KPMG

ASSOCIATED CATHOLIC CHARITIES, INC.
AND AFFILIATED ORGANIZATIONS

Combined Financial Statements and
Supplementary Financial Information

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

ASSOCIATED CATHOLIC CHARITIES, INC.
AND AFFILIATED ORGANIZATIONS

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KPMG LLP
1 East Pratt Street
Baltimore, MD 21202-1128

Independent Auditors' Report

The Board of Directors
Associated Catholic Charities, Inc.:

We have audited the accompanying combined financial statements of Associated Catholic Charities, Inc. and affiliated organizations (Catholic Charities), which comprise the combined statements of financial position as of June 30, 2015 and 2014, and the related combined statements of activities, changes in net assets, and cash flows for the years then ended, and the combined statement of program operating expenses for the year ended June 30, 2015, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Associated Catholic Charities, Inc. and affiliated organizations as of June 30, 2015 and 2014, and the combined changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Other Matters – Supplemental Schedule

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary financial information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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, including comparing and reconciling such 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 information is fairly stated in all material respects in relation to the combined financial statements as a whole.

KPMG LLP

October 29, 2015

ASSOCIATED CATHOLIC CHARITIES, INC.
AND AFFILIATED ORGANIZATIONS

Combined Statements of Financial Position

June 30, 2015 and 2014

Assets		**2015**	**2014**
Cash and cash equivalents	$	3,164,456	3,609,053
Restricted cash		2,355,171	2,411,323
Accounts receivable, less allowance for doubtful accounts (2015 – $1,410,732; 2014 – $1,142,849)		15,125,316	15,854,859
Prepaid expenses and other assets		2,550,845	2,748,067
Investments, at fair value		74,239,166	76,209,155
Property and equipment:			
Land and improvements		19,122,479	19,126,755
Buildings		226,540,314	226,105,136
Equipment		21,721,688	21,395,054
Construction in progress		1,006,963	437,720
		268,391,444	267,064,665
Accumulated depreciation		(115,518,886)	(108,198,590)
		152,872,558	158,866,075
Total assets	$	250,307,512	259,698,532
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	6,711,029	5,948,851
Accrued salaries and benefits		8,684,876	7,919,460
Accrued interest		1,154,824	1,037,043
Borrowings under line of credit		138,000	4,138,000
Deferred revenue		834,133	739,800
Due to Archdiocese		8,424,303	9,935,877
Other liabilities		4,182,316	4,192,827
Capital advances		97,800,769	97,482,317
Mortgages and bonds payable		50,768,290	52,752,103
Total liabilities		178,698,540	184,146,278
Net assets:			
Unrestricted – controlling interest		24,156,582	26,414,184
Unrestricted – noncontrolling interest		5,800,254	4,913,604
Total unrestricted		29,956,836	31,327,788
Temporarily restricted		19,583,167	22,161,553
Permanently restricted		22,068,969	22,062,913
Total net assets		71,608,972	75,552,254
Total liabilities and net assets	$	250,307,512	259,698,532

See accompanying notes to combined financial statements.

ASSOCIATED CATHOLIC CHARITIES, INC.
AND AFFILIATED ORGANIZATIONS

Combined Statements of Activities

Years ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Revenues:								
Purchase of services by governmental agencies	$ 116,645,006	—	—	116,645,006	108,934,487	—	—	108,934,487
Purchase of services – other	2,275,107	—	—	2,275,107	1,959,521	—	—	1,959,521
Program service fees	7,379,563	—	—	7,379,563	8,503,191	—	—	8,503,191
Contributions, fundraising, and donated goods and services	12,608,747	3,399,338	—	16,008,085	11,858,988	4,275,994	—	16,134,982
Rental income	7,636,657	—	—	7,636,657	7,280,361	—	—	7,280,361
Other	472,645	—	—	472,645	378,574	—	—	378,574
Net assets released from restrictions	7,061,218	(7,061,218)	—	—	4,459,118	(4,459,118)	—	—
Total revenues	154,078,943	(3,661,880)	—	150,417,063	143,374,240	(183,124)	—	143,191,116
Program operating expenses:								
Child and Family Services	45,886,187	—	—	45,886,187	45,576,965	—	—	45,576,965
Lifetime Services	48,709,791	—	—	48,709,791	48,447,399	—	—	48,447,399
Community Services	29,541,524	—	—	29,541,524	23,014,491	—	—	23,014,491
Senior Communities	17,510,349	—	—	17,510,349	16,934,478	—	—	16,934,478
Fundraising and Awareness	3,291,136	—	—	3,291,136	3,229,149	—	—	3,229,149
Management and General	13,565,189	—	—	13,565,189	12,563,933	—	—	12,563,933
Total expenses	158,504,176	—	—	158,504,176	149,766,415	—	—	149,766,415
Total expenses in excess of total revenues	(4,425,233)	(3,661,880)	—	(8,087,113)	(6,392,175)	(183,124)	—	(6,575,299)
Nonoperating revenue (expense):								
Endowments and other gifts	45,831	—	14,289	60,120	234,874	—	15,070	249,944
Investment income (loss), net (including net unrealized gains (losses): 2015 – ($4,746,647); 2014 – $3,630,303)	1,056,610	1,372,544	(8,233)	2,420,921	4,268,420	5,671,880	15,998	9,956,298
Other, net	(49,670)	7,500	—	(42,170)	270,830	(43,203)	—	227,627
Net assets released from restrictions	296,550	(296,550)	—	—	371,575	(371,575)	—	—
Total nonoperating revenue	1,349,321	1,083,494	6,056	2,438,871	5,145,699	5,257,102	31,068	10,433,869
Change in net assets	(3,075,912)	(2,578,386)	6,056	(5,648,242)	(1,246,476)	5,073,978	31,068	3,858,570
Change in net assets – noncontrolling interest	(818,310)	—	—	(818,310)	(811,804)	—	—	(811,804)
Change in net assets – controlling interest	$ (2,257,602)	(2,578,386)	6,056	(4,829,932)	(434,672)	5,073,978	31,068	4,670,374

See accompanying notes to combined financial statements.

