

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

Combined Financial Statements

Years Ended June 30, 2021 and 2020

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
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Years Ended June 30, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 32 through 39 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
September 27, 2021

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 14,589,289	\$ 11,656,548
Investments (Notes D and K)	202,072,616	147,451,395
Investments restricted for perpetual care (Notes D and U)	8,434,594	7,783,188
Accrued interest receivable on investments (Note D)	304,325	297,800
Accounts receivable, net (Notes E and R)	1,953,911	1,976,565
Pledges receivable, net (Note F)	743,541	1,586,039
Grants and other receivables (Note G)	1,524,655	921,244
Prepaid expenses	293,152	132,519
Inventories	80,959	76,152
Notes receivable - parishes and other related parties, net (Notes H and R)	1,386,412	1,908,875
Accrued interest receivable on notes receivable	256,819	263,133
Beneficial interest in third-party trusts (Notes D, I and W)	2,729,815	2,158,211
Cemetery lot development costs	884,956	867,460
Mausoleums, columbaria, and lots	4,936,235	4,987,352
Capital campaign cash	57,274	2,112,094
Property and equipment, net (Note J)	12,228,049	12,484,401
	<u>\$ 252,476,602</u>	<u>\$ 196,662,976</u>
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 2,579,392	\$ 1,728,897
Collections payable	168,586	292,605
Grants payable (Note L)	3,875,000	2,025,000
Refundable advance - Paycheck Protection Program ("PPP") loan (Note O)	1,261,700	2,080,100
Deferred revenue	1,876,549	1,510,711
Note payable (Note N)	2,491,916	2,740,109
Deposits payable - parishes and other related parties (Notes H and R)	74,079,092	64,524,855
	<u>86,332,235</u>	<u>74,902,277</u>
Net assets		
Net assets without donor restrictions		
Expendable net assets	108,948,037	72,208,963
Invested in property and equipment	9,736,133	9,744,292
Board designated net assets (Note V)	24,930,190	19,050,953
Regulatory restricted - perpetual care fund (Notes K and U)	8,434,594	7,783,188
	<u>152,048,954</u>	<u>108,787,396</u>
Net assets with donor restrictions		
Restricted by time or purpose (Notes K and W)	10,808,683	9,799,317
Restricted in perpetuity (Notes K and W)	3,286,730	3,173,986
	<u>14,095,413</u>	<u>12,973,303</u>
Total net assets	<u>166,144,367</u>	<u>121,760,699</u>
Total liabilities and net assets	<u>\$ 252,476,602</u>	<u>\$ 196,662,976</u>

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Activities
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue, support, and gains						
Donations, bequests, and grants (Note W)	\$ 16,032,552	\$ 2,111,494	\$ 18,144,046	\$ 10,191,000	\$ 3,554,099	\$ 13,745,099
Federal grant revenue - PPP loan	818,400	-	818,400	-	-	-
In-kind revenue	135,205	-	135,205	283,220	-	283,220
Parish assessments (Note R)	7,487,334	-	7,487,334	9,231,840	-	9,231,840
Special collections	298,256	-	298,256	360,377	-	360,377
Burial sales, net	3,360,295	-	3,360,295	2,662,569	-	2,662,569
Catholic services appeal	4,016,892	-	4,016,892	3,882,867	-	3,882,867
Fee income	2,031,687	-	2,031,687	1,995,602	-	1,995,602
Program and activity income	123,260	-	123,260	443,111	-	443,111
Rental income	84,179	-	84,179	192,803	-	192,803
Advertising income	430,944	-	430,944	392,208	-	392,208
Investment income, net	2,187,613	101,274	2,288,887	3,374,317	100,650	3,474,967
Investment gain (loss), net	46,127,670	-	46,127,670	(1,687,887)	-	(1,687,887)
Other income	550,289	-	550,289	73,998	-	73,998
Increase (decrease) in value of beneficial interest in third-party trusts (Note I)	-	571,604	571,604	-	(32,856)	(32,856)
Net assets released from restrictions	1,662,262	(1,662,262)	-	1,330,286	(1,330,286)	-
Total revenues, support, and gains	85,346,838	1,122,110	86,468,948	32,726,311	2,291,607	35,017,918
Expenses and losses						
Program services	36,822,374	-	36,822,374	31,821,818	-	31,821,818
Administrative and other support services	4,027,731	-	4,027,731	4,538,059	-	4,538,059
Development and fundraising	1,235,175	-	1,235,175	1,125,955	-	1,125,955
Total expenses and losses	42,085,280	-	42,085,280	37,485,832	-	37,485,832
Change in net assets	43,261,558	1,122,110	44,383,668	(4,759,521)	2,291,607	(2,467,914)
Net assets, beginning of year	108,787,396	12,973,303	121,760,699	113,546,917	10,681,696	124,228,613
Net assets, end of year	\$ 152,048,954	\$ 14,095,413	\$ 166,144,367	\$ 108,787,396	\$ 12,973,303	\$ 121,760,699

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statement of Functional Expenses
Year Ended June 30, 2021

