

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

Combined Financial Statements

Years Ended June 30, 2020 and 2019

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
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Years Ended June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 2016-08, *Statement of Cash Flows (Topic 820)*. 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 26, 2020

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Financial Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 11,604,188	\$ 8,393,726
Investments (Notes D, E and L)	147,451,395	144,545,533
Investments restricted for perpetual care (Notes D, E, and U)	7,783,188	7,262,101
Accrued interest receivable on investments (Note E)	297,800	443,494
Accounts receivable, net (Notes F and R)	1,976,565	1,584,595
Pledges receivable (Note G)	1,586,039	1,407,428
Grants and other receivables (Note H)	921,244	921,249
Prepaid expenses	132,519	125,284
Inventories	76,152	60,227
Notes receivable - parishes and other related parties, net (Notes I and R)	1,908,875	4,309,690
Accrued interest receivable on notes receivable	263,133	258,801
Beneficial interest in third-party trusts (Notes D, J and W)	2,158,211	2,191,067
Cemetery lot development costs	867,460	789,716
Mausoleums, columbaria, and lots	4,987,352	5,041,243
Capital campaign cash	2,112,094	961,975
Property and equipment, net (Note K)	12,484,401	12,851,213
	<u>\$ 196,610,616</u>	<u>\$ 191,147,342</u>
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,676,537	\$ 1,962,541
Collections payable	292,605	369,451
Grants payable (Note R)	2,025,000	-
Refundable advance - payroll protection program (Note O)	2,080,100	-
Deferred revenue	1,510,711	1,745,975
Notes payable (Note N)	2,740,109	2,988,302
Deposits payable - parishes and other related parties, net (Notes I and R)	64,524,855	59,852,460
	<u>74,849,917</u>	<u>66,918,729</u>
Net assets		
Net assets without donor restrictions		
Expendable net assets	72,208,963	76,608,245
Invested in property and equipment	9,744,292	9,862,911
Board designated net assets (Note V)	19,050,953	19,813,660
Regulatory restricted - perpetual care fund (Notes L and U)	7,783,188	7,262,101
	<u>108,787,396</u>	<u>113,546,917</u>
Net assets with donor restrictions		
Restricted by time or purpose (Notes L and W)	9,799,317	7,515,248
Restricted in perpetuity (Notes L and W)	3,173,986	3,166,448
	<u>12,973,303</u>	<u>10,681,696</u>
Total net assets with donor restrictions	<u>121,760,699</u>	<u>124,228,613</u>
Total liabilities and net assets	<u>\$ 196,610,616</u>	<u>\$ 191,147,342</u>

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	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 W)	\$ 10,191,000	\$ 3,554,099	\$ 13,745,099	\$ 10,283,033	\$ 4,082,150	\$ 14,365,183
In-kind revenue	283,220	-	283,220	194,832	-	194,832
Parish assessments (Notes R and S)	9,231,840	-	9,231,840	9,047,132	-	9,047,132
Special collections	360,377	-	360,377	359,297	-	359,297
Burial sales, net	2,662,569	-	2,662,569	2,679,404	-	2,679,404
Catholic services appeal	3,882,867	-	3,882,867	3,827,121	-	3,827,121
Fee income	1,995,602	-	1,995,602	2,138,576	-	2,138,576
Program and activity income	443,111	-	443,111	276,746	-	276,746
Rental income	192,803	-	192,803	199,611	-	199,611
Advertising income	392,208	-	392,208	466,887	-	466,887
Investment income, net	3,374,317	100,650	3,474,967	3,092,374	80,388	3,172,762
Unrealized (loss) gain in market value of investments	(316,905)	-	(316,905)	2,575,727	-	2,575,727
Realized (loss) gain on sale of investments	(1,370,982)	-	(1,370,982)	1,502,318	-	1,502,318
Other income	73,998	-	73,998	99,978	-	99,978
(Decrease) increase in value of split interest agreements (Note W)	-	(32,856)	(32,856)	-	81,351	81,351
Net assets released from restrictions	1,330,286	(1,330,286)	-	1,464,528	(1,464,528)	-
Total revenues, support, and gains	32,726,311	2,291,607	35,017,918	38,207,564	2,779,361	40,986,925
Expenses and losses						
Program services	31,821,818	-	31,821,818	27,374,488	-	27,374,488
Administrative and other support services	4,538,059	-	4,538,059	4,210,703	-	4,210,703
Development and fundraising	1,125,955	-	1,125,955	1,047,776	-	1,047,776
Total expenses and losses	37,485,832	-	37,485,832	32,632,967	-	32,632,967
Change in net assets	(4,759,521)	2,291,607	(2,467,914)	5,574,597	2,779,361	8,353,958
Net assets, beginning of year	113,546,917	10,681,696	124,228,613	107,972,320	7,902,335	115,874,655
Net assets, end of year	\$ 108,787,396	\$ 12,973,303	\$ 121,760,699	\$ 113,546,917	\$ 10,681,696	\$ 124,228,613

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statement of Functional Expenses
Year Ended June 30, 2020