ASSOCIATED CATHOLIC CHARITIES, INC.
AND AFFILIATED ORGANIZATIONS

Combined Statements of Changes in Net Assets

Years ended June 30, 2015 and 2014

		Unrestricted - controlling interest	Unrestricted - noncontrolling interest	Total unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total
Net assets as of June 30, 2013	$	26,848,856	5,301,102	32,149,958	17,087,575	22,031,845	71,269,378
Change in net assets from activities		(434,672)	(811,804)	(1,246,476)	5,073,978	31,068	3,858,570
Partner contributions		—	424,306	424,306	—	—	424,306
Net assets as of June 30, 2014		26,414,184	4,913,604	31,327,788	22,161,553	22,062,913	75,552,254
Change in net assets from activities		(2,257,602)	(818,310)	(3,075,912)	(2,578,386)	6,056	(5,648,242)
Partner contributions		—	1,704,960	1,704,960	—	—	1,704,960
Net assets as of June 30, 2015	$	24,156,582	5,800,254	29,956,836	19,583,167	22,068,969	71,608,972

See accompanying notes to the combined financial statements.

ASSOCIATED CATHOLIC CHARITIES, INC.
AND AFFILIATED ORGANIZATIONS

Combined Statements of Cash Flows

Years ended June 30, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Change in net assets	$	(5,648,242)	3,858,570
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		8,283,721	8,522,082
Provision for bad debts		1,033,409	976,966
Change in fair value of interest rate swap and cap		62,509	69,564
Unrealized losses (gains) on investments, net		4,746,647	(3,630,303)
Realized gain on sale of investments, net		(5,614,151)	(4,976,212)
Deferred interest expense		287,499	294,211
Pledge write-offs		—	45,780
Loss (gain) on disposal of property and equipment		100,457	(81,888)
Forgiveness of debt		—	(60,450)
Contributions restricted for long-term investment		(14,289)	(15,070)
Change in accounts receivable, net		(303,866)	(4,083,676)
Change in prepaid expenses and other assets		131,387	(482,569)
Change in accounts payable, accrued interest, and accrued salaries and benefits		1,737,219	2,001,164
Change in due to Archdiocese		(1,511,574)	(1,290,159)
Change in deferred revenue		94,333	(176,398)
Change in other liabilities		(140,700)	687,639
Net cash provided by operating activities		3,244,359	1,659,251
Cash flows from investing activities:			
Change in restricted cash		56,152	122,986
Purchase of property and equipment		(2,454,435)	(10,241,329)
Proceeds from the sale of property and equipment		9,580	183,996
Purchase of investments		(46,643,206)	(39,515,672)
Proceeds from sales and maturities of investments		49,480,699	41,090,166
Net cash provided by (used in) investing activities		448,790	(8,359,853)
Cash flows from financing activities:			
Change in contributions receivable		20,541	113,868
Contributions restricted for long-term investment		14,289	15,070
Capital advances for HUD projects		318,452	8,125,128
Repayments under line of credit		(4,000,000)	(2,076,835)
Other debt proceeds		169,527	55,562
Other debt repayment		(2,365,515)	(2,352,756)
Capital contribution		1,704,960	424,306
Net cash (used in) provided by financing activities		(4,137,746)	4,304,343
Decrease in cash and cash equivalents		(444,597)	(2,396,259)
Cash and cash equivalents at beginning of year		3,609,053	6,005,312
Cash and cash equivalents at end of year	$	3,164,456	3,609,053
Supplemental disclosure of cash flow information:			
Purchase of fixed asset additions in accounts payable	$	630,579	797,749

See accompanying notes to combined financial statements.

ASSOCIATED CATHOLIC CHARITIES, INC.
AND AFFILIATED ORGANIZATIONS

Combined Statement of Program Operating Expenses

Year ended June 30, 2015 (with summary totals for 2014)

	Child and Family Services	Lifetime Services	Community Services	Senior Communities	Fundraising and Awareness	Management and General	Total expenses June 30, 2015	Total expenses June 30, 2014
Salaries	$ 26,995,991	24,551,821	12,869,503	4,253,420	1,534,836	8,221,680	78,427,251	74,797,556
Employee benefits and payroll taxes	7,495,178	7,453,496	3,920,930	1,430,505	403,845	2,036,001	22,739,955	22,198,711
Total employee compensation	34,491,169	32,005,317	16,790,433	5,683,925	1,938,681	10,257,681	101,167,206	96,996,267
Occupancy	2,691,004	2,621,411	4,547,610	5,283,338	169,393	872,793	16,185,549	14,537,008
Professional fees and contractual services	2,585,037	4,241,210	669,631	1,052,599	401,541	962,056	9,912,074	8,685,921
Food and other supplies	1,346,155	3,411,148	2,090,519	395,599	10,654	84,155	7,338,230	6,269,873
Transportation	512,849	844,117	191,896	43,030	13,729	50,303	1,655,924	1,795,062
Direct assistance	1,067,898	58,286	2,601,226	100	—	—	3,727,510	3,502,091
Postage, printing, and publications	99,582	143,773	53,971	90,720	486,765	67,889	942,700	823,276
Provision for bad debts	350,152	584,213	95,772	48,961	4,311	(50,000)	1,033,409	976,966
Interest expense	361,234	751,483	6,513	970,576	—	74,212	2,164,018	2,359,755
Depreciation	1,429,258	1,852,310	1,162,434	3,572,019	1,199	153,527	8,170,747	8,386,523
Other	951,849	2,196,523	1,331,519	369,482	264,863	1,092,573	6,206,809	5,433,673
Total program expenses	$ 45,886,187	48,709,791	29,541,524	17,510,349	3,291,136	13,565,189	158,504,176	149,766,415
Total program expenses 2014	$ 45,576,965	48,447,399	23,014,491	16,934,478	3,229,149	12,563,933	149,766,415	—

See accompanying notes to combined financial statements.