	Program services	Administrative and other support services	Development and fundraising	Total
Salary expense	\$ 8,165,156	\$ 1,415,831	\$ 645,100	\$ 10,226,087
Payroll added expense	2,593,642	286,609	176,209	3,056,460
Clergy retirement benefits (Note S)	1,849,905	-	-	1,849,905
Mileage and expense allowance	132,933	48,025	8,143	189,101
Education expense	736,073	7,154	1,167	744,394
Rent expense (Note P)	63,364	16,560	360	80,284
Office supplies and services	852,505	382,259	150,302	1,385,066
Plant and grounds expense	439,401	522,216	11,699	973,316
Auto expense	11,443	71,589	19	83,051
Public relations, donations, and grants	240,839	8,663	6,321	255,823
Advertising expense	192,633	17,944	14,659	225,236
Professional fees and services	533,171	205,363	84,277	822,811
Program and activity expense	893,438	58,043	26,523	978,004
Broadcasting/press expense	366,676	-	-	366,676
Archdiocesan support	340,138	-	-	340,138
Education grants	3,809,394	-	-	3,809,394
Cost of sales	489,164	-	-	489,164
Papal and national organizations	99,921	-	-	99,921
Other grants and direct aid (Note R)	13,502,922	42,400	-	13,545,322
Other restricted expense payments	501,766	-	-	501,766
Interest expense	881,679	70,546	-	952,225
Depreciation expense (Note J)	19,554	645,818	-	665,372
Bad debt expense	78,303	12,326	82,600	173,229
Miscellaneous expense	28,354	216,385	27,796	272,535
Total functional expenses	<u>\$ 36,822,374</u>	<u>\$ 4,027,731</u>	<u>\$ 1,235,175</u>	<u>\$ 42,085,280</u>

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 J)	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 Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of change in net assets to net cash (used in) provided by operating activities		
Change in net assets	\$ 44,383,668	\$ (2,467,914)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	665,372	654,668
Amortization of debt issuance costs	1,807	1,807
Gain on disposal of property and equipment	(2,250)	(14,225)
Bad debt expense	173,229	1,615,119
Forgiveness of notes receivable	-	315,681
Forgiveness of paycheck protection program loan	(818,400)	-
(Increase) decrease in beneficial interest in third-party trusts	(571,604)	32,856
Contributions restricted for long-term purposes	(1,300)	(1,318,126)
Investment (gain) loss	(46,127,670)	1,687,887
Change in discount of notes receivable	(1,238)	(22,061)
Other changes		
(Increase) decrease in		
Accrued interest receivable on investments	(6,525)	145,694
Accounts receivable	(67,975)	(374,193)
Grants and other receivables	(603,411)	5
Prepaid expenses	(160,633)	(7,235)
Inventories	(4,807)	(15,925)
Accrued interest receivable on notes receivable	6,314	(4,332)
Mausoleums, columbaria, and lots	33,621	(23,853)
Increase (decrease) in		
Accounts payable and accrued expenses	850,495	(222,201)
Collections payable	(124,019)	(76,846)
Grants payable	1,850,000	2,025,000
Refundable advance	-	2,080,100
Deferred revenue	365,838	(235,264)
Net cash (used in) provided by operating activities	<u>\$ (159,488)</u>	<u>\$ 3,776,642</u>

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Cash Flows (Continued)
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from investing activities		
Purchases of property and equipment	\$ (409,020)	\$ (298,877)
Proceeds from sale of property and equipment	2,250	2,075
Purchases of investments	(13,037,048)	(30,559,255)
Proceeds from sale of investments	3,892,091	25,444,418
Advances to and repayments on loans to parishes and others, net	<u>523,701</u>	<u>474,299</u>
Net cash used in investing activities	(9,028,026)	(4,937,340)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	761,198	1,139,515
Principal payments on note payable	(250,000)	(250,000)
Deposits from parishes and others, net	<u>9,554,237</u>	<u>4,672,395</u>
Net cash provided by financing activities	<u>10,065,435</u>	<u>5,561,910</u>
Increase in cash, cash equivalents, and capital campaign cash	877,921	4,401,212
Cash, cash equivalents, and capital campaign cash, beginning of year	<u>13,768,642</u>	<u>9,367,430</u>
Cash, cash equivalents, and capital campaign cash, end of year	<u>\$ 14,646,563</u>	<u>\$ 13,768,642</u>
Reconciliation of cash, cash equivalents, and restricted cash to the statements of financial position		
Cash and cash equivalents	\$ 14,589,289	\$ 11,656,548
Capital campaign cash	<u>57,274</u>	<u>2,112,094</u>
Total cash, cash equivalents, and capital campaign cash	<u>\$ 14,646,563</u>	<u>\$ 13,768,642</u>
Supplemental cash flow disclosure		
Interest paid	\$ 952,225	\$ 906,890

See accompanying notes.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements
Years Ended June 30, 2021 and 2020**

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, Urban Parish Repair, 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, 2020, the Archdiocese adopted Accounting Standards Codification 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The standard was applied prospectively as of the effective date with no material impact.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

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:
 - *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 K 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, except for Catholic Charities, 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. Investments: The Archdiocese invests in fixed income securities, including government and corporate bonds, and in publicly traded stocks, and mutual funds.