	Program services	Administrative and other support services	Development and fundraising	Total
Salary expense	\$ 7,848,918	\$ 1,510,692	\$ 556,123	\$ 9,915,733
Payroll added expense	2,468,988	403,351	147,638	3,019,977
Clergy retirement benefits (Note S)	1,946,900	-	-	1,946,900
Mileage and expense allowance	256,568	67,415	7,782	331,765
Education expense	844,445	5,998	2,836	853,279
Rent expense (Note P)	55,185	16,560	360	72,105
Office supplies and services	826,877	411,690	194,130	1,432,697
Plant and grounds expense	446,569	505,058	9,180	960,807
Auto expense	10,720	73,113	27	83,860
Public relations, donations, and grants	202,344	22,012	5,130	229,486
Advertising expense	191,220	19,217	9,316	219,753
Professional fees and services	598,132	152,858	133,520	884,510
Program and activity expense	1,485,481	63,684	38,724	1,587,889
Broadcasting/press expense	386,502	-	-	386,502
Archdiocesan support	282,673	-	-	282,673
Education grants	2,113,335	-	-	2,113,335
Cost of sales	439,696	-	-	439,696
Papal and national organizations	99,861	-	-	99,861
Other grants and direct aid (Note R)	9,052,614	41,350	-	9,093,964
Other restricted expense payments	65,014	-	-	65,014
Interest expense	756,124	150,766	-	906,890
Depreciation expense (Note K)	19,553	635,115	-	654,668
Bad debt expense	1,371,682	243,437	-	1,615,119
Miscellaneous expense	52,417	215,743	21,189	289,349
Total functional expenses	<u>\$ 31,821,818</u>	<u>\$ 4,538,059</u>	<u>\$ 1,125,955</u>	<u>\$ 37,485,832</u>

See accompanying notes.

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

	<u>Program services</u>	<u>Administrative and other support services</u>	<u>Development and fundraising</u>	<u>Total</u>
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 S)	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 P)	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 R)	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 Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ (2,467,914)	\$ 8,353,958
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	654,668	666,599
Amortization of debt issuance costs	1,807	1,807
Gain on disposal of property and equipment	(14,225)	(2,813)
Bad debt expense	1,615,119	17,985
Forgiveness of notes receivable	315,681	147,301
Decrease (increase) in beneficial interest in third-party trusts	32,856	(734,332)
Contributions restricted for long-term purposes	(1,318,126)	(2,369,403)
Unrealized loss (gain) in market value of investments	316,905	(2,575,727)
Realized investment loss (gain)	1,370,982	(1,502,318)
Change in discount of notes receivable	(22,061)	(10,911)
Other changes		
(Increase) decrease in		
Accrued interest receivable on investments	145,694	(64,049)
Accounts receivable	(374,193)	156
Grants and other receivables	5	(131,434)
Prepaid expenses	(7,235)	24,401
Inventories	(15,925)	(3,890)
Accrued interest receivable on notes receivable	(4,332)	861
Mausoleums, columbaria, and lots	(23,853)	59,553
Increase (decrease) in		
Accounts payable and accrued expenses	(262,833)	117,233
Collections payable	(76,846)	119,935
Grants payable	2,025,000	-
Refundable advance	2,080,100	-
Deferred revenue	(235,264)	168,970
	<u></u>	<u></u>
Net cash provided by operating activities	<u>\$ 3,736,010</u>	<u>\$ 2,283,882</u>

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Cash Flows (Continued)
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities		
Purchases of property and equipment	\$ (298,877)	\$ (409,892)
Proceeds from sale of property and equipment	2,075	8,250
Purchases of investments	(30,559,255)	(10,913,951)
Proceeds from sale of investments	25,444,418	5,882,949
Advances to and repayments on loans to parishes and others, net	<u>474,299</u>	<u>26,863</u>
Net cash used in investing activities	(4,937,339)	(5,405,781)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	1,139,515	961,975
Principal payments on notes payable	(250,000)	(250,000)
Deposits from parishes and others, net	<u>4,672,395</u>	<u>1,952,417</u>
Net cash provided by financing activities	<u>5,561,910</u>	<u>2,664,392</u>
Increase (decrease) in cash, cash equivalents, and capital campaign cash	4,360,581	(457,507)
Cash, cash equivalents, and capital campaign cash, beginning of year	<u>9,355,701</u>	<u>9,813,208</u>
Cash, cash equivalents, and capital campaign cash, end of year	<u><u>\$ 13,716,282</u></u>	<u><u>\$ 9,355,701</u></u>
Reconciliation of cash, cash equivalents, and restricted cash to the statements of financial position		
Cash and cash equivalents	\$ 11,604,188	\$ 8,393,726
Capital campaign cash	<u>2,112,094</u>	<u>961,975</u>
Total cash, cash equivalents, and capital campaign cash	<u><u>\$ 13,716,282</u></u>	<u><u>\$ 9,355,701</u></u>
Supplemental cash flow disclosure		
Property and equipment included in accounts payable	\$ -	\$ 23,171
Interest paid	906,890	920,481

See accompanying notes.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements
Years Ended June 30, 2020 and 2019**

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.