(1) Organization and Significant Accounting Policies

The significant accounting principles and policies followed by Associated Catholic Charities, Inc. and its affiliated organizations (Catholic Charities or the Organization) are summarized below:

(a) Organization

Catholic Charities is a nonprofit human services agency that provides services to children and families, the elderly, the disadvantaged, and people with developmental disabilities. Catholic Charities operates more than 80 programs in the city of Baltimore and throughout Maryland.

Catholic Charities' Mission: Inspired by the Gospel mandates to love, serve, and teach, Catholic Charities provides care and services to improve the lives of Marylanders in need.

(b) Affiliated Organizations

The combined financial statements include all organizations operating under the auspices of Associated Catholic Charities, Inc., including Catholic Charities Housing, Inc. (Basilica Place), DePaul House, Inc., Bethany Community Inc., St. Charles House, Inc., Backbone Housing, Inc. (Starner Hill), Coursey Station Apartments, Inc., St. Luke's Apartments, Inc., St. Mark's Housing, Inc., St. Mark's Limited Partnership, St. Joachim, Inc., Trinity House Apartments, Inc., Jenkins Memorial Nursing Home, Inc. (St. Elizabeth's), The Children's Fund, Inc., Cherry Hill Town Center, Inc., 661 Corporation, Hollins Ferry Road Apartments, Inc., Hollins Ferry Senior Housing Limited Partnership, Belair Senior Housing, Inc., Belair Limited Partnership, Odenton Senior Housing, Inc., Glen Burnie Senior Housing, Inc., Reisterstown Village Senior Housing, Inc., Reisterstown Gardens Senior Housing, Inc., Owings Mills Senior Housing, Inc., Aberdeen Senior Housing, Inc., Woodlawn Senior Housing, Inc., Abingdon Senior Housing, Inc., Odenton Senior Housing II, Inc., OLF Senior Housing, Inc., OLF Senior Housing II, Inc., Village Crossroads Senior Housing, Inc., Village Crossroads Senior Housing Limited Partnership, Village Crossroads Senior Housing II, Inc., My Sister's Place Women's Center Fund, Inc., Our Daily Bread Employment Center Fund, Inc., Sarah's House Fund, Inc., ACC Green House Residences, Inc., Esperanza Center Health Services, Inc, Basilica Place Limited Partnership, and BPL, Inc.

All significant intercompany accounts and transactions have been eliminated. All of the combined organizations operate under the control of the Roman Catholic Archbishop of Baltimore (Archdiocese).

(c) Basis of Presentation

Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

- Unrestricted – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted – Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time.

- Permanently restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes, primarily program services.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Under Maryland law, appreciation on donor-restricted endowments is classified as temporarily restricted until appropriated for expenditure. Expirations of temporary restrictions recognized on net 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, which reflect reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are placed in service.

(d) Use of Estimates

The preparation of the combined financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the combined financial statements and revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

(e) Cash Equivalents

Catholic Charities considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except any such securities held by external investment managers are classified with the respective assets.

(f) Restricted Cash

Restricted cash represents cash held for various restricted purposes including client funds, tenant security deposits, construction, and certain reserves for replacements.

(g) Allowance for Doubtful Accounts

Catholic Charities' policy is to write off all accounts that have been identified as uncollectible. An allowance for doubtful accounts is recorded for amounts not yet written off, which are estimated to be uncollectible based upon specific review of accounts.

(h) Investments

Investments in mutual funds, government and agency obligations, corporate bonds, including asset backed securities, and common stocks are reported at fair value, based primarily upon quoted market prices. Investment in real estate fund is stated at estimated fair value based on the fund's net asset value (NAV), as a practical expedient, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2015 and 2014, the Organization had no

(Continued)

plans or intentions to sell the investment at an amount different from NAV. Realized and unrealized gains and losses are reflected in the combined statements of activities. Investment transactions are recorded on a trade date basis.

(i) Concentration of Risk

Financial instruments that potentially subject Catholic Charities to concentrations of investment risk include cash and cash equivalents, and investments in debt and equity securities. The Organization's investments are overseen by the Investment Committee of the Board of Directors in accordance with Catholic Charities' investment policy. Members of the Investment Committee are experienced in investment and financial management. Though the market value of investments is subject to market fluctuations, Catholic Charities believes that its' investment policy is prudent for the long-term welfare of the Organization. Based on the Organization's ability to access cash and other short-term investments, Catholic Charities does not anticipate having to sell these investments in the foreseeable future except for regular draws needed to support the Organization's annual operating needs.

Revenue from federal, state, and local governments represents a significant portion of the Organization's total revenues. Changes in federal and state funding mechanisms, changes in regulatory requirements, and related government budgetary constraints could have an adverse effect on Catholic Charities.

Credit risk with respect to accounts receivable is limited due to the creditworthiness of the government entities and organizations from whom the amounts are due.