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 fair value of the investment at the time of donation.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note B - Summary of Significant Accounting Policies (Continued)

4. Investments (Continued): 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 \$597,000 in 2021 and \$398,000 in 2020.

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 prepaid interments and lot maintenance fees, as well as advances on grants. Revenues are reported in the fiscal year in which they are earned.
12. Donated Goods and Services: Donated materials and equipment are shown as gifts, valued at their estimated fair 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, 2021 and 2020 that are not recognized as contributions in the combined financial statements since the recognition criteria were not met.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note B - Summary of Significant Accounting Policies (Continued)

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 \$225,000 and \$220,000 for the years ended June 30, 2021 and 2020, respectively.
16. Revenue Recognition: The Archdiocese generates the majority of its revenue from contributions and investment income, 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 \$9,500,000 that have not been recognized at June 30, 2021 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 at-need and pre-need basis.

Cemetery arrangements sold at the time of death are referred to as at-need cemetery contracts. The performance obligations on these at-need 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.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note B - Summary of Significant Accounting Policies (Continued)

16. Revenue Recognition (Continued): Cemetery arrangements sold prior to death occurring are referred to as pre-need cemetery contracts. For pre-need 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 pre-need 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 pre-need contracts are not provided prior to the time of death. The performance obligation for pre-need cemetery merchandise and service is similar to the elements of the performance obligation of at-need 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* to improve financial reporting with respect to leasing transactions. ASU No. 2016-02 will require lessees to recognize a lease liability and a right-of-use asset with respect to all leases with terms of greater than twelve months. The lease liability recognized in the combined statement of financial position will represent the lessee's obligation to make lease payments measured on a discounted basis, while the right-of-use asset will represent the lessee's right to use, or control use of, the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The standard will be effective for the fiscal year ending June 30, 2023.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets be shown separate from contributions of cash and other financial assets and provides for qualitative disclosure regarding valuation techniques, categories of contributed nonfinancial assets, and their use. This standard will be effective for the year ending June 30, 2022.

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 these ASUs 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, 2021 and 2020

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, 2021 and 2020 are as follows:

	2021	2020
Cash, cash equivalents, and capital campaign cash	\$ 14,646,563	\$ 13,768,642
Investments and related accrued interest	210,811,535	155,532,383
Accounts receivable, net	1,953,911	1,976,565
Pledges receivable, net	743,541	1,586,039
Grants and other receivables	1,524,655	921,244
Notes receivable and related accrued interest	1,643,231	2,172,008
Beneficial interest in third-party trusts	2,729,815	2,158,211
	<hr/>	<hr/>
Total financial assets	234,053,251	178,115,092
Less amounts not available to be used within one year		
Board designated funds	24,930,190	19,050,953
Regulatory restricted funds for perpetual care	8,434,594	7,783,188
Donor restricted by time or purpose	10,808,683	9,799,317
Donor restricted in perpetuity	3,286,730	3,173,986
Deposits payable - parishes and other related parties, net	74,079,092	64,524,855
Accounts receivable not expected to be received within one year	754,632	759,758
Notes receivable and accrued interest not expected to be received within one year	899,959	1,443,787
Less net assets with board designations to be met in less than one year	(2,755,961)	(2,808,240)
Less net assets with purpose or time restrictions to be met in less than one year	(1,925,321)	(1,553,679)
	<hr/>	<hr/>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 115,540,653</u>	<u>\$ 75,941,167</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

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, 2021 and 2020.

- *Cash and Cash Equivalents*: Valued at the net asset value.
- *Common Stocks*: Valued at the quoted market price on which the individual securities are traded.
- *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 the net asset value of the underlying assets traded in an active market.
- *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, 2021, are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 8,148,578	\$ 8,148,578	\$ -	\$ -
Common stocks	60,660,611	60,660,611	-	-
Government backed securities	639,292	-	639,292	-
Corporate bonds and other	8,669,792	8,669,792	-	-
Mutual funds	132,388,937	132,388,937	-	-
Beneficial interest in third-party trusts (Note I)	2,729,815	-	2,729,815	-
Total	<u>\$213,237,025</u>	<u>\$209,867,918</u>	<u>\$ 3,369,107</u>	<u>\$ -</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note D - Fair Value Measurements (Continued)

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	35,385,856	35,385,856	-	-
Government backed securities	119,340	-	119,340	-
Corporate bonds and other	3,395,510	3,395,510	-	-
Mutual funds	112,550,585	112,550,585	-	-
Beneficial interest in third-party trusts (Note I)	2,158,211	-	2,158,211	-
Total	<u>\$ 157,392,794</u>	<u>\$ 155,115,243</u>	<u>\$ 2,277,551</u>	<u>\$ -</u>

Accrued interest earned from the above investments is \$304,325 and \$297,800 as of June 30, 2021 and 2020, respectively.