Effective July 1, 2019, the Organization adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("Topic 606"). The standard was adopted using the modified retrospective method. Topic 606 creates a single framework for recognizing revenue from contracts with customers that fall within its scope and supersedes nearly all existing GAAP for revenue recognition guidance. The standard's core principle is that an entity will recognize revenue when it transfers 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. The Archdiocese did not record any material impact from the adoption of this standard.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (Continued)

2. Basis of Accounting (Continued): Effective July 1, 2019, the Organization adopted Accounting Standards Update ("ASU") 2016-18, *Statement of Cash Flows (Topic 820)*. This standard requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Consequently, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. This standard has been applied retrospectively to the June 30, 2019 year presented. The beginning of year balance in the accompanying combined statements of cash flows has thus been restated to include restricted cash with cash when reconciling the beginning and end of the year amounts reflected on the combined statements of cash flows.

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:
 - Expendable Net Assets: These net assets represent the portion of expendable funds available for support in the operation of the Archdiocese.
 - 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.
 - 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 U.
- *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.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019**

Note B - Summary of Significant Accounting Policies (Continued)

4. 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 \$398,000 in 2020 and \$474,000 in 2019.

5. 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.
6. 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.
7. 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.
8. 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.
9. 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 |
10. 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.
11. 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, 2020 and 2019

Note B - Summary of Significant Accounting Policies (Continued)

12. 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, 2020 and 2019 that are not recognized as contributions in the combined financial statements since the recognition criteria were not met.
13. 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.

14. 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.
15. Advertising: Expenses related to advertising and promotions are expensed as incurred. Advertising costs were approximately \$220,000 and \$219,000 for the years ended June 30, 2020 and 2019, respectively.
16. Revenue Recognition: The Archdiocese generates the majority of its revenue from contributions, which are outside of the scope of Topic 606, and cost-reimbursement grants. The Archdiocese recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of Catholic Charities' revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenues from grants based upon contractually agreed-upon rates are recognized in the period in which the services are rendered. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of approximately \$8,300,000 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred.

Catholic Cemeteries' revenue is generated through the sale of cemetery interment rights (primarily grave sites, lawn crypts, mausoleum spaces and niches), merchandise, and services. Cemetery services and products are provided on both an atneed and preneed basis.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (Continued)

16. Revenue Recognition (Continued): Cemetery arrangements sold at the time of death are referred to as atneed cemetery contracts. The performance obligation on these atneed contracts for cemetery property, merchandise and services are distinct. The performance obligations from the time of death to the disposition of the remains, include delivering cemetery property, unearthing the ground, interring remains and installing merchandise on the cemetery grounds. Each item on the contract is recognized as a distinct good or service. The performance obligation is satisfied and revenue is recognized on the purchase date of the interment right, on the date of the cemetery service, and on the date of delivery of the merchandise. Payment is due at or before time of transfer.

Cemetery arrangements sold prior to death occurring are referred to as preneed cemetery contracts. For preneed cemetery interment rights, the performance obligation is the sale of the interment right and revenue is recognized at the time the contract is signed. Control of cemetery interment rights is transferred to the customer upon execution of the contract as customers select a specific location and space for their interment right, restricting the transfer of the contracted cemetery property. The interment right is deeded to the customer when the contract is paid in full. For preneed cemetery merchandise and service, the performance obligation occurs at the time of need (when death occurs) and revenue is recognized on the date of delivery of merchandise or performance of service. Merchandise and services on preneed contracts are not provided prior to the time of death. The performance obligation for preneed cemetery merchandise and service is similar to the elements of the performance obligation of atneed cemetery merchandise and service.

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 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, 2023.

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, 2024.

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.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

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 a line of credit totaling \$250,000 available to meet liquidity needs. See Note M.

The Archdiocese's financial assets available within one year of the combined statement of financial position date for general expenditures as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Cash, cash equivalents, and capital campaign cash	\$ 13,716,282	\$ 9,355,701
Investments and related accrued interest	155,532,383	152,251,128
Accounts receivable, net	1,976,565	1,584,595
Pledges receivable	1,586,039	1,407,428
Grants and other receivables	921,244	921,249
Notes receivable and related accrued interest	2,172,008	4,568,491
Beneficial interest in third-party trusts	<u>2,158,211</u>	<u>2,191,067</u>
 Total financial assets	 178,062,732	 172,279,659
 Less amounts not available to be used within one year		
Board designated funds	19,050,953	19,813,660
Regulatory restricted funds for perpetual care	7,783,188	7,262,101
Donor restricted by time or purpose	9,799,317	7,515,248
Donor restricted in perpetuity	3,173,986	3,166,448
Deposits payable - parishes and other related parties, net	64,524,855	59,852,460
Accounts receivable not expected to be received within one year	759,758	252,655
Notes receivable and accrued interest not expected to be received within one year	1,443,787	2,839,405
Less net assets with board designations to be met in less than one year	(2,808,240)	(2,939,339)
Less net assets with purpose or time restrictions to be met in less than one year	<u>(2,139,653)</u>	<u>(1,026,742)</u>
 Total financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 76,474,781</u>	 <u>\$ 75,543,763</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

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.

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, 2020 and 2019.