(j) Property and Equipment

Property and equipment include assets intended for ongoing use in operations and are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives, which range from 25 to 40 years for buildings and improvements and 3 to 20 years for equipment. Maintenance and repairs are charged to expense as incurred.

(k) Purchase of Services by Governmental Agencies

Purchase of services revenue is recognized on the accrual basis of accounting, as services are rendered, in accordance with the contractual terms of the purchase of service agreements with governmental agencies. Cash received in advance is deferred until earned. Services provided by Catholic Charities under these agreements consist primarily of the operation of residential care facilities to provide the basic care, health, social service, and special education needs of physically handicapped and developmentally disabled children and adults and intensive diagnostic, stabilization, and treatment services to children with severe emotional behavioral challenges. In addition, Catholic Charities operates extended-care facilities, nursing homes, low-income senior housing communities, and early education, child development, and intervention services for low-income children and their families.

The Organization operates a residential treatment center whereby services are reimbursed by the State of Maryland Medicaid Program on a cost basis subject to annual ceilings. The Organization bills and receives an interim per diem rate during the year, which generally differs from the target rate cost basis for which revenue is recognized. The Organization ultimately settles final payment based upon an audited cost report filing of the residential treatment center's operating expenses.

(l) Program Service Fees

Program service fees are charged primarily to facility residents and program participants for the cost of care and services rendered that are not funded by a governmental agency assistance program or collected from third-party payors pursuant to the cost reimbursement methodology in effect for eligible participants.

(m) Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, giving consideration to estimated future cash flows and a risk adjusted interest rate (Level 3 fair value hierarchy). Amortization of the discounts is included in contribution revenue. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Allowance is made for uncollectible contributions receivable based upon management's judgment and analysis of credit worthiness of the donors and past collection experience.

(n) Donated Goods and Services

Donated goods and certain contributions of services are recorded at their estimated fair values on the date of contribution. Contributions of services are recognized as revenue if the services received create or enhance nonfinancial assets or are performed by individuals requiring specialized skills. Revenues and expenses from donated goods and services recognized in 2015 and 2014 were $2,170,893 and $1,713,892, respectively. Catholic Charities receives a significant amount of volunteer services, which do not meet the above criteria for recognition in the combined financial statements. Accordingly, the value of these services has not been recorded in the accompanying combined financial statements.

(o) Split-Interest Agreements

Split-interest agreements with donors consist primarily of charitable gift annuity agreements. Assets held under these agreements are included in investments and are recorded at fair value. Liabilities are recorded for the present value of the estimated future payments to be made to the donors or beneficiaries. As of June 30, 2015 and 2014, assets under the charitable annuity agreements were $1.3 million and $1.7 million, respectively and the related liabilities as of June 30, 2015 and 2014 were $0.8 million.

(p) Capital Advances

Capital advances from the U.S. Department of Housing and Urban Development (HUD) to finance rental housing projects are considered liabilities until the period of compliance, generally 40 years, has expired. These advances do not bear interest and repayment is not required so long as the housing remains available to eligible elderly and disabled households.

(q) Rental Income

Rental payments received from residents of the Organization's low-income senior housing communities is recognized as revenue in the month earned. Prepayments by residents are deferred and applied to subsequent months. Substantially all residents qualify for resident housing assistance funds under Section 8 of the National Housing Act as administered by HUD or qualify for government-funded rent subsidy payments. Resident housing assistance funds that are recorded in purchase of services by governmental agencies aggregated $9.7 million and $9.3 million in 2015 and 2014, respectively.

(r) Nonoperating Revenue (Expense)

Nonoperating revenue (expense) primarily consists of contributions for endowment funds, capital, and capital grants, as well as investment income (net of investment expenses), including realized and unrealized gains and losses.

(s) Income Taxes

As an affiliate of the Archdiocese, Catholic Charities and its affiliated organizations, except as set forth below, are included in the Official Catholic Directory and thus are exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the combined financial statements.

St. Mark's Housing, Inc., Hollins Ferry Road Apartments, Inc., Belair Senior Housing, Inc., Village Crossroads Senior Housing, Inc., and BPL, Inc. are for-profit corporations subject to federal income taxes under the Internal Revenue Code. St. Mark's L/P, Hollins Ferry Senior Housing L/P, Belair L/P, Village Crossroads Senior Housing L/P, and Basilica Place L/P are limited partnerships. No provision for income taxes was required in 2015 and 2014.

(t) Interest Rate Swaps and Cap Agreement

Catholic Charities is a party to interest rate swap and cap agreements to protect against interest rate risks associated with its variable rate Maryland Industrial Development Financing Authority (MIDFA) Bonds, Series 2013. The fair value of these agreements is recorded as an asset or liability in the combined statements of financial position. The gain or loss resulting from changes in fair value of these instruments is recognized as interest expense in the combined statements of activities.

(u) Fair Value Measurements

Assets and liabilities that are reported at fair value on a recurring basis are categorized into a fair value hierarchy. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.

- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

(v) Noncontrolling Interests

Noncontrolling interests are reported within unrestricted net assets on the combined statements of financial position and represents Catholic Charities' noncontrolling interest in four low-income senior housing partnerships. During the fiscal years ended June 30, 2015 and 2014, the limited partner in the Village Crossroads Senior Housing Limited Partnership made equity contributions totaling $1.7 million and $0.4 million, respectively.

(w) Related Parties

Members of the Organization's Board of Directors may, from time to time, be associated, either directly or indirectly, with companies doing business with Catholic Charities, particularly in the areas of banking and investment services. When such relationships exist, measures are taken to mitigate any actual or perceived conflicts, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration.