Note E - 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, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 4,664,177	\$ 4,677,458
Less allowance for doubtful accounts	<u>(2,710,266)</u>	<u>(2,700,893)</u>
Balance at end of year	<u>\$ 1,953,911</u>	<u>\$ 1,976,565</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note F - Pledges Receivable

Beginning in 2019, Catholic Charities has had a capital campaign for a new building. Catholic Charities has 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>2021</u>	<u>2020</u>
Pledges receivable, beginning of year	\$ 1,586,039	\$ 1,407,428
Pledges		
Board members	-	1,700
Other related parties	-	162,461
Others	<u>1,300</u>	<u>1,153,965</u>
Total pledges for capital campaign	1,300	1,318,126
Collections		
Board members	(5,067)	(15,850)
Other related parties	(440,961)	(62,106)
Others	<u>(315,170)</u>	<u>(1,061,559)</u>
Bad debt allowance	<u>(82,600)</u>	<u>-</u>
Pledges receivable, net, end of year	<u><u>\$ 743,541</u></u>	<u><u>\$ 1,586,039</u></u>

Net pledges receivable are due according to the following schedule at June 30, 2021:

Less than one year	\$ 573,084
One to five years	<u>170,457</u>
Total	<u><u>\$ 743,541</u></u>

Note G - Grants and Other Receivables

Grants and other receivables at June 30, 2021 and 2020, totaling \$1,524,655 and \$921,244, 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, 2021 and 2020**

Note H - 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, 2021 and 2020, were \$1,386,412 and \$1,908,875, respectively. Amounts due from parishes and other organizations are net of an uncollectible allowance of \$1,632,896 at both June 30, 2021 and 2020. Notes receivable at June 30, 2021 and 2020 are net of a discount (3.5% rate) to estimate the present value of future payments of \$8,358 and \$9,596, 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 0% and 3.75% per annum for fiscal years 2021 and 2020. 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, 2021 and 2020, were \$74,079,092 and \$64,524,855, 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% per annum on savings accounts and 2.5% per annum on endowment accounts and was paid on funds on deposit for fiscal years 2021 and 2020. The deposit rate is equal to the six-month U.S. Treasury bill rate, and is adjusted every six months. In August 2020, the Archdiocese set the minimum rate to be paid to the various parishes and other organizations at 0.50%. Funds held outside of the Deposit and Loan Fund earn income according to market conditions.

Note I - 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. An asset has been recorded based on Catholic Charities' beneficiary percentage of the fair value of the underlying assets as determined by the custodian. Income/distributions received from these trusts for the years ended June 30, 2021 and 2020, were \$52,385 and \$52,859, respectively. The income received from the trusts is restricted for elderly service programs. The net change in value of the trusts for the years ended June 30, 2021 and 2020, was an increase of \$272,885 and a decrease of (\$9,085), 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. An asset has been recorded based on the fair value of the underlying assets as determined by the custodian. 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, 2021 and 2020 was an increase of \$115,091 and a decrease of (\$15,786), 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, 2021, assuming a 5.5% rate of return, is \$566,140. The total estimated net present value of future cash flows as of June 30, 2020 was \$382,513. Distributions received from this trust for the years ended June 30, 2021 and 2020, were \$25,919 and \$25,860, respectively, and are restricted for seminarian education. The net change in value of the trust was an increase of \$183,628 and a decrease of (\$7,985) for the years ended June 30, 2021 and 2020, 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, 2021 and 2020

Note I - 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, 2021 and 2020 are as follows:

	2021		2020	
	Cost	Market	Cost	Market
Cash and cash equivalents	\$ 52,535	\$ 52,535	\$ 146,666	\$ 146,666
Common stock - private equity	113,345	113,345	125,537	125,537
Mutual funds - corporate bonds	456,170	476,478	386,044	405,992
Mutual funds - common stock	846,965	1,484,132	745,487	1,064,577
Mutual funds - other assets	37,000	37,185	26,073	32,926
Subtotal	<u>\$ 1,506,015</u>	2,163,675	<u>\$ 1,429,807</u>	1,775,698
Estimated value of beneficial interest in charitable remainder uni-trusts		<u>566,140</u>		<u>382,513</u>
Total		<u>\$ 2,729,815</u>		<u>\$ 2,158,211</u>

Note J - Property and Equipment

Property and equipment consist of the following at June 30, 2021 and 2020:

	2021	2020
Land and improvements	\$ 2,088,819	\$ 2,088,819
Construction in progress	164,725	164,725
Buildings and improvements	17,371,253	17,113,576
Furniture and equipment	<u>5,169,102</u>	<u>5,290,287</u>
Subtotal	24,793,899	24,657,407
Less accumulated depreciation	<u>(12,565,850)</u>	<u>(12,173,006)</u>
Total	<u>\$ 12,228,049</u>	<u>\$ 12,484,401</u>

Total depreciation expense was \$665,372 and \$654,668 for the years ended June 30, 2021 and 2020, respectively.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note K - Endowments

The Archdiocese's endowments include donor-restricted endowment funds, perpetual care assets required by law to operate as an endowment, and a board designated 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, 2021 and 2020