- *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, 2020, are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 3,783,292	\$ 3,783,292	\$ -	\$ -
Common stocks	107,849,199	76,369,621	31,479,578	-
Government backed securities	119,340	-	119,340	-
Corporate bonds and other	36,599,675	14,061,318	22,538,357	-
Mutual funds	6,883,077	6,883,077	-	-
Beneficial interest in third-party trusts (Note J)	2,158,211	-	2,158,211	-
Total	<u>\$157,392,794</u>	<u>\$101,097,308</u>	<u>\$ 56,295,486</u>	<u>\$ -</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note D - Fair Value Measurements (Continued)

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	9,842,852	9,842,852	-	-
Hedge fund				
Alternative strategies	8,317,865	-	8,317,865	-
Beneficial interest in third-party trusts (Note J)	2,191,067	-	2,191,067	-
Total	<u>\$153,998,701</u>	<u>\$143,424,451</u>	<u>\$ 10,574,250</u>	<u>\$ -</u>

Note E - Investments

Investments at June 30, 2020 and 2019, consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash and cash equivalents	\$ 3,783,292	\$ 3,783,292	\$ 3,680,700	\$ 3,680,700
Common stocks	96,093,662	107,849,199	85,451,632	96,808,343
Government backed securities	118,699	119,340	64,665	65,318
Corporate bonds and other	36,503,305	36,599,675	33,325,749	33,092,556
Mutual funds	7,342,044	6,883,077	9,335,705	9,842,852
Hedge fund				
Alternative strategies	-	-	7,600,000	8,317,865
Total	<u>\$143,841,002</u>	<u>\$155,234,583</u>	<u>\$139,458,451</u>	<u>\$151,807,634</u>

Accrued interest earned from the above investments is \$297,800 and \$443,494 as of June 30, 2020 and 2019, respectively.

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.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note F - Accounts Receivable (Continued)

A summary of the accounts receivable at June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 4,677,458	\$ 4,307,684
Less allowance for doubtful accounts	<u>(2,700,893)</u>	<u>(2,723,089)</u>
Balance at end of year	<u><u>\$ 1,976,565</u></u>	<u><u>\$ 1,584,595</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 2021. During the years ended June 30, 2020 and 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 years ended June 30:

	<u>2020</u>	<u>2019</u>
Pledges receivable, beginning of year	\$ 1,407,428	\$ -
Pledges		
Board members	1,700	559,000
Other related parties	162,461	756,102
Others	<u>1,153,965</u>	<u>1,054,301</u>
Total pledges for capital campaign	1,318,126	2,369,403
Collections		
Board members	(15,850)	(533,567)
Other related parties	(62,106)	(103,107)
Others	<u>(1,061,559)</u>	<u>(325,301)</u>
Pledges receivable, end of year	<u><u>\$ 1,586,039</u></u>	<u><u>\$ 1,407,428</u></u>

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019**

Note G - Pledges Receivable (Continued)

Pledges receivable are due according to the following schedule at June 30, 2020:

Less than one year	\$ 1,210,297
One to five years	<u>375,742</u>
Total	<u>\$ 1,586,039</u>

Note H - Grants and Other Receivables

Grants and other receivables at June 30, 2020 and 2019, totaling \$921,244 and \$921,249, 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.

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, 2020 and 2019, were \$1,908,875 and \$4,309,690, respectively. The Amounts due from parishes and other organizations are net of an uncollectible allowance of \$1,632,896 and \$0 at June 30, 2020 and 2019, 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 3.75% per annum for fiscal years 2020 and 2019. 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, 2020 and 2019, were \$64,524,855 and \$59,852,460, 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 1.25% and 1.00% per annum and was paid on funds on deposit for fiscal years 2020 and 2019, respectively. The deposit rate is equal to the six month U.S. Treasury bill rate, and is adjusted every six months. In July 2019, the Archdiocese established a minimum rate which is to be paid to the various parishes and other organizations of 1.25%. In August 2020, the minimum rate was lowered to 0.50%. 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, 2020 and 2019, were \$52,859 and \$45,448, 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, 2020 and 2019, was a decrease of \$9,085 and an increase of \$30,375, respectively, and is included as a component of 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, 2020 and 2019

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

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, 2020 and 2019 was a decrease of \$15,786 and an increase of \$47,362, 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, 2020 and 2019, assuming a 3.5% rate of return, is \$382,513 and \$390,497, respectively. Distributions received from this trust for the years ended June 30, 2020 and 2019, were \$25,860 and \$25,828, respectively, and are restricted for seminarian education. The net change in value of the trust was a decrease of \$7,985 and an increase of \$3,614 for the years ended June 30, 2020 and 2019, respectively, and is included as a component in the change in net assets with donor restrictions on the combined statements of activities.

