

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)**

Combined Financial Statements

Years Ended June 30, 2019 and 2018

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)**

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Years Ended June 30, 2019 and 2018

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Independent Auditor's Report

To Archbishop Joseph E. Kurtz, D.D.
and Finance Council
Archdiocese of Louisville
(Pastoral Center and Certain Entities)

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of the Archdiocese of Louisville (Pastoral Center and Certain Entities) (the "Archdiocese"), which comprise the combined statements of financial position as of June 30, 2019 and 2018, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

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 Archdiocese'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 Archdiocese'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.

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Independent Auditor's Report (Continued)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Archdiocese of Louisville (Pastoral Center and Certain Entities) as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B, the Archdiocese has adopted Financial Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position and the combining statements of activities on pages 31 through 38 are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Archdiocese of Louisville (Pastoral Center and Certain Entities). 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 combining statements of financial position and combining statements of activities are fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Louisville, Kentucky
October 4, 2019

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Assets		
Cash and cash equivalents	\$ 9,355,701	\$ 9,813,208
Investments (Notes D, E and L)	144,545,533	135,972,946
Investments restricted for perpetual care (Notes D, E, and T)	7,262,101	6,725,641
Accrued interest receivable on investments (Note E)	443,494	379,445
Accounts receivable, net (Notes F and Q)	1,584,595	1,602,736
Pledges receivable (Note G)	1,407,428	-
Grants and other receivables (Note H)	921,249	789,815
Prepaid expenses	125,284	149,685
Inventories	60,227	56,337
Notes receivable - parishes and other related parties, net (Notes I and Q)	4,309,690	4,472,943
Accrued interest receivable on notes receivable	258,801	259,662
Beneficial interest in third-party trusts (Notes D, J and V)	2,191,067	1,456,735
Cemetery lot development costs	789,716	781,908
Mausoleums, columbaria, and lots	5,041,243	5,108,604
Property and equipment, net (Note K)	12,851,213	13,127,540
	<u>\$ 191,147,342</u>	<u>\$ 180,697,205</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,962,541	\$ 1,859,491
Collections payable	369,451	249,516
Deferred revenue	1,745,975	1,577,005
Notes payable (Note N)	2,988,302	3,236,495
Deposits payable - parishes and other related parties, net (Notes I and Q)	<u>59,852,460</u>	<u>57,900,043</u>
Total Liabilities	66,918,729	64,822,550
Net Assets		
Net assets without donor restrictions		
Invested in property and equipment	9,862,911	9,891,045
Expendable net assets	76,608,245	72,930,177
Board designated net assets (Note U)	19,813,660	18,425,457
Regulatory restricted - perpetual care fund (Notes L and T)	<u>7,262,101</u>	<u>6,725,641</u>
Total Net Assets Without Donor Restrictions	113,546,917	107,972,320
Net assets with donor restrictions		
Restricted by time or purpose (Notes L and V)	7,515,248	4,949,085
Restricted in perpetuity (Notes L and V)	<u>3,166,448</u>	<u>2,953,250</u>
Total Net Assets With Donor Restrictions	<u>10,681,696</u>	<u>7,902,335</u>
Total Net Assets	<u>124,228,613</u>	<u>115,874,655</u>
Total Liabilities and Net Assets	<u>\$ 191,147,342</u>	<u>\$ 180,697,205</u>

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Activities
Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains						
Donations, bequests, and grants						
(Notes G and V)	\$ 10,283,033	\$ 4,082,150	\$ 14,365,183	\$ 10,870,788	\$ 1,434,646	\$ 12,305,434
In-kind revenue	194,832	-	194,832	126,922	-	126,922
Parish assessments (Notes Q and R)	9,047,132	-	9,047,132	9,337,900	-	9,337,900
Special collections	359,297	-	359,297	383,394	-	383,394
Burial sales, net	2,679,404	-	2,679,404	2,141,304	-	2,141,304
Catholic Services Appeal	3,827,121	-	3,827,121	4,127,444	-	4,127,444
Fee income	2,138,576	-	2,138,576	2,243,085	-	2,243,085
Program and activity income	276,746	-	276,746	455,905	-	455,905
Rental income	199,611	-	199,611	152,514	-	152,514
Advertising income	466,887	-	466,887	535,771	-	535,771
Investment income, net	3,092,374	80,388	3,172,762	2,272,178	58,842	2,331,020
Unrealized gain in market value of investments	2,575,727	-	2,575,727	7,129,287	-	7,129,287
Realized gain on sale of investments	1,502,318	-	1,502,318	1,464,816	-	1,464,816
Other income, net	99,978	-	99,978	1,388,222	-	1,388,222
Increase in value of split interest agreements (Note V)	-	81,351	81,351	-	15,975	15,975
Net assets released from restrictions	1,464,528	(1,464,528)	-	1,681,038	(1,681,038)	-
Total Revenues, Support, and Gains	38,207,564	2,779,361	40,986,925	44,310,568	(171,575)	44,138,993
Expenses and Losses						
Program services	27,374,488	-	27,374,488	27,228,591	-	27,228,591
Administrative and other support services	4,210,703	-	4,210,703	4,434,953	-	4,434,953
Development and fundraising	1,047,776	-	1,047,776	912,808	-	912,808
Total Expenses and Losses	32,632,967	-	32,632,967	32,576,352	-	32,576,352
Change in Net Assets	5,574,597	2,779,361	8,353,958	11,734,216	(171,575)	11,562,641
Net Assets, beginning of year	107,972,320	7,902,335	115,874,655	96,238,104	8,073,910	104,312,014
Net Assets, end of year	\$ 113,546,917	\$ 10,681,696	\$ 124,228,613	\$ 107,972,320	\$ 7,902,335	\$ 115,874,655

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	Administrative and Other Support Services	Development and Fundraising	Total
Salary Expense	\$ 7,615,479	\$ 1,368,969	\$ 558,177	\$ 9,542,625
Payroll Added Expense	2,386,321	349,000	148,747	2,884,068
Clergy Retirement Benefits (Note R)	1,868,690	-	-	1,868,690
Mileage and Expense Allowance	462,731	111,409	17,188	591,328
Education Expense	766,589	4,405	1,235	772,229
Rent Expense (Note O)	72,471	453	-	72,924
Office Supplies and Services	810,397	384,788	175,060	1,370,245
Plant and Grounds Expense	428,512	601,928	9,724	1,040,164
Auto Expense	6,987	61,956	-	68,943
Public Relations, Donations, and Grants	159,467	39,468	8,868	207,803
Advertising Expense	191,205	16,125	11,369	218,699
Professional Fees and Services	406,246	127,473	82,792	616,511
Program and Activity Expense	1,498,964	61,593	15,455	1,576,012
Broadcasting/Press Expense	428,412	-	-	428,412
Archdiocesan Support	319,004	-	-	319,004
Education Grants	1,896,719	-	-	1,896,719
Cost of Sales	437,902	-	-	437,902
Papal and National Organizations	104,704	-	-	104,704
Other Grants and Direct Aid (Note Q)	6,639,734	42,651	-	6,682,385
Other Restricted Expense Payments	126,577	-	-	126,577
Interest Expense	672,293	145,309	-	817,602
Depreciation Expense (Note K)	19,614	646,985	-	666,599
Bad Debt Expense	2,772	15,213	-	17,985
Miscellaneous Expense	52,698	232,978	19,161	304,837
Total Functional Expenses	<u>\$ 27,374,488</u>	<u>\$ 4,210,703</u>	<u>\$ 1,047,776</u>	<u>\$ 32,632,967</u>

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services	Administrative and Other Support Services	Development and Fundraising	Total
Salary Expense	\$ 7,434,538	\$ 1,245,652	\$ 511,872	\$ 9,192,062
Payroll Added Expense	2,313,106	272,763	129,463	2,715,332
Clergy Retirement Benefits (Note R)	1,818,379	-	-	1,818,379
Mileage and Expense Allowance	356,379	119,318	18,448	494,145
Education Expense	1,691,810	94,017	-	1,785,827
Rent Expense (Note O)	79,100	3,185	-	82,285
Office Supplies and Services	831,983	286,411	119,531	1,237,925
Plant and Grounds Expense	426,609	705,051	7,717	1,139,377
Auto Expense	4,622	91,156	-	95,778
Public Relations, Donations, and Grants	167,299	31,560	13,726	212,585
Advertising Expense	195,825	13,437	9,866	219,128
Professional Fees and Services	509,721	118,795	67,788	696,304
Program and Activity Expense	1,677,643	67,679	17,975	1,763,297
Broadcasting/Press Expense	439,064	-	-	439,064
Archdiocesan Support	297,186	-	-	297,186
Education Grants	882,351	5,041	-	887,392
Cost of Sales	407,023	-	-	407,023
Papal and National Organizations	107,179	-	-	107,179
Other Grants and Direct Aid (Note Q)	6,977,873	37,005	-	7,014,878
Other Restricted Expense Payments	73,333	-	-	73,333
Interest Expense	511,752	134,214	-	645,966
Depreciation Expense (Note K)	18,587	771,521	-	790,108
Bad Debt Expense	-	128,909	-	128,909
Miscellaneous Expense	7,229	309,239	16,422	332,890
Total Functional Expenses	<u>\$ 27,228,591</u>	<u>\$ 4,434,953</u>	<u>\$ 912,808</u>	<u>\$ 32,576,352</u>