(2) Investments

Investments consist of the following as of June 30, 2015 and 2014:

		2015	2014
Certificates of deposit and cash	$	6,589,437	7,060,508
Mutual funds		19,538,796	20,387,506
U.S. government and agency obligations		9,936,807	8,567,370
Corporate bonds		3,642,431	3,684,786
Common stocks		33,184,207	35,598,977
Asset backed securities		765,579	—
Real estate investment fund		581,909	910,008
	$	74,239,166	76,209,155

(3) Borrowings under Line of Credit

Catholic Charities has a line of credit agreement, which provides for borrowings up to $20 million. Borrowings under the bank line bear interest, payable monthly, at 125 basis points over the 30-day LIBOR. As security for the line of credit, Catholic Charities granted the bank a security interest in certain revenues, cash receipts, and certain real and personal property, all as defined in the agreement. The outstanding balance on the line of credit, which expires May 31, 2016, but can be extended at the sole discretion of the lender, was $0.1 million and $4.1 million as of June 30, 2015 and 2014, respectively.

Interest paid on line of credit borrowings was $49,302 and $67,378 in fiscal years 2015 and 2014, respectively.

As of June 30, 2015 and 2014, Catholic Charities had outstanding irrevocable letters of credit of $1.4 million and $0.3 million, respectively, issued primarily to the State as security for our self-funded unemployment insurance programs and to secure certain HUD and other development projects.

(4) Capital Advances

Capital advances from HUD are used to assist in financing rental housing projects. These advances bear no interest and repayment is not required so long as the housing remains available to eligible elderly and disabled households for a period of 40 years, after which the advances shall be deemed to be forgiven. Upon default, however, the entire principal sum and interest per annum at a rate ranging from 3.0% to 8.375% would become due and payable. Capital advances aggregated $97.8 million and $97.5 million as of June 30, 2015 and 2014, respectively.

(5) Mortgages and Bonds Payable

Mortgages and bonds payable consist of the following as of June 30, 2015 and 2014:

		2015	2014
ACC MIDFA Bonds, Series 2013	$	16,835,417	17,955,417
HUD 202 Projects -- Mortgages		19,869,536	20,535,538
Other mortgages		14,063,337	14,261,148
	$	50,768,290	52,752,103

(a) ACC MIDFA Bonds, Series 2013

In June 2013, Catholic Charities issued Economic Development Refunding Revenue Bonds through the MIDFA, in the amount of $19.1 million (Series 2013 Bonds). The bonds, which mature in 2035, were purchased by a bank and the proceeds loaned to Catholic Charities to redeem its MEDCO Bonds Series 1999, 2002, and 2004 Issues, its MIDFA Bonds Series 2009 Issue, and Jenkins Memorial Nursing Home’s MEDCO Bonds Series 1997 Issue (the Prior Bonds). At June 2023, the bank has the right to put the bonds back to Catholic Charities in an amount equal to the then remaining principal balance. Jenkins Memorial Nursing Home, Inc. is a limited guarantor under the bank loan.

The Series 2013 Bonds are repayable in monthly principal installments, beginning in July 2013 of $92,000, increasing annually to monthly payments of $110,000 in July of 2022, then decreasing to the final payment of $51,000 in June 2035. Interest is payable monthly at a variable rate based on 72% of the sum of one-month LIBOR plus 1.76%. Outstanding borrowings under the agreement are secured by certain revenues and cash receipts and certain real and personal property, all as defined in the agreement. Catholic Charities must satisfy certain financial covenants as long as the bonds are outstanding. As of June 30, 2015, Catholic Charities was in compliance with the financial covenants.

(b) HUD 202 Projects

Mortgages related to HUD 202 Projects consist of the following as of June 30, 2015 and 2014:

		2015	2014
Various mortgages payable to HUD bearing interest at fixed rates ranging from 7.625% to 9.250%. These mortgages require monthly principal and interest payments of approximately $160,000 with the installment on the final mortgage due in 2032. All of the property and equipment of the HUD 202 Projects is subject to lien under the mortgage agreements.	$	11,450,966	12,224,023
Various mortgages payable to the Community Development Administration (CDA), a division of the Department of Housing and Community Development of the State of Maryland, Baltimore County, Harford County, and Arundel Community Development Services, bear interest at fixed rates ranging from 0% to 4.5%. Upon default, however, the interest rate on certain of these mortgages will increase to 8.0%. These mortgages are subordinated to the related mortgages payable to HUD. The mortgage principal and accrued interest are due on the same day as the last monthly installment due on the related HUD mortgages or, in the case of capital advances, after 40 years. Also included are approximately $480,000 of advances from Maryland Affordable Housing Trust and Federal Home Loan Bank in both fiscal years 2015 and 2014. These advances bear no interest and repayment is not required so long as the project remains available to very low income seniors for 15 years.		8,418,570	8,098,714
	$	19,869,536	20,322,737

(c) Other Mortgages

Other mortgages consist of the following as of June 30, 2015 and 2014:

	2015	2014
Various mortgages payable to HUD, the Department of Housing and Community Development of the State of Maryland, Baltimore City, and various banks for the construction, purchase, and/or renovation of various program facilities. Monthly principal and interest payments are approximately $35,000 for terms of 30 to 40 years with fixed interest rates ranging from 0% to 8%.	$ 13,881,221	13,997,962
Seller-financed mortgage bearing imputed interest at 8% for a term of 20 years requiring annual principal and interest payments of $102,125.	182,116	263,186
	$ 14,063,337	14,261,148

(d) Principal Repayments

The aggregate amount of future principal payments and deferred interest on mortgages and bonds payable as of June 30, 2015 is as follows:

Fiscal year:	
2016	$ 2,464,715
2017	2,590,395
2018	2,676,692
2019	2,721,042
2020	2,768,538
Thereafter	37,546,908
	$ 50,768,290

Deferred interest is not paid unless noncompliance occurs with HUD mortgages as described above.