Note K - 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

June 30, 2021	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,550,058	\$ 3,550,058
Regulatory-restricted funds	8,434,594	-	8,434,594
Board designated endowment fund	42,604	-	42,604
Total funds	<u>\$ 8,477,198</u>	<u>\$ 3,550,058</u>	<u>\$ 12,027,256</u>
June 30, 2020	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,531,680	\$ 3,531,680
Regulatory-restricted funds	7,783,188	-	7,783,188
Board designated endowment fund	34,375	-	34,375
Total funds	<u>\$ 7,817,563</u>	<u>\$ 3,531,680</u>	<u>\$ 11,349,243</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note K - Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 7,817,563	\$ 3,531,680	\$ 11,349,243
Net investment income	208,995	88,689	297,684
Contributions	450,640	1,150	451,790
Appropriation of endowment assets for expenditure	-	(71,461)	(71,461)
Endowment net assets, end of year	<u>\$ 8,477,198</u>	<u>\$ 3,550,058</u>	<u>\$ 12,027,256</u>

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	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>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note L - Grants Payable

Grants payable primarily represent unconditional promises to give to educational institutions within the Archdiocese (see Note Q). At June 30, 2021 and 2020, grants payable are \$3,875,000 and \$2,025,000, respectively. Future grants payments as of June 30, 2021 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 795,000
2023	845,000
2024	795,000
2025	795,000
2026	<u>645,000</u>
Total	<u>\$ 3,875,000</u>

Note M - Line of Credit

Catholic Charities has a \$250,000 line of credit agreement that expires June 30, 2022. The line of credit bears interest at LIBOR plus 1.50% (1.62% at June 30, 2021). The note is secured by the Archdiocese of Louisville's guarantee. There were no amounts outstanding at June 30, 2021 and 2020.

Note N - Note Payable

Long-term debt is summarized as follows:

	<u>2021</u>	<u>2020</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 (1.01% at June 30, 2021). Matures July 1, 2037 and subject to mandatory prepayment in whole on July 25, 2023.	\$ 2,520,833	\$ 2,770,833
Less unamortized debt issuance costs	<u>(28,917)</u>	<u>(30,724)</u>
Note payable	<u>\$ 2,491,916</u>	<u>\$ 2,740,109</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note N - Note Payable (Continued)

Estimated future maturities of the note payable as of June 30, 2021 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 250,000
2023	250,000
2024	250,000
2025	250,000
2026	250,000
Thereafter	1,270,833
Total	<u>\$ 2,520,833</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, 2021 and 2020 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 Paycheck 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. A refundable advance of \$818,400 was forgiven during 2021 and has been recognized as federal grant revenue - PPP loan on the combined statements of activities as of June 30, 2021.

Subsequent to year end, the Archdiocese was notified the remaining advance of \$1,261,700 was forgiven and will be recognized as federal grant revenue during the year ended June 30, 2022.

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, 2021 and 2020 was \$80,284 and \$72,105, respectively.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note Q - Guarantees

The Pastoral Center is a guarantor on \$1,900,000 in lines of credit to three Catholic high schools and one parish. Borrowing against these lines of credit were \$922,053 and \$429,000 at June 30, 2021 and 2020.

The Pastoral Center is a guarantor for approximately \$17,381,000 and \$17,606,000 in bank loans to parishes of the Archdiocese of Louisville at June 30, 2021 and 2020, respectively. The parishes used the funds as a source of financing for capital projects. Terms of the loans 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 \$5,772,000 and \$6,285,000 at June 30, 2021 and 2020, 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 \$3,943,000 and \$4,177,000 as of June 30, 2021 and 2020, 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 \$2,357,000 and \$2,516,000 as of June 30, 2021 and 2020. 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, 2021 and 2020, were \$7,487,334 and \$9,231,840, respectively. Assessments receivable, net of allowance for doubtful accounts at June 30, 2021 and 2020, are \$446,084 and \$531,301, respectively, and are included in accounts receivable in the combined statements of financial position. See Note E 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, 2021 and 2020 was \$9,208,265 and \$5,173,270, respectively. Grants payable at June 30, 2021 and 2020 are \$3,875,000 and \$2,025,000, respectively.

Related party notes receivable consist of amounts due from clergy, parishes, and Catholic schools. At June 30, 2021 and 2020, such receivables totaled \$1,386,412 and \$1,908,875, respectively. Related party notes receivable at June 30, 2021 and 2020 are net of a discount (3.5% rate) to estimate the present value of future payments of \$8,358 and \$9,596, respectively. An allowance for uncollectible notes receivable of \$1,632,896 was recorded at both June 30, 2021 and 2020. The original maturity dates vary from on demand to seven years. See Note H for additional information.

Related party deposits payable consist of amounts due to parishes, Catholic schools and other organizations. At June 30, 2021 and 2020, such payables totaled \$74,079,092 and \$64,524,855, respectively. See Note H for additional information.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

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 \$592,000 and \$599,000 to the Plan for the years ended June 30, 2021 and 2020, 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, 2021 and 2020. The assessment income for retirement benefits from the parishes was approximately \$1,492,000 and \$1,845,000 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, were \$1,295,317 and \$1,938,032, respectively.