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of Change in Net Assets to		
Net Cash Provided by Operating Activities		
Change in net assets	\$ 8,353,958	\$ 11,562,641
Adjustments to reconcile change in net assets		
to net cash provided by operating activities		
Depreciation	666,599	790,108
Amortization of debt issuance costs	1,807	1,808
Gain on disposal of property and equipment	(2,813)	(1,279,456)
Bad debt expense	17,985	128,909
Forgiveness of notes receivable	147,301	94,017
Increase in beneficial interest in third-party trusts	(734,332)	(15,975)
Contributions restricted for long-term purposes	(2,369,403)	-
Unrealized gain in market value of investments	(2,575,727)	(7,129,287)
Realized investment gain	(1,502,318)	(1,464,816)
Change in discount of notes receivable	(10,911)	(7,457)
Other Changes		
(Increase) decrease in		
Accrued interest receivable on investments	(64,049)	(38,266)
Accounts receivable	156	488,819
Grants and other receivables	(131,434)	856,217
Prepaid expenses	24,401	39,693
Inventories	(3,890)	6,863
Accrued interest receivable on notes receivable	861	592
Mausoleums, columbaria, and lots	59,553	(20,099)
Increase (decrease) in		
Accounts payable and accrued expenses	117,233	(1,289,438)
Collections payable	119,935	(201,436)
Deferred revenue	168,970	(449,198)
	<u></u>	<u></u>
Net Cash Provided by Operating Activities	<u>\$ 2,283,882</u>	<u>\$ 2,074,239</u>

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Cash Flows (Continued)
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	\$ (409,892)	\$ (1,911,578)
Proceeds from sale of property and equipment	8,250	1,502,010
Purchases of investments	(10,913,951)	(11,337,394)
Proceeds from sale of investments	5,882,949	7,103,404
Advances to and repayments on loans to parishes and others, net	<u>26,863</u>	<u>2,299,740</u>
Net Cash Used in Investing Activities	(5,405,781)	(2,343,818)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term purposes	961,975	-
Principal payments on notes payable	(250,000)	(1,729,167)
Deposits from parishes and others, net	<u>1,952,417</u>	<u>3,146,671</u>
Net Cash Provided by Financing Activities	<u>2,664,392</u>	<u>1,417,504</u>
(Decrease) Increase in Cash and Cash Equivalents	(457,507)	1,147,925
Cash and Cash Equivalents, beginning of year	<u>9,813,208</u>	<u>8,665,283</u>
Cash and Cash Equivalents, end of year	<u>\$ 9,355,701</u>	<u>\$ 9,813,208</u>
Supplemental Cash Flow Disclosure		
Property and equipment included in accounts payable	\$ 23,171	\$ 37,354
Interest paid	817,602	645,966
Property and equipment financed with debt	-	921,998

See accompanying notes.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements
Years Ended June 30, 2019 and 2018**

Note A - Nature of Organization

The Archdiocese of Louisville (Pastoral Center and Certain Entities) (the "Archdiocese") is a religious organization affiliated with the Roman Catholic Church. The Pastoral Center provides support for the administration of pastoral, vocational, educational, and other services to the parish communities of central Kentucky. The Pastoral Center derives its revenue mainly from donations, parish assessments, Catholic Services Appeal, and investment returns. The Pastoral Center also provides financing and investing services to various parishes and other organizations through the Deposit and Loan Fund. Catholic Cemeteries administers four of the cemeteries in the Archdiocese of Louisville. Catholic Charities of Louisville, Inc. ("Catholic Charities") administers the migration and refugee program, among other social service activities. Catholic Foundation of Louisville, Inc. ("Catholic Foundation") administers funds for the following initiatives: Seminarian Education, Priest Retirement, Parish Assistance, Legacy Fund, Catholic Charities, and Catholic Cemeteries. Catholic Foundation also maintains investments for various parishes that elect to invest through them.

Note B - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Archdiocese is presented to assist in understanding the Archdiocese's financial statements. The combined financial statements and notes are representations of the Archdiocese's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the combined financial statements. The more significant accounting policies of the Archdiocese are as follows:

1. Principles of Combination: The combined financial statements include the accounts of the Archdiocese of Louisville and Certain Entities which are under common control. Such entities are collectively referred to as the Archdiocese in the combined financial statements and related notes and include the Pastoral Center (with its Deposit and Loan Fund), Catholic Cemeteries, Catholic Charities, and Catholic Foundation. All significant transactions among the entities included in the combined financial statements have been eliminated.

The combined financial statements do not include the parishes, elementary schools, four Archdiocesan sponsored secondary schools, and Catholic institutions owned and operated by religious communities.

2. Basis of Accounting: The combined statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC"), as produced by the Financial Accounting Standards Board ("FASB"), is the sole source of authoritative GAAP.

On August 18, 2016, FASB issued 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 Archdiocese has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018**

Note B - Summary of Significant Accounting Policies (Continued)

2. Basis of Accounting (Continued):

The Archdiocese has reported information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net Assets Without Donor Restrictions* are those that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Archdiocese. These net assets may be used at the discretion of the Archdiocese's management and the Finance Council. Net Assets Without Donor Restrictions include the following:
 - Invested in Property and Equipment: These net assets represent cumulative resources expended for property and equipment, less accumulated depreciation recorded on the property and equipment and net of related debt.
 - Expendable Net Assets: These net assets represent the portion of expendable funds available for support in the operation of the Archdiocese.
 - Board Designated Net Assets: These net assets represent funds without donor restrictions that are designated for specific purposes by the Archbishop. Although the Archbishop could release or revise the designations in the future, to the extent not externally restricted, there is no intent to do so.
 - Regulatory Restricted - Perpetual Care Fund: See Notes L and T.
- *Net Assets with Donor Restrictions* are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Archdiocese or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Archdiocese reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the combined statements of activities as net assets released from restrictions. The Archdiocese treats restricted gifts whose restrictions are met in the same reporting period as without donor restriction.

- 3. Use of Estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities, if any) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- 4. Cash and Cash Equivalents: Cash and cash equivalents primarily include highly liquid investment securities with maturities of three months or less at the time of purchase, not designated for a specific purpose.

The Archdiocese maintains its cash balances in bank deposit accounts which, at times, may exceed the \$250,000 coverage provided by the Federal Deposit Insurance Corporation ("FDIC"). The Archdiocese has not experienced any losses in such accounts. Management believes the Archdiocese is not exposed to any significant risk on bank deposits.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018**

Note B - Summary of Significant Accounting Policies (Continued)

5. Investments: The Archdiocese invests in fixed income securities, including government and corporate bonds, and in publicly traded stocks, mutual funds, and alternative strategies.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of the Archdiocese.

Investments are carried at fair value, generally determined by quoted market prices. Receipt of donated investments is recorded at the quoted market value of the investment at the time of donation.

Net appreciation/depreciation on endowed fund investments, whose income is unrestricted as to use, is reported as net assets without donor restrictions. In cases where the donor has placed time or purpose restrictions on the use of the income from endowed gifts, net appreciation/depreciation is reported as part of net assets with donor restrictions until the restriction has been met.

Investment income in the combined statements of activities is net of investment expenses of approximately \$474,000 in 2019 and \$510,000 in 2018.