(e) Interest Rate Swap and Cap Agreements

In June 2013, the Organization entered into an interest rate swap agreement with an original notional amount of $14.3 million, which amortizes monthly. Under this agreement, which matures in June 2023, the Organization pays a fixed rate of 3.3% and will receive a variable interest payment of 72% of the sum of one-month LIBOR plus 1.76%. The fair value of this swap agreement included in other liabilities at June 30, 2015 and 2014 was $506,624 and $471,557, respectively.

In June 2013, Catholic Charities also entered into an interest rate cap agreement. The agreement has an original notional amount of $4.8 million, which amortizes monthly. Under this agreement, which matures in June 2023, the Organization receives from the bank an amount equal to the excess interest expense (at a variable rate based on 72% of the sum of one-month LIBOR plus 1.76%) above 5.0%. The fair value of this agreement at June 30, 2015 and 2014 was an asset of $17,020 and $44,462, respectively. In connection with the agreement, Catholic Charities paid an up-front premium of $86,200, which is deferred and is being amortized over the life of the cap agreement.

(f) Interest Paid

Catholic Charities paid interest related to these mortgages and bonds payable of approximately $1.5 million and $1.6 million in fiscal years 2015 and 2014, respectively.

(g) Fair Value

It is not practicable to estimate the fair value of certain mortgages and bonds payable as of June 30, 2015. Substantially all such debt is due to governmental agencies that establish terms of the debt based on social and charitable objectives, and Catholic Charities' ability to refinance this debt is limited or restricted by certain of those agencies. The fair value of the MIDFA Bonds Series 2013 approximates its carrying value.

(6) Fair Value Measurements

The following tables present the Organization's fair value measurements for its financial assets/liabilities measured at fair value on a recurring basis as of June 30, 2015 and 2014.

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Cash, cash equivalents, and restricted cash	$ 5,519,627	—	—	5,519,627
Investments:				
Certificates of deposit and cash	6,589,437	—	—	6,589,437
Mutual funds	19,538,796	—	—	19,538,796
U.S. government and agency obligations	6,690,413	3,246,394	—	9,936,807
Corporate bonds	—	3,642,431	—	3,642,431
Common stocks	33,184,207	—	—	33,184,207
Asset backed securities	—	765,579	—	765,579
Real estate investment fund	—	—	581,909	581,909
Total fair value of investments	66,002,853	7,654,404	581,909	74,239,166
Liabilities:				
Interest rate swap and cap agreements	—	(489,604)	—	(489,604)
Total fair value of financial assets, net of liabilities	$ 71,522,480	7,164,800	581,909	79,269,189

		2014			
		Level 1	**Level 2**	**Level 3**	**Total**
Assets:					
Cash, cash equivalents, and restricted cash	$	6,020,376	—	—	6,020,376
Investments:					
Certificates of deposit and cash		7,060,508	—	—	7,060,508
Mutual funds		20,387,506	—	—	20,387,506
U.S. government and agency obligations		5,646,155	2,921,215	—	8,567,370
Corporate bonds		—	3,684,786	—	3,684,786
Common stocks		35,598,977	—	—	35,598,977
Real estate investment fund		—	—	910,008	910,008
Total fair value of investments		68,693,146	6,606,001	910,008	76,209,155
Liabilities:					
Interest rate swap and cap agreements		—	(427,095)	—	(427,095)
Total fair value of financial assets, net of liabilities	$	74,713,522	6,178,906	910,008	81,802,436

There were no significant transfers into or out of Level 1 for the years ended June 30, 2015 and 2014.

The Organization's Level 2 investments and liabilities consist of corporate debt securities, government-sponsored debt securities, and interest rate swap and cap agreements, which do not have directly observable quoted prices in active markets, but are valued based upon broker quotes for similar securities in active markets.

Catholic Charities' Level 3 investment consists of a real estate investment fund which has little or no observable market. The investment is expected to make distributions to investors through the liquidation of underlying assets over a 10-year period. The Organization has no future funding commitments.

(7) Net Assets

Temporarily restricted net assets consist of the following as of June 30, 2015 and 2014:

		2015	2014
Contributions restricted for programs	$	3,374,021	5,752,516
Endowment returns		16,104,018	16,241,739
Estates, trusts, and other net assets		105,128	167,298
Total	$	19,583,167	22,161,553

Permanently restricted net assets consist of the following as of June 30, 2015 and 2014:

		2015	2014
Donor-restricted endowment funds	$	21,897,037	21,882,748
Estates and trusts		171,932	180,165
Total	$	22,068,969	22,062,913

(8) Endowments

Catholic Charities' endowment funds consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. The endowments were established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Board-designated endowment funds include $5.1 million held as the Henry J. and Marion I. Knott Catholic Community Fund as of June 30, 2015.

Catholic Charities has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the Organization to manage and invest the individual donor-restricted endowment funds in good faith and prudence. Catholic Charities classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's Board of Directors in a manner consistent with the standard of prudence prescribed by MUPMIFA. In accordance with MUPMIFA, Catholic Charities considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds; (2) the mission of Catholic Charities and the purpose of donor-restricted endowment funds; (3) general economic conditions; (4) the possible effects of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of Catholic Charities; and (7) the investment policies of Catholic Charities.