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, 2020 and 2019 are as follows:

	2020		2019	
	Cost	Market	Cost	Market
Cash and cash equivalents	\$ 146,666	\$ 146,666	\$ 33,306	\$ 33,306
Common stock - private equity	125,537	125,537	148,523	148,523
Mutual funds - corporate bonds	386,044	405,992	402,941	409,863
Mutual funds - common stock	745,487	1,064,577	869,103	1,208,878
Mutual funds - other assets	26,073	32,926	-	-
Subtotal	<u>\$ 1,429,807</u>	1,775,698	<u>\$ 1,453,873</u>	1,800,570
Estimated value of beneficial interest in charitable remainder uni-trusts		<u>382,513</u>		<u>390,497</u>
Total		<u>\$ 2,158,211</u>		<u>\$ 2,191,067</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note K - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 2,088,819	\$ 2,088,819
Construction in progress	164,725	130,167
Buildings and improvements	17,113,576	17,000,341
Furniture and equipment	<u>5,290,287</u>	<u>5,197,005</u>
Subtotal	24,657,407	24,416,332
Less accumulated depreciation	<u>(12,173,006)</u>	<u>(11,565,119)</u>
Total	<u>\$ 12,484,401</u>	<u>\$ 12,851,213</u>

Total depreciation expense was \$654,668 and \$666,599 for the years ended June 30, 2020 and 2019, respectively.

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

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note L - Endowments (Continued)

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.

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, 2020			
Donor-restricted endowment funds	\$ -	\$ 3,531,680	\$ 3,531,680
Regulatory-restricted funds	7,783,188	-	7,783,188
Board designated endowment funds	34,375	-	34,375
Total funds	<u>\$ 7,817,563</u>	<u>\$ 3,531,680</u>	<u>\$ 11,349,243</u>
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>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note L - Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 7,262,101	\$ 3,508,492	\$ 10,770,593
Net investment income, net	191,924	88,742	280,666
Contributions	363,538	6,869	370,407
Appropriation of endowment assets for expenditure	-	(42,784)	(42,784)
Release from endowment restriction	-	(29,639)	(29,639)
Endowment net assets, end of year	<u>\$ 7,817,563</u>	<u>\$ 3,531,680</u>	<u>\$ 11,349,243</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>

Note M - Line of Credit

The Pastoral Center had a \$1,000,000 secured line of credit that expired May 1, 2020. The line of credit was not renewed in the year ended June 30, 2020. At June 30, 2019 there was no outstanding balance on the line of credit.

Catholic Charities has a \$250,000 line of credit agreement that expires January 31, 2021. The line of credit bears interest at LIBOR plus 1.50% (1.80% at June 30, 2020). The note is secured by the Archdiocese of Louisville's guarantee. There were no amounts outstanding at June 30, 2020 and 2019.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note N - Notes Payable

Long-term debt is summarized as follows:

	<u>2020</u>	<u>2019</u>
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 (1.05% at June 30, 2020). Matures July 1, 2037 and subject to mandatory prepayment in whole on July 25, 2023.	\$ 2,770,833	\$ 3,020,833
Less unamortized debt issuance costs	<u>(30,724)</u>	<u>(32,531)</u>
Notes payable	<u>\$ 2,740,109</u>	<u>\$ 2,988,302</u>

Estimated future maturities of notes payable as of June 30, 2020 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 250,000
2022	250,000
2023	250,000
2024	250,000
2025	250,000
Thereafter	<u>1,520,833</u>
Total	<u>\$ 2,770,833</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, 2020 and 2019 is de minimis; therefore, no value has been recorded.

Note O - Refundable Advance

The Archdiocese received refundable advances of \$2,080,100 in April 2020 from the SBA Payroll Protection Program. Under the CARES Act, subject to limitations, as defined, the advance may be partially or fully forgiven, depending on specified actual payroll and other qualified costs for the covered period following receipt of the advance. Any amount not forgiven will be payable in 24 monthly installments of principal and interest at 1% and will be unsecured. The Archdiocese is accounting for the loan proceeds as a conditional contribution in accordance with ASC 958-605. As such, the Archdiocese maintains the conditions will be substantially met when forgiveness notification is received from its bank.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019**

Note P - 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.

The Archdiocese will periodically lease/rent other items on an as needed basis. Total rent expense for the years ended June 30, 2020 and 2019 was \$72,105 and \$72,924, respectively.

Note Q - Guarantees

The Pastoral Center is a guarantor on \$700,000 in lines of credit to three Catholic high schools. Borrowing against these lines of credit were \$429,000 and \$0 at June 30, 2020 and 2019.

The Pastoral Center is a guarantor for approximately \$17,606,000 and \$20,237,000 in bank loans to parishes of the Archdiocese of Louisville at June 30, 2020 and 2019, 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.

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 \$6,285,000 and \$6,760,000 at June 30, 2020 and 2019, 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 \$4,177,000 and \$4,403,000 as of June 30, 2020 and 2019, 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 is approximately \$2,516,000 and \$2,135,000 as of June 30, 2020 and 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 R - 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, 2020 and 2019, were \$9,231,840 and \$9,047,132, respectively. Assessments receivable, net of allowance for doubtful accounts and discounts at June 30, 2020 and 2019, are \$531,301 and \$512,799, 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, 2020 and 2019 was \$5,173,270 and \$2,790,491, respectively. Grants payable to schools at June 30, 2020 and 2019 are \$2,025,000 and \$0, respectively.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note R - Related Party Transactions (Continued)

Related party notes receivable consist of amounts due from clergy, parishes, and Catholic schools. At June 30, 2020 and 2019, such receivables totaled \$1,908,875 and \$4,309,690, respectively. Related party notes receivable at June 30, 2020 and 2019 are net of a discount (3.5% rate) to estimate the present value of future payments of \$9,596 and \$31,657, respectively. An allowance for uncollectible notes receivable of \$1,632,896 was recorded at June 30, 2020. There was no allowance at June 30, 2019. 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, 2020 and 2019, such payables totaled \$64,524,855 and \$59,852,460, respectively. See Note I for additional information.