6. Receivables: The Archdiocese uses the allowance method for valuing receivables, which is based upon historical experience, coupled with a review of the current status of existing receivables. See notes within the combined financial statements for specific allowances determined by management.
7. Inventories: Inventories are carried at the lower of cost (first-in, first-out) or net realizable value. Inventories consist of monuments and supplies for Catholic Cemeteries as well as bus passes, gift cards, and housewares for Catholic Charities.
8. Cemetery Lot Development Costs: Lot development costs represent actual costs incurred in development of mausoleums, columbaria, and gravesites which are in the process of being completed.
9. Mausoleums, Columbaria, and Lots: Mausoleums, columbaria, and lots represent completed burial sites. As burial sites are sold, an allocated portion of the actual costs are expensed through cost of sales.
10. Property and Equipment: Donated property and equipment are recorded at their estimated fair values at the time of donation. Purchased property and equipment are recorded at acquisition cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:
- | | |
|----------------------------|---------------|
| Land improvements | 10 - 30 years |
| Buildings and improvements | 20 - 40 years |
| Furniture and equipment | 3 - 20 years |
11. Collections Payable: Collections payable represent special collections conducted by parishes throughout the Archdiocese to meet particular pastoral needs. The Archdiocese remits these collections to local and national charitable organizations on behalf of the parishes.
12. Deferred Revenue: Deferred revenue consists mainly of advances on grants as well as prepaid interments and lot maintenance fees. Revenues are reported in the fiscal year in which they are earned.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note B - Summary of Significant Accounting Policies (Continued)

13. Donated Goods and Services: Donated materials and equipment are shown as gifts, valued at their estimated fair market value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Archdiocese. A large number of volunteers have given significant amounts of their time for the operation of the Archdiocese throughout the years ended June 30, 2019 and 2018 that are not recognized as contributions in the combined financial statements since the recognition criteria were not met.

14. Income Taxes: The Archdiocese qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal or state income taxes has been recorded.

The Archdiocese evaluates recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach and has determined that no material adjustment for income tax uncertainties or unrecognized tax benefits is required.

15. Functional Allocation of Expenses: The costs of providing the various programs, fundraising and other activities have been summarized on a functional basis on the combined statements of activities. The combined statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Archdiocese are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the programs and supporting services benefited. Payroll-related costs are allocated based on time and effort while facility-related costs are allocated based on usage.
16. Advertising: Expenses related to advertising and promotions are expensed as incurred. Advertising costs were approximately \$219,000 for both years ended June 30, 2019 and 2018.
17. Subsequent Events: The Archdiocese has evaluated events occurring subsequent to year end through the date of the Independent Auditor's Report, the date the combined financial statements were available to be issued.
18. Recent Accounting Pronouncements: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This updated guidance supersedes the revenue recognition guidance in Topic 605, Revenue Recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in the exchange for those goods and services. This standard is effective for the fiscal year ending June 30, 2020. The Archdiocese evaluated the impact of the adoption of ASU 2014-09 on the combined financial statements and did not record any material impact from the adoption of ASU 2014-09 as of July 1, 2019.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard should assist entities in 1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. This standard will be effective for the fiscal year ending June 30, 2020. The Archdiocese evaluated the impact of the adoption of ASU 2018-08 on the combined financial statements and did not record any material impact from the adoption of ASU 2018-08 as of July 1, 2019.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note B - Summary of Significant Accounting Policies (Continued)

18. Recent Accounting Pronouncements (Continued): In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the combined statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the combined statement of activities. This standard will be effective for the fiscal year ending June 30, 2021.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the combined statement of activities will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the fiscal year ending June 30, 2022.

The Archdiocese is currently evaluating ASU 2016-02 and ASU 2016-13 and their related impact on the combined financial statements of the Archdiocese.

19. Reclassifications: Certain amounts presented in the prior year combined financial statements have been reclassified to conform to the current year presentation. Amounts reclassified had no impact on the prior year change in net assets.

Note C - Liquidity and Availability of Resources

The Archdiocese regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Archdiocese considers all expenditures relating to its ongoing activities of providing the mission-driven services and related activities in Note A for which they receive revenue, support, and gains. Funds restricted by donors or that have been board designated that are not expected to be expended for their restricted or designated purpose within the next 12 months are not included in the analysis as the Archdiocese does not have rights to use these for general expenditures. The Archdiocese also has lines of credit totaling \$1,250,000 available to meet liquidity needs.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note C - Liquidity and Availability of Resources (Continued)

The Archdiocese's financial assets available within one year of the combined statement of financial position date for general expenditures as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 9,355,701	\$ 9,813,208
Investments and Related Accrued Interest	152,251,128	143,078,032
Accounts Receivable, net	1,584,595	1,602,736
Pledges Receivable	1,407,428	-
Grants and Other Receivables	921,249	789,815
Notes Receivable and Related Accrued Interest	4,568,491	4,732,605
Beneficial Interest in Third-party Trusts	<u>2,191,067</u>	<u>1,456,735</u>
 Total Financial Assets	 172,279,659	 161,473,131
 Less Amounts not Available to be Used Within One Year		
Board designated funds	19,813,660	18,425,457
Regulatory restricted funds for perpetual care	7,262,101	6,725,641
Donor restricted by time or purpose	7,515,248	4,949,085
Donor restricted in perpetuity	3,166,448	2,953,250
Accounts receivable not expected to be received within one year	252,655	252,655
Notes receivable and accrued interest not expected to be received within one year	2,839,405	3,329,119
Less net assets with board designations to be met in less than one year	(2,939,339)	(4,013,369)
Less net assets with purpose or time restrictions to be met in less than one year	<u>(1,026,742)</u>	<u>(1,220,567)</u>
 Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u><u>\$ 135,396,223</u></u>	 <u><u>\$ 130,071,860</u></u>

Note D - Fair Value Measurements

The combined financial statements reflect the accounting standard related to fair value measurements, which provides a comprehensive framework for measuring fair value and expands required disclosures concerning fair value measurements. Specifically, the standard sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note D - Fair Value Measurements (Continued)

The standard defines levels with the hierarchy of inputs as follows:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following is a description of the valuation methodologies used for the assets and liabilities measured at fair value. There have been no changes in the methodologies used to determine fair value at June 30, 2019 and 2018.

- *Cash and Cash Equivalents*: Valued at the net asset value.
- *Common Stocks*: Valued at the quoted market price of the shares.
- *Government backed securities*: Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.
- *Corporate Bonds and Other*: Valued at quoted market prices in exchange and active markets.
- *Mutual Funds*: Valued at quoted market prices in exchange and active markets.
- *Hedge Funds*: Valued based on net asset value of units held, which is determined by the investment manager based upon the value of the underlying assets.
- *Beneficial Interest in Third-party Trusts*: Valued at the fair value of the underlying investments held in third-party trusts, which is estimated to approximate the present value of future cash flows.

Fair values of financial assets measured on a recurring basis at June 30, 2019, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Cash Equivalents	\$ 3,680,700	\$ 3,680,700	\$ -	\$ -
Common Stocks	96,808,343	96,808,343	-	-
Government Backed Securities	65,318	-	65,318	-
Corporate Bonds and Other	33,092,556	33,092,556	-	-
Mutual Funds				
Real assets	8,949,911	8,949,911	-	-
Alternative strategies	<u>892,941</u>	<u>892,941</u>	<u>-</u>	<u>-</u>
Total Mutual Funds	9,842,852	9,842,852	-	-
Hedge Fund				
Alternative strategies	8,317,865	-	8,317,865	-
Beneficial Interest in Third-party Trusts (Note J)	<u>2,191,067</u>	<u>-</u>	<u>2,191,067</u>	<u>-</u>
Total	<u>\$153,998,701</u>	<u>\$143,424,451</u>	<u>\$ 10,574,250</u>	<u>\$ -</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note D - Fair Value Measurements (Continued)

Fair values of financial assets measured on a recurring basis at June 30, 2018, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Cash Equivalents	\$ 2,654,009	\$ 2,654,009	\$ -	\$ -
Common Stocks	85,212,543	85,212,543	-	-
Government Backed Securities	65,937	-	65,937	-
Corporate Bonds and Other	37,429,635	37,429,635	-	-
Mutual Funds				
Real assets	8,119,186	8,119,186	-	-
Alternative strategies	<u>245,437</u>	<u>245,437</u>	<u>-</u>	<u>-</u>
Total Mutual Funds	8,364,623	8,364,623	-	-
Hedge Fund				
Alternative strategies	8,971,840	-	8,971,840	-
Beneficial Interest in Third-party Trusts (Note J)	<u>1,456,735</u>	<u>-</u>	<u>1,456,735</u>	<u>-</u>
Total	<u>\$144,155,322</u>	<u>\$133,660,810</u>	<u>\$ 10,494,512</u>	<u>\$ -</u>