Benefits paid to retired clergy for the years ended June 30, 2021 and 2020 follow:

	<u>2021</u>	<u>2020</u>
Clergy retirement benefits	\$ 1,849,905	\$ 1,946,900
Supplemental medical coverage	<u>271,551</u>	<u>269,611</u>
Total	<u><u>\$ 2,121,456</u></u>	<u><u>\$ 2,216,511</u></u>

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.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note T - 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, 2021 and 2020, 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 or increases based on refugee arrivals. The federal response to the novel coronavirus disease 2019 ("COVID-19") has led to an increase in funding under the CARES Act.

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 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.

Prior to 2021, a liability was not recorded because the range of time over which the Archdiocese might settle the asset retirement obligation was unknown and could not be estimated. During 2021, the Archdiocese received approval for major renovations on the building containing asbestos and is able to estimate the timeline for removal of the asbestos. Accordingly, the Archdiocese has recorded an ARO liability of \$110,381 as of June 30, 2021.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

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, 2021 and 2020, is \$8,434,594 and \$7,783,188, 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>2021</u>	<u>2020</u>
Catholic Foundation of Louisville, Inc.	\$ 16,231,096	\$ 9,251,929
Catholic Charities of Louisville	2,406,387	2,424,841
Capital reserves	2,500,000	2,000,000
Priest retirement fund	1,295,317	1,938,032
Southern KY missions	1,560,871	1,720,215
High school tuition assistance	200,000	800,000
Other	476,040	522,494
Closed parishes	<u>260,479</u>	<u>393,442</u>
Total	<u><u>\$ 24,930,190</u></u>	<u><u>\$ 19,050,953</u></u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note W - Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows for the year ended June 30, 2021:

	<u>June 30, 2020</u>	<u>Contributions</u>	<u>Investment income</u>	<u>Change in beneficial interest</u>	<u>Released from restrictions / other changes</u>	<u>June 30, 2021</u>
By time and purpose						
Capital campaign	\$ 3,672,064	\$ 84,643	\$ -	\$ -	\$ -	\$ 3,756,707
Seminarian and priest education	2,412,549	382,969	37,065	183,628	(780,094)	2,236,117
Maintenance and care of gravesites	805,636	-	34,654	-	-	840,290
Lattis trust	684,557	-	-	115,091	-	799,648
Poverty assistance	817,732	1,641,640	7,509	-	(776,704)	1,690,177
Hersche trust	586,952	-	-	161,291	-	748,243
Multicultural ministry	151,828	-	1,626	-	(35,415)	118,039
School scholarships	390,721	-	17,710	-	(26,300)	382,131
Mission promotions	140,189	1,092	1,689	-	(22,500)	120,470
Other	88,814	-	1,021	-	(17,000)	72,835
Food service program	48,275	-	-	-	(4,249)	44,026
Total	<u>\$ 9,799,317</u>	<u>\$ 2,110,344</u>	<u>\$ 101,274</u>	<u>\$ 460,010</u>	<u>\$ (1,662,262)</u>	<u>\$ 10,808,683</u>
	<u>June 30, 2020</u>	<u>Contributions</u>	<u>Change in beneficial interest</u>	<u>Other release</u>	<u>June 30, 2021</u>	
In perpetuity						
Seminarian and priest education	\$ 1,419,512	\$ -	\$ -	\$ -	\$ 1,419,512	
Maintenance and care of gravesites	712,382	1,150	-	-	713,532	
Poverty assistance	529,192	-	111,594	-	640,786	
School scholarships	512,900	-	-	-	512,900	
Total	<u>\$ 3,173,986</u>	<u>\$ 1,150</u>	<u>\$ 111,594</u>	<u>\$ -</u>	<u>\$ 3,286,730</u>	

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note W - Net Assets with Donor Restrictions (Continued)

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

	<u>June 30, 2019</u>	<u>Contributions</u>	<u>Investment income</u>	<u>Change in beneficial interest</u>	<u>Released from restrictions / other changes</u>	<u>June 30, 2020</u>
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	<u>\$ 7,515,248</u>	<u>\$ 3,547,232</u>	<u>\$ 100,650</u>	<u>\$ (6,127)</u>	<u>\$ (1,357,686)</u>	<u>\$ 9,799,317</u>
			Change in beneficial interest	Other release		
	<u>June 30, 2019</u>	<u>Contributions</u>			<u>June 30, 2020</u>	
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	<u>\$ 3,166,448</u>	<u>\$ 6,867</u>	<u>\$ 26,130</u>	<u>\$ (25,459)</u>	<u>\$ 3,173,986</u>	

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note W - Net Assets with Donor Restrictions (Continued)

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:

	<u>2021</u>	<u>2020</u>
Investments	\$ 2,670,946	\$ 2,669,796
Beneficial interest in third-party trusts	<u>615,784</u>	<u>504,190</u>
Total	<u>\$ 3,286,730</u>	<u>\$ 3,173,986</u>

Note X - Global Novel Coronavirus Disease 2019

In March 2020, the outbreak of the global novel coronavirus disease 2019 ("COVID-19") was declared a United States and global pandemic. The Archdiocese's operations have been generally impacted by the outbreak of COVID-19. Since the situation surrounding the pandemic is on-going, the duration, nature, and extent of the ultimate direct or indirect impact on the Archdiocese's financial condition, liquidity, and/or future results of operations cannot be reasonably estimated at this time.