Catholic Charities has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

To maximize investment performance, endowment assets are pooled with other Catholic Charities' investments and are invested in accordance with the Organization's investment policy. The investment policy objectives include the long-term preservation of real purchasing power of the endowment assets, net of inflation and investment management costs, sufficient to fund the annual spending requirements discussed below, while limiting exposure to risk of loss. To satisfy its long-term return objectives, Catholic Charities relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Catholic Charities targets a diversified asset allocation to achieve its long-term objective within prudent risk constraints.

Catholic Charities annually appropriates a portion of its endowment funds for expenditure in the upcoming fiscal year. The amount appropriated is generally 5% of the trailing three-year average balance of funds designated or restricted for such purposes. The computed value may be adjusted for large contributions, withdrawals, or market value swings as necessary to produce the desired level of cash. In all cases, appropriated amounts are subject to the intent of donors expressed in the gift instruments and the prudent spending requirements of MUPMIFA.

Endowment net asset composition by type of fund as of June 30, 2015 and 2014 is as follows:

	2015			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted endowment funds	$ —	16,104,018	21,897,037	38,001,055
Board-designated endowment funds	12,480,224	—	—	12,480,224
Total funds	$ 12,480,224	16,104,018	21,897,037	50,481,279

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted endowment funds	$ —	16,241,739	21,882,748	38,124,487
Board-designated endowment funds	12,761,749	—	—	12,761,749
Total funds	$ 12,761,749	16,241,739	21,882,748	50,886,236

(Continued)

Changes in endowment net assets for the fiscal years ended June 30, 2015 and 2014 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets as of June 30, 2013	$ 11,484,545	12,289,647	21,856,678	45,630,870
Investment return:				
Investment income	223,997	718,621	—	942,618
Net appreciation (realized and unrealized)	1,530,142	4,596,175	—	6,126,317
Total investment return	1,754,139	5,314,796	—	7,068,935
Contributions	10,000	—	26,070	36,070
Appropriation of endowment assets for expenditure	(486,935)	(1,362,704)	—	(1,849,639)
Net assets as of June 30, 2014	12,761,749	16,241,739	21,882,748	50,886,236
Investment return:				
Investment income	247,963	881,854	—	1,129,817
Net appreciation (realized and unrealized)	188,240	487,094	—	675,334
Total investment return	436,203	1,368,948	—	1,805,151
Contributions	—	—	14,289	14,289
Appropriation of endowment assets for expenditure	(717,728)	(1,506,669)	—	(2,224,397)
Net assets as of June 30, 2015	$ 12,480,224	16,104,018	21,897,037	50,481,279

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires Catholic Charities to retain as a fund of perpetual duration. These shortfalls result from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Organization. There were no significant shortfalls of this nature as of June 30, 2015 or 2014.

(9) Retirement Plans

Certain lay employees of Catholic Charities participate in a noncontributory pension plan with other affiliated organizations of the Archdiocese, which is a single employer plan under common control. Effective July 1, 2011, the Archdiocese froze participation in and benefits accumulation of its plan. Accordingly, no Catholic Charities' employees hired subsequent to that date will become participants and benefits accumulated as of July 1, 2011 are frozen. Benefits were based on age, years of service, and level of compensation.

Pension related expense, which was $1.2 million in 2015 and $1.5 million in 2014, is determined and allocated by the Archdiocese to Catholic Charities and is the amount that Catholic Charities is to remit to the Archdiocese. Annual cash payments, which are also determined by and made to the Archdiocese for remittance to the plan, were $2.7 million and $2.8 million in 2015 and 2014, respectively. The net amount due to the Archdiocese as of June 30, 2015 and 2014 is $8.4 million and $9.9 million, respectively.

Participating employers, including Catholic Charities, are responsible for continued funding of the plan for their proportional participation as well as any nonperformance of other affiliated employers, if any. Risks of participation in the plan include the following: (a) assets contributed to the plan by one employer may be used to provide benefits to employees of other participating employers; and (b) if a participating employer withdraws from the plan, the unfunded obligation of the plan may be borne by the remaining participating employers.

Effective July 1, 2011, Catholic Charities adopted its own 403(b) employee retirement plan, which permits participants to defer a percentage of their salary, on a pretax basis, and allows Catholic Charities to make discretionary contributions, based on participants' eligible compensation. Employer contributions are subject to vesting requirements. Expense incurred for the 403(b) retirement plan for fiscal years 2015 and 2014 was $2.2 million and $2.3 million, respectively.

(10) Leases

Catholic Charities has entered into commitments to lease certain office and program space. The lease terms expire at various dates through January 2020. The following is a schedule of future minimum lease payments required under the operating leases that have remaining lease terms in excess of one year as of June 30, 2015:

Fiscal year:		
2016	$	2,749,410
2017		1,543,352
2018		1,204,583
2019		1,078,752
2020		693,483
Thereafter		139,450
	$	7,409,030

The minimum rentals above do not include additional payments for insurance, property taxes, and maintenance costs that may be due as provided for in the lease agreements. Rent expense was approximately $1.6 million and $1.8 million for fiscal years 2015 and 2014, respectively.

Catholic Charities leases office space from the Archdiocese. Rent paid to the Archdiocese was approximately $138,000 and $134,000 for fiscal years 2015 and 2014, respectively.

(Continued)

(11) Legal and Regulatory Contingencies

Catholic Charities is engaged in various legal proceedings arising out of and incidental to its businesses. After reviewing developments with legal counsel, management is of the opinion that these legal proceedings will not have a material adverse effect on the combined financial position of Catholic Charities.

Amounts received and expended by the Organization under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the combined financial position of the Organization.