Note E - Investments

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

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash and Cash Equivalents	\$ 3,680,700	\$ 3,680,700	\$ 2,654,009	\$ 2,654,009
Common Stocks	85,451,632	96,808,343	64,893,413	85,212,543
Government Backed Securities	64,665	65,318	65,277	65,937
Corporate Bonds and Other	33,325,749	33,092,556	36,334,893	37,429,635
Mutual Funds				
Real assets	8,460,705	8,949,911	8,043,769	8,119,186
Alternative strategies	<u>875,000</u>	<u>892,941</u>	<u>244,800</u>	<u>245,437</u>
Total Mutual Funds	9,335,705	9,842,852	8,288,569	8,364,623
Hedge Fund				
Alternative strategies	<u>7,600,000</u>	<u>8,317,865</u>	<u>7,600,000</u>	<u>8,971,840</u>
Total	<u>\$139,458,451</u>	<u>\$151,807,634</u>	<u>\$119,836,161</u>	<u>\$142,698,587</u>

Accrued interest earned from the above investments is \$443,494 and \$379,445 as of June 30, 2019 and 2018, respectively.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note F - Accounts Receivable

The Archdiocese provides an allowance for doubtful accounts based upon the anticipated collectability of each specific account. In evaluating the collectability of the accounts receivable, the Archdiocese considers a number of factors, including the age of accounts, changes in collection patterns, and economic conditions. Actual collections of accounts receivable in subsequent periods may require changes in the estimated provision. Changes in the estimate are charged or credited to the results of the operations in the period of change. The Archdiocese does not charge interest on past due accounts.

A summary of the accounts receivable at June 30, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Accounts Receivable	\$ 4,307,684	\$ 4,360,473
Less Allowance for Doubtful Accounts	<u>(2,723,089)</u>	<u>(2,757,737)</u>
Balance at End of Year	<u><u>\$ 1,584,595</u></u>	<u><u>\$ 1,602,736</u></u>

Note G - Pledges Receivable

Catholic Charities began a capital campaign for a new building that is expected to break ground during fiscal year 2020. During the year ended June 30, 2019, Catholic Charities received pledges in support of the new building from board members, related parties, and others.

Pledges and related receivable balance consist of the following as of and for the year ended June 30, 2019:

Pledges receivable for the year ended June 30, 2019	
Board members	\$ 25,433
Other related parties	652,995
Others	<u>729,000</u>
Total Pledges Receivable for Capital Campaign	<u><u>\$ 1,407,428</u></u>
Pledges receivable are due according to the following schedule	
Less than one year	\$ 592,656
One to five years	<u>814,772</u>
Total	<u><u>\$ 1,407,428</u></u>

Note H - Grants and Other Receivables

Grants and other receivables at June 30, 2019 and 2018, totaling \$921,249 and \$789,815, respectively, consist primarily of billings for reimbursements of allowable expenditures in the operations of various federal grant programs operated by Catholic Charities. No allowance for uncollectible grants and other receivables has been recorded as management expects all reimbursements to be paid in full.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018**

Note I - Notes Receivable and Deposits Payable - Parishes and Other Related Parties

The Archdiocese maintains a centralized financing program through itself and the Deposit and Loan Fund. These programs consist of loans made by the Archdiocese to parishes and other organizations within the Archdiocese. Amounts due from parishes and other organizations at June 30, 2019 and 2018, were \$4,309,690 and \$4,472,943, respectively. These amounts are included in notes receivable - parishes and other related parties on the combined statements of financial position.

Interest rates on these loans range between 2.70% and 3.50% per annum for fiscal years 2019 and 2018. The maturity dates vary from on demand to seven years. The loans are collateralized by property of the parishes and other organizations.

Various parishes and other organizations within the Archdiocese remit funds to the Archdiocese, Deposit and Loan Fund, and the Catholic Foundation. Amounts due to parishes and other organizations at June 30, 2019 and 2018, were \$59,852,460 and \$57,900,043, respectively. These amounts are included in deposits payable - parishes and other related parties on the combined statements of financial position and are due on demand. Interest accrued on Deposit and Loan Fund balances at 1.00% and .75% per annum was paid on funds on deposit for fiscal years 2019 and 2018, respectively. The deposit rate is equal to the six month U.S. Treasury bill rate, and is adjusted every six months. However, the Archdiocese has established a minimum rate which is to be paid to the various parishes and other organizations of 1.00%. Subsequent to year end and effective July 1, 2019, the Archdiocese increased the rate to 1.25%. Funds held outside of the Deposit and Loan Fund earn income according to market conditions.

Note J - Beneficial Interest in Third-party Trusts

The Archdiocese is the beneficiary of certain funds held in four trusts.

Catholic Charities is an income beneficiary of two irrevocable charitable trusts administered by third-party trustees. Income/distributions received from these trusts for the years ended June 30, 2019 and 2018, were \$45,448 and \$43,621, respectively. The income received from the trusts are restricted for elderly service programs. The net change in value of the trusts for the years ended June 30, 2019 and 2018, was an increase of \$30,375 and an increase of \$26,191, respectively, and is included as a component of the change in net assets with donor restrictions on the combined statements of activities.

The Archdiocese is a beneficiary and trustee of one irrevocable charitable trust. Income from the trust is remitted to an unrelated beneficiary for a period of twenty years, ending September 2028. After twenty years, the balance of the trust shall be transferred to the Archdiocese, without restrictions. The net change in value of the trust for the years ended June 30, 2019 and 2018 was an increase of \$47,362 and \$0, respectively, and is included as a component in the change in net assets with donor restrictions on the combined statements of activities.

The Archdiocese is also a beneficiary of one charitable remainder uni-trust. The total estimated net present value of future cash flows from this trust as of June 30, 2019 and 2018, assuming a 3.5% rate of return, is \$390,497 and \$386,883, respectively. Distributions received from this trust for the years ended June 30, 2019 and 2018, were \$25,828 and \$24,975, respectively, and are restricted for seminarian education. The net change in value of the trust was an increase of \$3,614 and decrease of \$10,216 for the years ended June 30, 2019 and 2018, respectively, and is included as a component in the change in net assets with donor restrictions on the combined statements of activities.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note J - Beneficial Interest in Third-party Trusts (Continued)

The beneficial interest of the underlying investments held in the third-party trusts and the net present value of future cash flows from the uni-trust at June 30, 2019 and 2018 are as follows:

	2019		2018	
	Cost	Market	Cost	Market
Cash and Cash Equivalents	\$ 33,306	\$ 33,306	\$ 9,061	\$ 9,061
Common Stock - private equity	148,523	148,523	-	-
Mutual Funds - corporate bonds	402,941	409,863	287,226	282,158
Mutual Funds - common stock	869,103	1,208,878	483,632	778,633
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal	<u>\$ 1,453,873</u>	<u>\$ 1,800,570</u>	<u>\$ 779,919</u>	<u>\$ 1,069,852</u>
Estimated value of beneficial interest in charitable remainder uni-trusts		<u>390,497</u>		<u>386,883</u>
Total		<u>\$ 2,191,067</u>		<u>\$ 1,456,735</u>

Note K - Property and Equipment

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

	2019	2018
Land and Improvements	\$ 2,088,819	\$ 2,088,819
Construction in Progress	130,167	-
Buildings and Improvements	17,000,341	16,865,047
Furniture and Equipment	<u>5,197,005</u>	<u>5,138,637</u>
Subtotal	24,416,332	24,092,503
Less accumulated depreciation	<u>(11,565,119)</u>	<u>(10,964,963)</u>
Total	<u>\$ 12,851,213</u>	<u>\$ 13,127,540</u>

Total depreciation expense was \$666,599 and \$790,108 for the years ended June 30, 2019 and 2018, respectively.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018**

Note L - Endowments

The Archdiocese's endowments include donor-restricted endowment funds and perpetual care assets required by law to operate as an endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Archbishop and Finance Committee of the Archdiocese interpret the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of 2006 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 Archdiocese classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the endowment in perpetuity 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 in net assets restricted in perpetuity is classified as net assets restricted by time or purpose until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Archdiocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters

The Archdiocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to a program supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Archdiocese must hold in perpetuity. Under this policy, as approved by the Archbishop and Finance Committee, the endowment assets are invested in a manner that is consistent with the Archdiocese's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Archdiocese 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). The Archdiocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note L - Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Archdiocese has a policy of appropriating for distribution each year based upon the six month T-bill rate with a floor of 50 basis points. In establishing this policy, the Archdiocese considered the long-term expected return on its endowment. Accordingly, over the long term, the Archdiocese expects the current spending policy will allow its endowment to be preserved on an inflation-adjusted basis. This is consistent with the Archdiocese'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. Actual returns in any given year may vary from this amount.