Note S - 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 \$599,000 and \$570,000 to the Plan for the years ended June 30, 2020 and 2019, 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, 2020 and 2019. The assessment income for retirement benefits from the parishes was approximately \$1,845,000 and \$1,805,000 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, were \$1,938,032 and \$2,323,436, respectively.

Benefits paid to retired clergy for the years ended June 30, 2020 and 2019 follow:

	<u>2020</u>	<u>2019</u>
Clergy retirement benefits	\$ 1,946,900	\$ 1,868,690
Supplemental medical coverage	<u>269,611</u>	<u>258,272</u>
Total	<u><u>\$ 2,216,511</u></u>	<u><u>\$ 2,126,962</u></u>

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019**

Note T - Contingencies

Cash Concentrations

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") insured limits. The Organization has not experienced any losses in such accounts. Management believes the Archdiocese is not exposed to any significant risk on bank deposits.

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.

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, 2020 and 2019, Catholic Charities has executed various Section 202 Regulatory Agreements with projects borrowing a total of approximately \$10,237,000. 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.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note T - Contingencies (Continued)

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.

Note U - 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, 2020 and 2019, is \$7,783,188 and \$7,262,101 respectively.

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

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

	<u>2020</u>	<u>2019</u>
Catholic Foundation of Louisville, Inc.	\$ 9,251,929	\$ 9,182,994
Catholic Charities of Louisville	2,424,841	2,506,003
Capital reserves	2,000,000	2,000,000
Priest retirement fund	1,938,032	2,323,436
Southern KY missions	1,720,215	1,864,561
High school tuition assistance	800,000	900,000
Other	522,494	591,224
Closed Parishes	<u>393,442</u>	<u>445,442</u>
Total	<u><u>\$ 19,050,953</u></u>	<u><u>\$ 19,813,660</u></u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note W - Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows for the year ended June 30, 2020:

	June 30, 2019	Contributions	Investment income	Change in beneficial interest	Released from restrictions / other changes	June 30, 2020
By time and purpose						
Capital campaign	\$ 2,343,308	\$ 1,328,756	\$ -	\$ -	\$ -	\$ 3,672,064
Seminarian and priest education	1,760,398	1,272,957	37,958	(7,985)	(650,779)	2,412,549
Maintenance and care of gravesites	772,982	-	32,654	-	-	805,636
Lattis trust	700,343	-	-	(15,786)	-	684,557
Poverty assistance	648,663	678,923	8,575	-	(518,429)	817,732
Hersche trust	596,708	-	-	17,644	(27,400)	586,952
Multicultural ministry	209,550	-	2,209	-	(59,931)	151,828
School scholarships	164,535	229,829	16,188	-	(19,831)	390,721
Mission promotions	124,080	36,767	1,842	-	(22,500)	140,189
Other	104,590	-	1,224	-	(17,000)	88,814
Food service program	90,091	-	-	-	(41,816)	48,275
Total	\$ 7,515,248	\$ 3,547,232	\$ 100,650	\$ (6,127)	\$ (1,357,686)	\$ 9,799,317
			Change in beneficial interest	Other release		
	June 30, 2019	Contributions			June 30, 2020	
In perpetuity						
Seminarian and priest education	\$ 1,413,435	\$ 6,077	\$ -	\$ -	\$ 1,419,512	
Maintenance and care of gravesites	711,592	790	-	-	712,382	
Poverty assistance	528,521	-	26,130	(25,459)	529,192	
School scholarships	512,900	-	-	-	512,900	
Total	\$ 3,166,448	\$ 6,867	\$ 26,130	\$ (25,459)	\$ 3,173,986	

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019

Note W - Net Assets with Donor Restrictions (Continued)

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						
Seminarian and priest education	\$ 2,123,148	\$ 492,430	\$ 27,748	\$ 3,614	\$ (886,542)	\$ 1,760,398
Maintenance and care of gravesites	743,480	-	29,502	-	-	772,982
Poverty assistance	647,035	330,861	7,254	-	(336,487)	648,663
Hersche trust	567,245	-	-	29,463	-	596,708
Multicultural ministry	294,730	-	2,439	-	(87,619)	209,550
School scholarships	159,943	18,849	10,623	-	(24,880)	164,535
Mission promotions	149,259	2,672	1,434	-	(29,285)	124,080
Food service program	137,980	-	-	-	(47,889)	90,091
Other	126,265	-	1,388	-	(23,063)	104,590
Capital campaign	-	2,369,403	-	-	(26,095)	2,343,308
Lattis trust	-	662,235	-	47,362	(9,254)	700,343
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
Poverty assistance	527,609	-	912	-	528,521
School scholarships	512,900	-	-	-	512,900
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>

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:

	2020	2019
Investment in marketable securities	\$2,669,796	\$ 2,662,929
Beneficial interest in third-party trusts	<u>504,190</u>	<u>503,519</u>
Total	<u>\$3,173,986</u>	<u>\$ 3,166,448</u>

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2020 and 2019**

Note X - Global Novel Coronavirus Disease 2019

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. Prior to June 30, 2020 and as of the date the combined financial statements were available to be issued, the Archdiocese's operations have not been significantly impacted by the COVID-19 outbreak. The Archdiocese's operations could be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.