Supplementary Information

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Financial Position
June 30, 2021

	<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	\$ 9,943,611	\$ -	\$ 2,457,998	\$ 2,186,377	\$ 1,303	\$ -	\$ 14,589,289
Investments	173,896,171	-	5,129,164	42,604	26,530,553	(3,525,876)	202,072,616
Investments restricted for perpetual care	8,434,594	-	-	-	-	-	8,434,594
Accrued interest receivable on investments	304,325	-	-	-	-	-	304,325
Accounts receivable, net	1,415,313	-	427,111	111,487	-	-	1,953,911
Pledges receivable, net	-	-	-	2,047,247	-	(1,303,706)	743,541
Grants and other receivables	-	-	-	1,524,655	-	-	1,524,655
Prepaid expenses	101,408	-	57,252	134,492	-	-	293,152
Inventories	-	-	49,546	31,413	-	-	80,959
Notes receivable - parishes and other related parties, net	28,673	1,357,739	-	-	-	-	1,386,412
Accrued interest receivable on notes receivable	15,878	240,941	-	-	-	-	256,819
Beneficial interest in third-party trusts	1,365,788	-	-	1,364,027	-	-	2,729,815
Cemetery lot development costs	-	-	884,956	-	-	-	884,956
Mausoleums, columbariums, and lots	-	-	4,936,235	-	-	-	4,936,235
Capital campaign - cash	-	-	-	57,274	-	-	57,274
Capital campaign - Deposit & Loan fund	-	-	-	2,898,337	-	(2,898,337)	-
Property and equipment, net	10,253,888	-	1,399,267	574,894	-	-	12,228,049
Interfund receivables	-	62,958,352	9,992,215	-	-	(72,950,567)	-
	<u>\$ 205,759,649</u>	<u>\$ 64,557,032</u>	<u>\$ 25,333,744</u>	<u>\$ 10,972,807</u>	<u>\$ 26,531,856</u>	<u>\$ (80,678,486)</u>	<u>\$ 252,476,602</u>
Total assets							

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Financial Position (Continued)
June 30, 2021

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Liabilities and net assets							
Liabilities							
Accounts payable and accrued expenses	\$ 1,180,857	\$ -	\$ 312,847	\$ 1,085,688	\$ -	\$ -	\$ 2,579,392
Collections payable	168,586	-	-	-	-	-	168,586
Grants payable	4,928,706	-	250,000	-	-	(1,303,706)	3,875,000
Refundable advance - PPP loan	1,261,700	-	-	-	-	-	1,261,700
Deferred revenue	90,245	-	1,786,304	-	-	-	1,876,549
Interfund payables	72,950,567	-	-	-	3,525,876	(76,476,443)	-
Note payable	2,491,916	-	-	-	-	-	2,491,916
Deposits payable - parishes and other related parties	6,785,182	63,417,363	-	-	6,774,884	(2,898,337)	74,079,092
Total liabilities	89,857,759	63,417,363	2,349,151	1,085,688	10,300,760	(80,678,486)	86,332,235
Net assets							
Net assets without donor restrictions							
Expendable net assets	93,284,806	1,139,669	11,596,910	1,622,946	-	1,303,706	108,948,037
Invested in property and equipment	7,761,972	-	1,399,267	574,894	-	-	9,736,133
Board designated net assets	8,656,490	-	-	42,604	16,231,096	-	24,930,190
Regulatory restricted - perpetual care fund	-	-	8,434,594	-	-	-	8,434,594
Total net assets without donor restrictions	109,703,268	1,139,669	21,430,771	2,240,444	16,231,096	1,303,706	152,048,954
Net assets with donor restrictions							
Restricted by time or purpose	4,241,210	-	840,290	7,030,889	-	(1,303,706)	10,808,683
Restricted in perpetuity	1,957,412	-	713,532	615,786	-	-	3,286,730
Total net assets with donor restrictions	6,198,622	-	1,553,822	7,646,675	-	(1,303,706)	14,095,413
Total net assets	115,901,890	1,139,669	22,984,593	9,887,119	16,231,096	-	166,144,367
Total liabilities and net assets	<u>\$ 205,759,649</u>	<u>\$ 64,557,032</u>	<u>\$ 25,333,744</u>	<u>\$ 10,972,807</u>	<u>\$ 26,531,856</u>	<u>\$ (80,678,486)</u>	<u>\$ 252,476,602</u>

See independent auditor's report.