Composition by Type of Fund

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2019			
Donor-restricted Endowment Funds	\$ -	\$ 3,508,492	\$ 3,508,492
Regulatory-restricted Funds	7,262,101	-	7,262,101
Total Funds	<u>\$ 7,262,101</u>	<u>\$ 3,508,492</u>	<u>\$ 10,770,593</u>
June 30, 2018			
Donor-restricted Endowment Funds	\$ -	\$ 3,290,060	\$ 3,290,060
Regulatory-restricted Funds	6,725,641	-	6,725,641
Total Funds	<u>\$ 6,725,641</u>	<u>\$ 3,290,060</u>	<u>\$ 10,015,701</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	\$ 6,725,641	\$ 3,290,060	\$ 10,015,701
Net Investment Income	174,271	68,243	242,514
Contributions	418,919	205,700	624,619
Appropriation of Endowment Assets for Expenditure	(56,730)	(25,964)	(82,694)
Release from Endowment Restriction	-	(29,547)	(29,547)
Endowment Net Assets, end of year	<u>\$ 7,262,101</u>	<u>\$ 3,508,492</u>	<u>\$ 10,770,593</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note L - Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	\$ 6,336,885	\$ 3,328,103	\$ 9,664,988
Net Investment Income	146,596	46,313	192,909
Contributions	242,160	212	242,372
Appropriation of Endowment Assets for Expenditure	-	(37,398)	(37,398)
Release from Endowment Restriction	-	(47,170)	(47,170)
Endowment Net Assets, end of year	<u>\$ 6,725,641</u>	<u>\$ 3,290,060</u>	<u>\$ 10,015,701</u>

Note M - Line of Credit

The Pastoral Center has a \$1,000,000 secured line of credit that expires May 1, 2020. The line of credit bears interest at LIBOR plus 1.25% (3.65% at June 30, 2019). The note is secured by investments. There were no amounts outstanding on the line at June 30, 2019 and 2018.

Catholic Charities has a \$250,000 line of credit agreement that expires January 31, 2020. The line of credit bears interest at LIBOR plus 1.50% (3.90% at June 30, 2019). The note is secured by the Archdiocese of Louisville's guarantee. There were no amounts outstanding at June 30, 2019 and 2018.

Note N - Notes Payable

Long-term debt is summarized as follows:

	2019	2018
City of Audubon Park, Kentucky Revenue Note Series 2016		
Note payable in monthly installments of \$20,833 beginning August 1, 2017, plus interest at the rate of 70% of the Daily One-Month LIBOR Rate, plus .94 (2.61% at June 30, 2019). Matures July 1, 2037 and subject to mandatory prepayment in whole on July 25, 2023.	\$ 3,020,833	\$ 3,270,833
Less unamortized debt issuance costs	<u>(32,531)</u>	<u>(34,338)</u>
Notes Payable	<u>\$ 2,988,302</u>	<u>\$ 3,236,495</u>

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018**

Note N - Notes Payable (Continued)

Estimated future maturities of notes payable as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 250,000
2021	250,000
2022	250,000
2023	250,000
2024	250,000
Thereafter	<u>1,770,833</u>
Total	<u><u>\$ 3,020,833</u></u>

Effective July 1, 2017, the Archdiocese entered into an interest rate swap agreement to secure a fixed rate of interest on half of the City of Audubon Park, Kentucky Revenue Note Series 2016 principal (\$2,500,000, the original notional amount, which reduces as the outstanding debt balance is paid down). Under this contract, the Archdiocese pays interest at a fixed rate of 2.973% and receives interest at the rate of 70% of the Daily One-Month LIBOR rate, plus .94%. The swap agreement is effective through July 2037. The Archdiocese has determined that the fair value of the interest rate swap at June 30, 2019 is de minimis; therefore, no value has been recorded.

Note O - Lease Obligations

Catholic Charities is a party to a month-to-month building lease and storage lease which requires monthly payments of approximately \$900 and \$121, respectively.

During November 2014, Catholic Charities entered into a month-to-month lease agreement with Catholic Charities, Diocese of Lexington for the use of office space. The lease requires payments of \$1,000 per month to be made on a biannual basis.

During June 2015, Catholic Charities entered into a month-to-month lease agreement with Catholic Charities, Diocese of Covington for the use of office space. The lease requires payments of \$1,200 per month to be made on a biannual basis. The lease was terminated on March 31, 2018.

The Archdiocese will periodically lease/rent other items on an as needed basis. Total rent expense for the years ended June 30, 2019 and 2018 was \$72,924 and \$82,285, respectively.

Note P - Guarantees

The Pastoral Center is a guarantor on \$350,000 in lines of credit to two Catholic high schools. There were no borrowings against these lines of credit at June 30, 2019 and 2018.

The Pastoral Center is a guarantor for approximately \$20,237,000 and \$21,619,000 in bank loans to parishes of the Archdiocese of Louisville at June 30, 2019 and 2018, respectively. The parishes used the funds as a source of financing for capital projects. Terms of the loans and lines of credit range from one to seven years. If any parish should default, the Pastoral Center may liquidate the parish assets to satisfy any outstanding obligation.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018**

Note P - Guarantees (Continued)

The Pastoral Center was a guarantor of a \$3,000,000 bank loan obtained by a Catholic foundation. These funds were then loaned by the foundation to one of the Catholic elementary schools in the Archdiocese of Louisville for funding of a capital project and to fund additional capital expenditures. The loan was fully paid off during the year ended June 30, 2019. The balance of the loan at June 30, 2018 was approximately \$182,000.

An unsecured bank qualified bond in the amount of \$10,100,000 was issued for the benefit of St. Bernadette Parish/St. Mary Academy School to replace the 2008 Series Bond. The bond was used for the land purchase and construction of St. Mary Academy School. The bond document contains certain covenants for which compliance is required by St. Bernadette Parish and St. Mary Academy. The balance of the bond is approximately \$6,760,000 and \$7,200,000 at June 30, 2019 and 2018, respectively. The Archdiocese is the guarantor on this bond.

St. Francis DeSales High School, through the city of Shively, was the recipient of a \$5 million Revenue Bond, Series 2015. The balance of the bond is approximately \$4,403,000 and \$4,624,000 as of June 30, 2019 and 2018, respectively. The Archdiocese is the guarantor on this bond.

Bethlehem High School, through the city of Bardstown, was the recipient of a \$3,500,000 Revenue Bond, Series 2018. The balance of the bond was approximately \$2,135,000 as of June 30, 2019. The Archdiocese is the guarantor on this bond.

The Pastoral Center received no consideration for any of the guarantees. Management evaluates the loss exposure at the statement of financial position date, and no accruals for loss exposure were deemed necessary.

Note Q - Related Party Transactions

An assessment is levied on parishes and certain other Archdiocesan entities to provide support for the activities of the Archdiocese. Total assessments for the years ended June 30, 2019 and 2018, were \$9,047,132 and \$9,337,900, respectively. Assessments receivable, net of allowance for doubtful accounts and discounts at June 30, 2019 and 2018, are \$512,799 and \$550,752, respectively, and are included in accounts receivable in the combined statements of financial position. See Note F for additional information.

The Pastoral Center provides support to various schools and missions located within the Archdiocese. The total support provided for the years ended June 30, 2019 and 2018 was \$2,790,491 and \$2,674,039, respectively.

Related party notes receivable consist of amounts due from clergy, parishes, and Catholic schools. At June 30, 2019 and 2018, such receivables totaled \$4,309,690 and \$4,472,943, respectively. Related party notes receivable at June 30, 2019 and 2018, are net of a discount to estimated present value of future payments of \$31,657 and \$42,568, respectively. No allowance for uncollectible notes receivable was determined necessary, however, a discount rate of 3.5% was used for each of the years ended June 30, 2019 and 2018. The original maturity dates vary from on demand to seven years. See Note I for additional information.

Related party deposits payable consist of amounts due to parishes, Catholic schools and other organizations. At June 30, 2019 and 2018, such payables totaled \$59,852,460 and \$57,900,043, respectively. See Note I for additional information.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note R - Retirement Benefits

Employees and Active Clergy

The Archdiocese has a 401(k) plan that covers Archdiocesan and other agencies' eligible employees, as well as active Diocesan priests. The Plan allows employees' contributions, up to the statutory limit and personal management of the employees' retirement accounts.

