382,535	-	1,231,266	(315,569)	**(c)**	7,596,250
Gains (losses) on sale of property and equipment	-	-	-	(243)	(10,969)	-	(1,798)	-	**(e)**	(13,010)
Change in value of split-interest agreements	-	-	-	-	(69,726)	-	-	-		(69,726)
Transfers from other funds	11,640,150	-	-	272,170	751,833	-	100,167	(12,764,320)	**(d)**	-
Total support and revenue	28,942,520	6,764,493	30,116,976	3,059,612	1,828,476	(54,854)	1,638,850	(15,696,782)		56,599,291
Expenses:										
Salaries and employee benefits	7,697,471	-	32,972	1,001,990	59,634	-	649,326	(1,312,717)	**(b)**	8,128,676
Grants, contributions and subsidies	4,752,267	500,000	-	-	319,782	-	-	(275,000)	**(a)**	5,297,049
Insurance claims	-	-	22,143,388	-	-	-	-	-		22,143,388
Interest on deposits	-	1,759,399	-	-	-	-	-	(641,596)	**(c)**	1,117,803
Interest on bank debt	2,503	-	-	-	-	-	-	(2,503)		-
Insurance premiums	171,159	-	3,342,426	91,948	1,933	-	122,541	(387,580)	**(b)**	3,342,427
Program and other expenses	5,857,036	60,747	1,270,023	717,185	193,828	-	598,473	(313,066)	**(c)**	8,384,226
Depreciation	561,609	-	-	124,878	230	-	754,914	-		1,441,631
Net provisions (recoveries) for loan and other losses	41,475	(558,702)	749,582	66,854	5,047	-	-	-	**(a)**	304,256
Transfers to other funds	10,599,893	236,900	612,648	527,169	786,834	876	-	(12,764,320)	**(d)**	-
Total expenses	29,683,413	1,998,344	28,151,039	2,530,024	1,367,288	876	2,125,254	(15,696,782)		50,159,456
Other changes:										
Transfer of endowments to others	-	-	-	-	(218,271)	(829,752)	-	-		(1,048,023)
Change in net assets	(740,893)	4,766,149	1,965,937	529,588	242,917	(885,482)	(486,404)	-		5,391,812
Net assets, beginning of year	45,471,202	21,916,803	14,434,720	10,564,009	5,416,427	8,997,829	9,881,168	(1,246,104)		115,436,054
Net assets, end of year	$ 44,730,309	26,682,952	16,400,657	11,093,597	5,659,344	8,112,347	9,394,764	(1,246,104)		120,827,866

(a) Elimination of interfund grants
(b) Elimination of interfund insurance premiums and expense
(c) Elimination of interfund savings interest, programs, professional and administrative fees
(d) Elimination of interfund transfers
(e) Elimination of intercompany gain on sale of property