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	\$ -	\$ 1,448,981	\$ 1,759,113	\$ 430	\$ -	\$ 11,656,548
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, net	-	-	-	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>\$ 22,331,054</u>	<u>\$ 9,675,395</u>	<u>\$ 16,586,923</u>	<u>\$ (65,839,525)</u>	<u>\$ 196,662,976</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	\$ -	\$ 158,129	\$ 699,321	\$ -	\$ -	\$ 1,728,897
Collections payable	292,605	-	-	-	-	-	292,605
Grants payable	3,105,389	-	250,000	-	-	(1,330,389)	2,025,000
Refundable advance - PPP loan	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)	-
Note payable	2,740,109	-	-	-	-	-	2,740,109
Deposits payable - parishes and other related parties	6,633,181	53,137,938	-	-	4,753,736	-	64,524,855
Total liabilities	76,832,310	53,137,938	1,918,840	1,517,721	7,300,618	(65,805,150)	74,902,277
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	\$ 159,631,522	\$ 54,277,607	\$ 22,331,054	\$ 9,675,395	\$ 16,586,923	\$ (65,839,525)	\$ 196,662,976

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Activities
Year Ended June 30, 2021

	<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>
Revenue, support, and gains							
Donations, bequests, and grants	\$ 540,014	\$ -	\$ 1,483	\$ 13,920,655	\$ 4,626,894	\$ (945,000)	\$ 18,144,046
Federal grant revenue - PPP loan	-	-	-	818,400	-	-	818,400
In-kind revenue	-	-	-	135,205	-	-	135,205
Parish assessments	7,616,862	-	-	-	-	(129,528)	7,487,334
Special collections	298,256	-	-	-	-	-	298,256
Burial sales, net	-	-	3,360,295	-	-	-	3,360,295
Catholic Services Appeal	4,016,892	-	-	-	-	-	4,016,892
Fee income	3,146	-	1,285,450	743,091	-	-	2,031,687
Program and activity income	99,344	-	-	23,916	-	-	123,260
Rental income	53,699	-	30,480	-	-	-	84,179
Advertising income	430,944	-	-	-	-	-	430,944
Investment income, net	1,957,543	43,357	285,565	87,923	164,165	(249,666)	2,288,887
Investment gains, net	43,091,517	-	696,022	-	2,340,131	-	46,127,670
Other income	1,161,647	1,087,988	16,150	11,791	-	(1,727,287)	550,289
Increase in value of beneficial interest in third-party trusts	298,719	-	-	272,885	-	-	571,604
	<u>\$ 59,568,583</u>	<u>\$ 1,131,345</u>	<u>\$ 5,675,445</u>	<u>\$ 16,013,866</u>	<u>\$ 7,131,190</u>	<u>\$ (3,051,481)</u>	<u>\$ 86,468,948</u>
Total revenues, support, and gains	\$ 59,568,583	\$ 1,131,345	\$ 5,675,445	\$ 16,013,866	\$ 7,131,190	\$ (3,051,481)	\$ 86,468,948

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Activities (Continued)
Year Ended June 30, 2021

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Expenses and losses							
Salary expense	\$ 4,941,738	\$ -	\$ 1,401,203	\$ 3,883,146	\$ -	\$ -	\$ 10,226,087
Payroll added expense	1,554,401	-	420,826	1,081,233	-	-	3,056,460
Clergy retirement benefits	1,849,905	-	-	-	-	-	1,849,905
Mileage and expense allowance	97,322	-	4,890	86,889	-	-	189,101
Education expense	744,230	-	164	-	-	-	744,394
Rent expense	53,244	-	652	26,388	-	-	80,284
Office supplies and services	835,775	-	105,183	444,108	-	-	1,385,066
Plant and grounds expense	532,605	-	279,215	161,496	-	-	973,316
Auto expense	3,452	-	49,552	30,047	-	-	83,051
Public relations, donations, and grants	103,126	-	130,201	-	186,399	(163,903)	255,823
Advertising expense	216,635	-	8,601	-	-	-	225,236
Professional fees and services	277,262	-	29,524	516,025	-	-	822,811
Program and activity expense	324,960	-	-	653,044	-	-	978,004
Broadcasting/press expense	366,676	-	-	-	-	-	366,676
Archdiocesan support	1,285,138	-	-	-	-	(945,000)	340,138
Education grants	3,809,394	-	-	-	-	-	3,809,394
Cost of sales	-	-	489,164	-	-	-	489,164
Papal and national organizations	99,921	-	-	-	-	-	99,921
Other grants and direct aid	6,369,708	-	-	7,175,614	-	-	13,545,322
Other restricted expense payments	2,229,053	-	-	-	-	(1,727,287)	501,766
Interest expense	70,546	1,131,345	-	-	-	(249,666)	952,225
Depreciation expense	492,769	-	120,765	51,838	-	-	665,372
Bad debt expense	9,373	-	-	163,856	-	-	173,229
Miscellaneous expense	198,672	-	63,126	10,737	-	-	272,535
Total functional expenses	26,465,905	1,131,345	3,103,066	14,284,421	186,399	(3,085,856)	42,085,280
Change in net assets	33,102,678	-	2,572,379	1,729,445	6,944,791	34,375	44,383,668
Net assets, beginning of year	82,799,212	1,139,669	20,412,214	8,157,674	9,286,305	(34,375)	121,760,699
Net assets, end of year	\$ 115,901,890	\$ 1,139,669	\$ 22,984,593	\$ 9,887,119	\$ 16,231,096	\$ -	\$ 166,144,367

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
Investment gains, net	(1,652,837)	-	24,086	-	(59,136)	-	(1,687,887)
Other income	580,018	991,526	3,499	14,324	-	(1,515,369)	73,998
Decrease in value of beneficial interest in third-party trusts	(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>

See independent auditor's report.

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
Changes 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.