The Archdiocese or agency contributes 4% of eligible employees' gross pay each pay period and \$100 per month for active Diocesan clergy to the Plan. Additionally, the Archdiocese or agency will make a matching contribution for each participant in an amount equal to 100% of the first 2% of compensation deferred by a participant and 50% of the next 2% of compensation deferred. The Archdiocese made contributions of approximately \$570,000 and \$512,000 to the Plan for the years ended June 30, 2019 and 2018, respectively.

Retired Clergy

Retirement benefits and supplemental medical coverage benefits for retired diocesan clergy are determined by the Archbishop. The Archdiocese makes payments to these retired Diocesan clergy in accordance with instructions from the Archbishop and expenses such payments as they are made.

The parishes pay to the Archdiocese an assessment for retirement benefits for retired clergy based on total parish income at the rate of 1.34% for the years ended June 30, 2019 and 2018. The assessment income for retirement benefits from the parishes was approximately \$1,805,000 and \$1,796,000 for the years ended June 30, 2019 and 2018, respectively, and is included in the total of parish assessments in the combined statements of activities. Remaining board designated net assets for retirement benefits at June 30, 2019 and 2018, were \$2,323,436 and \$4,164,294, respectively.

Benefits paid to retired clergy for the years ended June 30, 2019 and 2018 follow:

	<u>2019</u>	<u>2018</u>
Clergy Retirement Benefits	\$ 1,868,690	\$ 1,818,379
Supplemental Medical Coverage	<u>258,272</u>	<u>270,160</u>
Total	<u><u>\$ 2,126,962</u></u>	<u><u>\$ 2,088,539</u></u>

Note S - Contingencies

Legal Contingencies

The Archdiocese is involved in various legal actions and regulatory issues from time to time arising in the ordinary course of its activities. It is the opinion of management and legal counsel that the ultimate liability, if any, with respect to these matters will not materially affect the financial position of the Archdiocese.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018**

Note S - Contingencies (Continued)

Affordable Housing Project Contingencies

Catholic Charities has executed various Regulatory Agreements with the U.S. Department of Housing and Urban Development ("HUD") as a sponsor under the Section 202 - Supportive Housing for the Elderly program. Catholic Charities is the sponsor for various affordable housing projects receiving forgivable capital grants funded under the Section 202 program. In the role of sponsor, Catholic Charities signs with the project owner as co-borrower on the forgivable grants. These Regulatory Agreements stipulate that in order for the grants to be forgiven, the underlying properties must maintain compliance with HUD throughout the term of the grant, which is typically 40 years.

As of June 30, 2019 and 2018, Catholic Charities has executed various Section 202 Regulatory Agreements with projects borrowing a total of approximately \$10,237,000 and \$12,865,000, respectively. There is no expectation of repayment due to HUD's ultimate recourse being the property and improvements utilized to fulfill the objectives of the Section 202 Program. In the event of default with respect to the Regulatory Agreements, Catholic Charities would relieve any obligation owed to HUD by transferring all title and interest in the projects back to HUD.

The operations of the projects sponsored by Catholic Charities are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Major Funding Source

Catholic Charities is substantially funded by grants awarded directly and indirectly by the federal government. The funding is subject to federal government appropriations and potential funding reductions. Recent Presidential Executive Orders have significantly curtailed Catholic Charities' refugee resettlement work. Catholic Charities continues to make changes to adjust to a lower level of funding.

Asset Retirement Obligation

The ASC requires that an asset retirement obligation ("ARO") associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The Archdiocese's conditional ARO primarily relates to asbestos possibly contained in buildings that the Archdiocese owns. Environmental regulations exist that require the Archdiocese to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished.

No liability has been recorded in relation to the ARO because the fair value cannot be reasonably determined. Absent any definite plans to do major renovations, there is an indeterminate settlement date for the asset retirement obligation because the range of time over which the Archdiocese may settle the obligation is unknown or cannot be estimated.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018**

Note T - Regulatory Restricted

Perpetual Care Endowment:

Kentucky state cemetery and funeral laws mandate that cemeteries designate a certain percentage of burial site sales to a perpetual care and maintenance trust fund. In accordance with this law, Catholic Cemeteries has established an endowed fund into which is set aside the following percentage of gross sales:

Grave Space	20%
Crypts	5%
Niches	10%

The balance in this regulatory endowed fund at June 30, 2019 and 2018, is \$7,262,101 and \$6,725,641 respectively.

Note U - Net Assets Without Donor Restrictions - Board Designated Net Assets

Board designated net assets without donor restrictions are designated for the following purposes:

	2019	2018
	<hr/>	<hr/>
Catholic Foundation of Louisville, Inc.	\$ 9,182,994	\$ 7,539,247
Catholic Charities of Louisville	2,506,003	2,110,075
Priest Retirement Fund	2,323,436	4,164,294
Capital Reserves	2,000,000	1,000,000
Southern KY Missions	1,864,561	2,000,000
High School Tuition Assistance	900,000	1,000,000
Other	591,224	115,479
Closed Parishes	<hr/> 445,442	<hr/> 496,362
	<hr/>	<hr/>
Total	<u><u>\$ 19,813,660</u></u>	<u><u>\$ 18,425,457</u></u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note V - Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows for the year ended June 30, 2019:

	June 30, 2018	Contributions	Investment Income	Change in Beneficial Interest	Released from Restrictions / Other Changes	June 30, 2019
By Time and Purpose						
Poverty assistance	\$ 647,035	\$ 330,861	\$ 7,254	\$ -	\$ (336,487)	\$ 648,663
Seminarian and priest education	2,123,148	492,430	27,748	3,614	(886,542)	1,760,398
School scholarships	159,943	18,849	10,623	-	(24,880)	164,535
Maintenance and care of gravesites	743,480	-	29,502	-	-	772,982
Mission promotions	149,259	2,672	1,434	-	(29,285)	124,080
Lattis Trust	-	662,235	-	47,362	(9,254)	700,343
Hersche Trust	567,245	-	-	29,463	-	596,708
Food service program	137,980	-	-	-	(47,889)	90,091
Multicultural ministry	294,730	-	2,439	-	(87,619)	209,550
Capital campaign	-	2,369,403	-	-	(26,095)	2,343,308
Other	126,265	-	1,388	-	(23,063)	104,590
Total	<u>\$ 4,949,085</u>	<u>\$ 3,876,450</u>	<u>\$ 80,388</u>	<u>\$ 80,439</u>	<u>\$ (1,471,114)</u>	<u>\$ 7,515,248</u>
	June 30, 2018	Contributions	Change in Beneficial Interest	Other Release	June 30, 2019	
In Perpetuity						
Seminarian and priest education	\$ 1,181,902	\$ -	\$ -	\$ 231,533	\$ 1,413,435	
Maintenance and care of gravesites	701,294	10,298	-	-	711,592	
School scholarships	512,900	-	-	-	512,900	
Poverty assistance	527,609	-	912	-	528,521	
Other	29,545	-	-	(29,545)	-	
Total	<u>\$ 2,953,250</u>	<u>\$ 10,298</u>	<u>\$ 912</u>	<u>\$ 201,988</u>	<u>\$ 3,166,448</u>	

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2019 and 2018

Note V - Net Assets with Donor Restrictions (Continued)

Net assets with donor restrictions are as follows for the year ended June 30, 2018:

	June 30, 2017	Contributions	Investment Income	Change in Beneficial Interest	Released from Restrictions / Other Changes	June 30, 2018
By Time and Purpose						
Poverty assistance	\$ 424,962	\$ 489,125	\$ 4,235	\$ -	\$ (271,287)	\$ 647,035
Seminarian and priest education	2,035,985	894,838	11,619	(10,216)	(809,078)	2,123,148
Specific operations	38	-	-	-	(38)	-
School scholarships	255,474	8,879	5,139	-	(109,549)	159,943
Maintenance and care of gravesites	711,367	-	32,113	-	-	743,480
Mission promotions	295,822	11,592	1,739	-	(159,894)	149,259
Hersche Trust	559,122	-	-	8,123	-	567,245
Food service program	230,560	-	-	-	(92,580)	137,980
Multicultural ministry	405,153	-	2,521	-	(112,944)	294,730
Other	173,287	30,000	1,476	-	(78,498)	126,265
Total	\$ 5,091,770	\$ 1,434,434	\$ 58,842	\$ (2,093)	\$ (1,633,868)	\$ 4,949,085
			Change in Beneficial Interest	Other Release		
	June 30, 2017	Contributions			June 30, 2018	
In Perpetuity						
Seminarian and priest education	\$ 1,181,902	\$ -	\$ -	\$ -	\$ 1,181,902	
Maintenance and care of gravesites	701,082	212	-	-	701,294	
School scholarships	512,900	-	-	-	512,900	
Poverty assistance	509,541	-	18,068	-	527,609	
Other	76,715	-	-	(47,170)	29,545	
Total	\$ 2,982,140	\$ 212	\$ 18,068	\$ (47,170)	\$ 2,953,250	