(12) Subsequent Events

Management evaluated subsequent events that occurred after June 30, 2015 and through October 29, 2015 and determined that no adjustments or disclosures to the combined financial statements were required, except as follows:

On September 1, 2015, Catholic Charities Housing, Inc., an affiliated organization, transferred substantially all of the property and other assets of its low-income senior housing community to Basilica Place Limited Partnership (BPP), also an affiliate of Catholic Charities. Under an agreement with HUD, BPP will operate the community for the benefit of the low income elderly and disabled in accordance with HUD requirements. As a result of the transaction, Catholic Charities Housing, Inc., ceased operations effective September 1, 2015.

In connection with the transaction, BPP entered into a 35-year HUD-insured mortgage for $10.9 million and sold low-income housing tax credits to a third-party investor totaling approximately $5.5 million of which $1.7 million was paid at closing. Cash received in the transaction was used primarily to (i) repay the remaining balance of the existing HUD mortgage, (ii) establish an escrow fund to be used for renovations to the Basilica Place property, (iii) fund reserves for replacement, and (iv) pay transaction costs.

SUPPLEMENTARY FINANCIAL INFORMATION

ASSOCIATED CATHOLIC CHARITIES, INC.
AND AFFILIATED ORGANIZATIONS

Supplemental Combining Statement of Financial Position

June 30, 2015

Assets	ACC (A)	Senior Communities (B)	Eliminations (C)	Combined
Cash and cash equivalents	$ 1,064,197	2,100,259	—	3,164,456
Restricted cash	1,372,257	982,914	—	2,355,171
Accounts receivable, less allowance for doubtful accounts	14,067,027	1,058,289	—	15,125,316
Prepaid expenses and other assets	1,945,401	605,444	—	2,550,845
Investments, at fair value	70,167,660	4,071,506	—	74,239,166
Property and equipment, net	56,746,861	100,491,236	(4,365,539)	152,872,558
Intercompany	10,067,381	(10,067,381)	—	—
Total assets	$ 155,430,784	99,242,267	(4,365,539)	250,307,512
Liabilities and Net Assets				
Accounts payable and accrued expenses	$ 5,180,943	1,530,086	—	6,711,029
Accrued salaries and benefits	8,458,408	226,468	—	8,684,876
Accrued interest	750,062	404,762	—	1,154,824
Borrowings under line of credit	138,000	—	—	138,000
Deferred revenue	789,526	44,607	—	834,133
Due to Archdiocese	8,424,303	—	—	8,424,303
Other liabilities	3,420,193	762,123	—	4,182,316
Capital advances	5,980,900	91,819,869	—	97,800,769
Mortgages and bonds payable	24,217,444	26,550,846	—	50,768,290
Total liabilities	57,359,779	121,338,761	—	178,698,540
Net assets (deficits):				
Unrestricted – controlling interest	56,418,869	(27,896,748)	(4,365,539)	24,156,582
Unrestricted – noncontrolling interest	—	5,800,254	—	5,800,254
Total unrestricted	56,418,869	(22,096,494)	(4,365,539)	29,956,836
Temporarily restricted	19,583,167	—	—	19,583,167
Permanently restricted	22,068,969	—	—	22,068,969
Total net assets	98,071,005	(22,096,494)	(4,365,539)	71,608,972
Total liabilities and net assets	$ 155,430,784	99,242,267	(4,365,539)	250,307,512

See independent Auditors' Report.

Note: The combining statement of financial position is included to separately present the assets, liabilities, and net assets of the Organization's low-income senior housing communities, which include a substantial investment in property and equipment, financed primarily with mortgages and capital advances from the United States Department of Housing and Urban Development (HUD) (Senior Communities). The Senior Communities' net deficits relate primarily to depreciation of property and equipment, which is not currently funded by HUD.

(A) Comprised of Associated Catholic Charities, Inc., and certain of its affiliated organizations as follows.: Jenkins Memorial Nursing Home, Inc. (St. Elizabeth's), The Children's Fund, Inc., Cherry Hill Town Center, Inc., 661 Corporation, My Sister's Place Women's Center Fund, Inc., Our Daily Bread Employment Center Fund, Inc., Sarah's House Fund, Inc., ACC Green House Residences, Inc., and Esperanza Center Health Services, Inc.

(B) Comprised of the Organization's low-income senior communities as follows: Catholic Charities Housing, Inc. (Basilica Place), DePaul House, Inc., Bethany Community Inc., St. Charles House, Inc., Backbone Housing, Inc. (Starner Hill), Coursey Station Apartments, Inc., St. Luke's Apartments, Inc., St. Mark's Housing, Inc., St. Mark's Limited Partnership, St. Joachim, Inc., Trinity House Apartments, Inc., Hollins Ferry Road Apartments, Inc., Hollins Ferry Senior Housing Limited Partnership, Belair Senior Housing, Inc., Belair Limited Partnership, Odenton Senior Housing, Inc., Glen Burnie Senior Housing, Inc., Reisterstown Village Senior Housing, Inc., Reisterstown Gardens Senior Housing, Inc., Owings Mills Senior Housing, Inc., Aberdeen Senior Housing, Inc., Woodlawn Senior Housing, Inc., Abingdon Senior Housing, Inc., Odenton Senior Housing II, Inc., OLF Senior Housing, Inc., OLF Senior Housing II, Inc., Village Crossroads Senior Housing, Inc., Village Crossroads Senior Housing Limited Partnership, Village Crossroads Senior Housing II, Inc., Basilica Place Limited Partnership, and BPL, Inc.

(C) The elimination relates to construction developer fees paid by the HUD communities to ACC and intercompany gains on land sales.