Supplementary Information

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Financial Position
June 30, 2020

	<u>Pastoral Center</u>	<u>Deposit and Loan Fund</u>	<u>Catholic Cemeteries</u>	<u>Catholic Charities</u>	<u>Catholic Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Assets							
Cash and cash equivalents	\$ 8,448,024	\$ -	\$ 1,396,621	\$ 1,759,113	\$ 430	\$ -	\$ 11,604,188
Investments	129,481,052	-	3,930,732	34,375	16,586,493	(2,581,257)	147,451,395
Investments restricted for perpetual care	7,783,188	-	-	-	-	-	7,783,188
Accrued interest receivable on investments	297,800	-	-	-	-	-	297,800
Accounts receivable, net	1,472,869	-	374,765	128,931	-	-	1,976,565
Pledges receivable	-	-	-	2,916,428	-	(1,330,389)	1,586,039
Grants and other receivables	-	-	-	921,244	-	-	921,244
Prepaid expenses	18,759	-	54,151	59,609	-	-	132,519
Inventories	-	-	50,424	25,728	-	-	76,152
Notes receivable - parishes and other related parties, net	501,443	1,407,432	-	-	-	-	1,908,875
Accrued interest receivable on notes receivable	15,878	247,255	-	-	-	-	263,133
Beneficial interest in third-party trusts	1,067,069	-	-	1,091,142	-	-	2,158,211
Cemetery lot development costs	-	-	867,460	-	-	-	867,460
Mausoleums, columbariums, and lots	-	-	4,987,352	-	-	-	4,987,352
Capital campaign cash	-	-	-	2,112,094	-	-	2,112,094
Property and equipment, net	10,545,440	-	1,312,230	626,731	-	-	12,484,401
Interfund receivables	-	52,622,920	9,304,959	-	-	(61,927,879)	-
	<u>\$ 159,631,522</u>	<u>\$ 54,277,607</u>	<u>\$ 22,278,694</u>	<u>\$ 9,675,395</u>	<u>\$ 16,586,923</u>	<u>\$ (65,839,525)</u>	<u>\$ 196,610,616</u>
Total assets							

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Financial Position (Continued)
June 30, 2020

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Liabilities and net assets							
Liabilities							
Accounts payable and accrued expenses	\$ 871,447	\$ -	\$ 105,769	\$ 699,321	\$ -	\$ -	\$ 1,676,537
Collections payable	292,605	-	-	-	-	-	292,605
Grants payable	3,105,389	-	250,000	-	-	(1,330,389)	2,025,000
Refundable advance - payroll protection program	1,261,700	-	-	818,400	-	-	2,080,100
Deferred revenue	-	-	1,510,711	-	-	-	1,510,711
Interfund payables	61,927,879	-	-	-	2,546,882	(64,474,761)	-
Notes payable	2,740,109	-	-	-	-	-	2,740,109
Deposits payable - parishes and other related parties, net	6,633,181	53,137,938	-	-	4,753,736	-	64,524,855
Total liabilities	76,832,310	53,137,938	1,866,480	1,517,721	7,300,618	(65,805,150)	74,849,917
Net assets							
Net assets without donor restrictions							
Expendable net assets	58,820,644	1,139,669	9,798,778	1,038,502	-	1,411,370	72,208,963
Invested in property and equipment	7,805,331	-	1,312,230	626,731	-	-	9,744,292
Board designated net assets	9,764,648	-	-	34,375	9,286,305	(34,375)	19,050,953
Regulatory restricted - perpetual care fund	-	-	7,783,188	-	-	-	7,783,188
Total net assets without donor restrictions	76,390,623	1,139,669	18,894,196	1,699,608	9,286,305	1,376,995	108,787,396
Net assets with donor restrictions							
Restricted by time or purpose	4,451,175	-	805,636	5,953,876	-	(1,411,370)	9,799,317
Restricted in perpetuity	1,957,414	-	712,382	504,190	-	-	3,173,986
Total net assets with donor restrictions	6,408,589	-	1,518,018	6,458,066	-	(1,411,370)	12,973,303
Total net assets	82,799,212	1,139,669	20,412,214	8,157,674	9,286,305	(34,375)	121,760,699
Total liabilities and net assets	<u>\$ 159,631,522</u>	<u>\$ 54,277,607</u>	<u>\$ 22,278,694</u>	<u>\$ 9,675,395</u>	<u>\$ 16,586,923</u>	<u>\$ (65,839,525)</u>	<u>\$ 196,610,616</u>

See independent auditor's report.