Net assets with donor restrictions in perpetuity are not available to fund the unrestricted operations of the Archdiocese and are included in the combined statements of financial position in the following asset accounts:

	2019	2018
Investment in Marketable Securities	\$ 2,662,929	\$ 2,450,643
Beneficial Interest in Third-party Trusts	503,519	502,607
Total	\$ 3,166,448	\$ 2,953,250

Supplementary Information

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Financial Position
June 30, 2019

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Assets							
Assets							
Cash and cash equivalents	\$ 6,158,912	\$ -	\$ 1,527,575	\$ 1,668,656	\$ 558	\$ -	\$ 9,355,701
Investments	128,425,495	-	3,250,134	-	14,845,374	(1,975,470)	144,545,533
Investments restricted for perpetual care	7,262,101	-	-	-	-	-	7,262,101
Accrued interest receivable on investments	443,494	-	-	-	-	-	443,494
Accounts receivable, net	951,513	-	424,655	208,427	-	-	1,584,595
Pledges receivable	-	-	-	2,853,356	-	(1,445,928)	1,407,428
Grants and other receivables	-	-	-	921,249	-	-	921,249
Prepaid expenses	45,262	-	37,443	42,579	-	-	125,284
Inventories	-	-	51,096	9,131	-	-	60,227
Notes receivable - parishes and other related parties, net	800,088	3,509,602	-	-	-	-	4,309,690
Accrued interest receivable on notes receivable	15,878	242,923	-	-	-	-	258,801
Beneficial interest in third-party trusts	1,090,840	-	-	1,100,227	-	-	2,191,067
Cemetery lot development costs	-	-	789,716	-	-	-	789,716
Mausoleums, columbariums, and lots	-	-	5,041,243	-	-	-	5,041,243
Property and equipment, net	10,805,064	-	1,399,683	646,466	-	-	12,851,213
Interfund receivables	-	48,529,871	8,750,380	-	-	(57,280,251)	-
Total Assets	<u>\$ 155,998,647</u>	<u>\$ 52,282,396</u>	<u>\$ 21,271,925</u>	<u>\$ 7,450,091</u>	<u>\$ 14,845,932</u>	<u>\$ (60,701,649)</u>	<u>\$ 191,147,342</u>

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Financial Position (Continued)
June 30, 2019

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Liabilities and Net Assets							
Liabilities							
Accounts payable and accrued expenses	\$ 926,158	\$ -	\$ 119,969	\$ 916,414	\$ -	\$ -	\$ 1,962,541
Grants payable	1,195,928	-	250,000	-	-	(1,445,928)	-
Collections payable	369,451	-	-	-	-	-	369,451
Deferred revenue	104,840	-	1,410,931	230,204	-	-	1,745,975
Interfund payables	57,280,251	-	-	-	1,975,470	(59,255,721)	-
Notes payable	2,988,302	-	-	-	-	-	2,988,302
Deposits payable - parishes and other related parties, net	6,538,878	49,626,114	-	-	3,687,468	-	59,852,460
Total Liabilities	69,403,808	49,626,114	1,780,900	1,146,618	5,662,938	(60,701,649)	66,918,729
Net Assets							
Net assets without donor restrictions							
Invested in property and equipment	7,816,762	-	1,399,683	646,466	-	-	9,862,911
Expendable net assets	62,451,363	2,656,282	9,344,667	710,005	-	1,445,928	76,608,245
Board designated net assets	10,630,666	-	-	-	9,182,994	-	19,813,660
Regulatory restricted - perpetual care fund	-	-	7,262,101	-	-	-	7,262,101
Total Net Assets Without Donor Restrictions	80,898,791	2,656,282	18,006,451	1,356,471	9,182,994	1,445,928	113,546,917
Net assets with donor restrictions							
Restricted by time or purpose	3,744,711	-	772,982	4,443,483	-	(1,445,928)	7,515,248
Restricted in perpetuity	1,951,337	-	711,592	503,519	-	-	3,166,448
Total Net Assets With Donor Restrictions	5,696,048	-	1,484,574	4,947,002	-	(1,445,928)	10,681,696
Total Net Assets	86,594,839	2,656,282	19,491,025	6,303,473	9,182,994	-	124,228,613
Total Liabilities and Net Assets	\$ 155,998,647	\$ 52,282,396	\$ 21,271,925	\$ 7,450,091	\$ 14,845,932	\$ (60,701,649)	\$ 191,147,342

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Financial Position
June 30, 2018

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Assets							
Assets							
Cash and cash equivalents	\$ 8,065,997	\$ -	\$ 1,235,573	\$ 511,480	\$ 158	\$ -	\$ 9,813,208
Investments	122,446,440	-	3,012,536	-	12,372,229	(1,858,259)	135,972,946
Investments restricted for perpetual care	6,725,641	-	-	-	-	-	6,725,641
Accrued interest receivable on investments	379,445	-	-	-	-	-	379,445
Accounts receivable, net	1,103,548	-	277,497	221,691	-	-	1,602,736
Grants and other receivables	-	-	-	789,815	-	-	789,815
Prepaid expenses	56,544	-	43,849	49,292	-	-	149,685
Inventories	-	-	45,914	10,423	-	-	56,337
Notes receivable - parishes and other related parties, net	595,399	3,877,544	-	-	-	-	4,472,943
Accrued interest receivable on notes receivable	15,878	243,784	-	-	-	-	259,662
Beneficial interest in third-party trusts	386,883	-	-	1,069,852	-	-	1,456,735
Cemetery lot development costs	-	-	781,908	-	-	-	781,908
Mausoleums, columbariums, and lots	-	-	5,108,604	-	-	-	5,108,604
Property and equipment, net	11,115,880	-	1,431,366	580,294	-	-	13,127,540
Interfund receivables	-	55,192,569	8,174,084	-	-	(63,366,653)	-
Total Assets	\$ 150,891,655	\$ 59,313,897	\$ 20,111,331	\$ 3,232,847	\$ 12,372,387	\$ (65,224,912)	\$ 180,697,205

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Financial Position (Continued)
June 30, 2018

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Liabilities and Net Assets							
Liabilities							
Accounts payable and accrued expenses	\$ 960,911	\$ -	\$ 133,846	\$ 764,734	\$ -	\$ -	\$ 1,859,491
Collections payable	249,516	-	-	-	-	-	249,516
Deferred revenue	12,033	-	1,271,217	293,755	-	-	1,577,005
Interfund payables	55,192,569	8,174,084	-	-	1,858,259	(65,224,912)	-
Notes payable	3,236,495	-	-	-	-	-	3,236,495
Deposits payable - parishes and other related parties, net	6,441,631	48,483,531	-	-	2,974,881	-	57,900,043
Total Liabilities	66,093,155	56,657,615	1,405,063	1,058,489	4,833,140	(65,224,912)	64,822,550
Net Assets							
Net assets without donor restrictions							
Invested in property and equipment	7,879,385	-	1,431,366	580,294	-	-	9,891,045
Expendable net assets	60,645,196	2,656,282	9,104,487	524,212	-	-	72,930,177
Board designated net assets	10,886,210	-	-	-	7,539,247	-	18,425,457
Regulatory restricted - perpetual care fund	-	-	6,725,641	-	-	-	6,725,641
Total Net Assets Without Donor Restrictions	79,410,791	2,656,282	17,261,494	1,104,506	7,539,247	-	107,972,320
Net assets with donor restrictions							
Restricted by time or purpose	3,638,360	-	743,480	567,245	-	-	4,949,085
Restricted in perpetuity	1,749,349	-	701,294	502,607	-	-	2,953,250
Total Net Assets With Donor Restrictions	5,387,709	-	1,444,774	1,069,852	-	-	7,902,335
Total Net Assets	84,798,500	2,656,282	18,706,268	2,174,358	7,539,247	-	115,874,655
Total Liabilities and Net Assets	\$ 150,891,655	\$ 59,313,897	\$ 20,111,331	\$ 3,232,847	\$ 12,372,387	\$ (65,224,912)	\$ 180,697,205

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Activities
Year Ended June 30, 2019

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Revenue, Support, and Gains							
Donations, bequests, and grants	\$ 1,859,364	\$ -	\$ 10,370	\$ 15,025,401	\$ 1,520,048	\$ (4,050,000)	\$ 14,365,183
In-kind revenue	-	-	-	194,832	-	-	194,832
Parish assessments	9,156,692	-	-	-	-	(109,560)	9,047,132
Special collections	359,297	-	-	-	-	-	359,297
Burial sales, net	-	-	2,679,404	-	-	-	2,679,404
Catholic Services Appeal	3,827,121	-	-	-	-	-	3,827,121
Fee income	12,177	-	952,082	1,174,317	-	-	2,138,576
Program and activity income	274,569	-	-	2,177	-	-	276,746
Rental income	189,721	-	27,440	1,800	-	(19,350)	199,611
Advertising income	466,887	-	-	-	-	-	466,887
Investment income, net	2,782,390	73,077	264,251	46,897	216,991	(210,844)	3,172,762
Unrealized gain (loss) in market value of investments	2,539,185	-	79,607	-	(43,065)	-	2,575,727
Realized gain on sale of investments	1,366,897	-	-	-	135,421	-	1,502,318
Other income (expense)	667,647	810,060	10,212	14,386	-	(1,402,327)	99,978
Increase in value of split interest agreements	50,976	-	-	30,375	-	-	81,351
Total Revenues, Support, and Gains	23,552,923	883,137	4,023,366	16,490,185	1,829,395	(5,792,081)	40,986,925

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Activities (Continued)
Year Ended June 30, 2019

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Expenses and Losses							
Salary expense	\$ 4,940,635	\$ -	\$ 1,317,221	\$ 3,284,769	\$ -	\$ -	\$ 9,542,625
Payroll added expense	1,561,120	-	401,489	921,459	-	-	2,884,068
Clergy retirement benefits	1,868,690	-	-	-	-	-	1,868,690
Mileage and expense allowance	253,040	-	3,111	335,177	-	-	591,328
Education expense	772,043	-	186	-	-	-	772,229
Rent expense	59,825	-	867	31,582	-	(19,350)	72,924
Office supplies and services	912,413	-	100,817	357,015	-	-	1,370,245
Plant and grounds expense	492,181	-	323,996	223,987	-	-	1,040,164
Auto expense	4,244	-	53,411	11,288	-	-	68,943
Public relations, donations, and grants	114,650	-	117,713	-	185,000	(209,560)	207,803
Advertising expense	206,594	-	12,105	-	-	-	218,699
Professional fees and services	267,568	-	44,069	304,874	-	-	616,511
Program and activity expense	627,362	-	-	948,650	-	-	1,576,012
Broadcasting/press expense	428,412	-	-	-	-	-	428,412
Archdiocesan support	2,719,004	-	-	-	-	(2,400,000)	319,004
Education grants	1,896,719	-	-	-	-	-	1,896,719
Cost of sales	-	-	437,902	-	-	-	437,902
Papal and national organizations	104,704	-	-	-	-	-	104,704
Other grants and direct aid	2,115,908	-	250,000	5,866,477	-	(1,550,000)	6,682,385
Other restricted expense payments	1,528,904	-	-	-	-	(1,402,327)	126,577
Interest expense	145,309	883,137	-	-	-	(210,844)	817,602
Depreciation expense	491,975	-	110,629	63,995	-	-	666,599
Bad debt (recovery) expense	(1,869)	-	17,082	2,772	-	-	17,985
Miscellaneous expense	247,153	-	48,011	9,025	648	-	304,837
Total Functional Expenses	21,756,584	883,137	3,238,609	12,361,070	185,648	(5,792,081)	32,632,967
Change in Net Assets	1,796,339	-	784,757	4,129,115	1,643,747	-	8,353,958
Net Assets, beginning of year	84,798,500	2,656,282	18,706,268	2,174,358	7,539,247	-	115,874,655
Net Assets, end of year	<u>\$ 86,594,839</u>	<u>\$ 2,656,282</u>	<u>\$ 19,491,025</u>	<u>\$ 6,303,473</u>	<u>\$ 9,182,994</u>	<u>\$ -</u>	<u>\$ 124,228,613</u>

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Activities
Year Ended June 30, 2018

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Revenue, Support, and Gains							
Donations, bequests, and grants	\$ 1,636,488	\$ -	\$ 558	\$ 11,191,388	\$ 502,000	\$ (1,025,000)	\$ 12,305,434
In-kind revenue	-	-	-	126,922	-	-	126,922
Parish assessments	9,468,244	-	-	-	-	(130,344)	9,337,900
Special collections	383,394	-	-	-	-	-	383,394
Burial sales, net	-	-	2,141,304	-	-	-	2,141,304
Catholic Services Appeal	4,127,444	-	-	-	-	-	4,127,444
Fee income	5,392	-	940,838	1,296,855	-	-	2,243,085
Program and activity income	445,738	-	-	10,167	-	-	455,905
Rental income	163,750	-	27,464	-	-	(38,700)	152,514
Advertising income	535,771	-	-	-	-	-	535,771
Investment income, net	1,489,871	516,354	229,156	44,765	229,610	(178,736)	2,331,020
Interfund interest	-	-	-	-	-	-	-
Unrealized gain (loss) in market value of investments	7,192,754	-	90,117	-	(153,584)	-	7,129,287
Realized gain on sale of investments	1,103,980	-	-	-	360,836	-	1,464,816
Other income (expense)	1,939,791	-	14,564	7,427	-	(573,560)	1,388,222
Increase (decrease) in value of split interest agreements	(10,216)	-	-	26,191	-	-	15,975
Total Revenues, Support, and Gains	<u>\$ 28,482,401</u>	<u>\$ 516,354</u>	<u>\$ 3,444,001</u>	<u>\$ 12,703,715</u>	<u>\$ 938,862</u>	<u>\$ (1,946,340)</u>	<u>\$ 44,138,993</u>

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Activities (Continued)
Year Ended June 30, 2018

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Expenses and Losses							
Salary expense	\$ 4,780,064	\$ -	\$ 1,226,830	\$ 3,185,168	\$ -	\$ -	\$ 9,192,062
Payroll added expense	1,530,933	-	342,250	842,149	-	-	2,715,332
Clergy retirement benefits	1,818,379	-	-	-	-	-	1,818,379
Mileage and expense allowance	232,550	-	6,773	254,822	-	-	494,145
Education expense	887,244	-	148	-	-	-	887,392
Rent expense	80,940	-	1,938	38,107	-	(38,700)	82,285
Office supplies and services	868,600	-	97,318	272,007	-	-	1,237,925
Plant and grounds expense	577,511	-	314,553	247,313	-	-	1,139,377
Auto expense	5,075	-	52,857	37,846	-	-	95,778
Public relations, donations, and grants	111,560	-	136,369	-	245,000	(280,344)	212,585
Advertising expense	206,860	-	12,268	-	-	-	219,128
Professional fees and services	342,190	-	34,568	319,546	-	-	696,304
Program and activity expense	754,069	-	-	1,009,228	-	-	1,763,297
Broadcasting/press expense	439,064	-	-	-	-	-	439,064
Archdiocesan support	1,172,186	-	-	-	-	(875,000)	297,186
Education grants	1,785,827	-	-	-	-	-	1,785,827
Cost of sales	-	-	407,023	-	-	-	407,023
Papal and national organizations	107,179	-	-	-	-	-	107,179
Other grants and direct aid	820,336	-	-	6,194,542	-	-	7,014,878
Other restricted expense payments	646,893	-	-	-	-	(573,560)	73,333
Interest expense	134,214	690,488	-	-	-	(178,736)	645,966
Depreciation expense	594,587	-	112,156	83,365	-	-	790,108
Bad debt expense	120,350	-	8,559	-	-	-	128,909
Miscellaneous expense	283,495	-	43,621	4,852	922	-	332,890
Total Expenses and Losses	18,300,106	690,488	2,797,231	12,488,945	245,922	(1,946,340)	32,576,352
Changes in Net Assets	10,182,295	(174,134)	646,770	214,770	692,940	-	11,562,641
Net Assets, beginning of year	74,616,205	2,830,416	18,059,498	1,959,588	6,846,307	-	104,312,014
Net Assets, end of year	\$ 84,798,500	\$ 2,656,282	\$ 18,706,268	\$ 2,174,358	\$ 7,539,247	\$ -	\$ 115,874,655

See independent auditor's report.