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							
Cash and cash equivalents	\$ 6,158,912	\$ -	\$ 1,527,575	\$ 706,681	\$ 558	\$ -	\$ 8,393,726
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
Capital campaign cash	-	-	-	961,975	-	-	961,975
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
Pledges payable, net	-	-	-	-	-	-	-
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							
Expendable net assets	62,451,363	2,656,282	9,344,667	710,005	-	1,445,928	76,608,245
Invested in property and equipment	7,816,762	-	1,399,683	646,466	-	-	9,862,911
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	-	-	-	-	-	-	-
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 Activities
Year Ended June 30, 2020

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Revenue, support, and gains							
Donations, bequests, and grants	\$ 1,466,815	\$ -	\$ 901	\$ 13,149,282	\$ 82,476	\$ (954,375)	\$ 13,745,099
In-kind revenue	-	-	-	283,220	-	-	283,220
Parish assessments	9,360,876	-	-	-	-	(129,036)	9,231,840
Special collections	360,377	-	-	-	-	-	360,377
Burial sales, net	-	-	2,662,569	-	-	-	2,662,569
Catholic Services Appeal	3,882,867	-	-	-	-	-	3,882,867
Fee income	5,630	-	994,999	994,973	-	-	1,995,602
Program and activity income	434,730	-	-	8,381	-	-	443,111
Rental income	161,693	-	29,760	1,350	-	-	192,803
Advertising income	392,208	-	-	-	-	-	392,208
Investment income, net	3,011,918	57,063	280,758	109,999	239,697	(224,468)	3,474,967
Unrealized (loss) gain in market value of investments	(919,030)	-	24,086	-	578,039	-	(316,905)
Realized loss on sale of investments	(733,807)	-	-	-	(637,175)	-	(1,370,982)
Other income	580,018	991,526	3,499	14,324	-	(1,515,369)	73,998
Decrease in value of split interest agreements	(23,771)	-	-	(9,085)	-	-	(32,856)
Total revenues, support, and gains	<u>\$ 17,980,524</u>	<u>\$ 1,048,589</u>	<u>\$ 3,996,572</u>	<u>\$ 14,552,444</u>	<u>\$ 263,037</u>	<u>\$ (2,823,248)</u>	<u>\$ 35,017,918</u>

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Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Activities (Continued)
Year Ended June 30, 2020

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Expenses and losses							
Salary expense	\$ 5,098,228	\$ -	\$ 1,390,364	\$ 3,427,141	\$ -	\$ -	\$ 9,915,733
Payroll added expense	1,654,461	-	421,757	943,759	-	-	3,019,977
Clergy retirement benefits	1,946,900	-	-	-	-	-	1,946,900
Mileage and expense allowance	163,807	-	2,307	165,651	-	-	331,765
Education expense	853,008	-	271	-	-	-	853,279
Rent expense	42,250	-	3,763	26,092	-	-	72,105
Office supplies and services	919,368	-	103,120	410,209	-	-	1,432,697
Plant and grounds expense	463,080	-	305,279	192,448	-	-	960,807
Auto expense	4,171	-	64,394	15,295	-	-	83,860
Public relations, donations, and grants	69,894	-	130,530	-	158,098	(129,036)	229,486
Advertising expense	207,864	-	11,889	-	-	-	219,753
Professional fees and services	440,085	-	30,099	414,326	-	-	884,510
Program and activity expense	653,983	-	-	933,906	-	-	1,587,889
Broadcasting/press expense	386,502	-	-	-	-	-	386,502
Archdiocesan support	1,202,673	-	-	-	-	(920,000)	282,673
Education grants	2,113,335	-	-	-	-	-	2,113,335
Cost of sales	-	-	439,696	-	-	-	439,696
Papal and national organizations	99,861	-	-	-	-	-	99,861
Other grants and direct aid	2,979,439	-	-	6,114,525	-	-	9,093,964
Other restricted expense payments	1,580,383	-	-	-	-	(1,515,369)	65,014
Interest expense	82,769	1,048,589	-	-	-	(224,468)	906,890
Depreciation expense	482,377	-	117,998	54,293	-	-	654,668
Bad debt expense	98,506	1,516,613	-	-	-	-	1,615,119
Miscellaneous expense	233,207	-	53,916	598	1,628	-	289,349
Total functional expenses	21,776,151	2,565,202	3,075,383	12,698,243	159,726	(2,788,873)	37,485,832
Change in net assets	(3,795,627)	(1,516,613)	921,189	1,854,201	103,311	(34,375)	(2,467,914)
Net assets, beginning of year	86,594,839	2,656,282	19,491,025	6,303,473	9,182,994	-	124,228,613
Net assets, end of year	\$ 82,799,212	\$ 1,139,669	\$ 20,412,214	\$ 8,157,674	\$ 9,286,305	\$ (34,375)	\$ 121,760,699

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	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	<u>\$ 23,552,923</u>	<u>\$ 883,137</u>	<u>\$ 4,023,366</u>	<u>\$ 16,490,185</u>	<u>\$ 1,829,395</u>	<u>\$ (5,792,081)</u>	<u>\$ 40,986,925</u>

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
Changes 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	\$ 86,594,839	\$ 2,656,282	\$ 19,491,025	\$ 6,303,473	\$ 9,182,994	\$ -	\$ 124,228,613

See independent auditor's report.