

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

Combined Financial Statements

Years Ended June 30, 2022 and 2021

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Table of Contents
Years Ended June 30, 2022 and 2021

	<u>Page</u>
Independent Auditor's Report	1 - 2
Combined Financial Statements	
Combined Statements of Financial Position	3
Combined Statements of Activities.....	4
Combined Statements of Functional Expenses.....	5 - 6
Combined Statements of Cash Flows	7 - 8
Notes to Combined Financial Statements	9 - 30
Supplementary Information	
Combining Statements of Financial Position.....	31 - 34
Combining Statements of Activities	35 - 38

Independent Auditor's Report

To Archbishop Shelton Fabre
and Finance Council
Archdiocese of Louisville
(Pastoral Center and Certain Entities)

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Archdiocese of Louisville (Pastoral Center and Certain Entities) (the "Archdiocese"), which comprise the combined statements of financial position as of June 30, 2022 and 2021 and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Archdiocese of Louisville (Pastoral Center and Certain Entities) and as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Archdiocese of Louisville (Pastoral Center and Certain Entities), and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Archdiocese of Louisville (Pastoral Center and Certain Entities) ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Archdiocese's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 20, 2022

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 16,545,011	\$ 14,589,289
Investments (Notes D and K)	170,504,306	202,072,616
Investments restricted for perpetual care (Notes D and U)	9,113,620	8,434,594
Accrued interest receivable on investments (Note D)	392,491	304,325
Accounts receivable, net (Notes E and R)	1,528,875	1,953,911
Pledges receivable, net (Note F)	404,448	743,541
Grants and other receivables (Note G)	3,298,572	1,524,655
Prepaid expenses	186,446	293,152
Inventories	163,868	80,959
Notes receivable - parishes and other related parties, net (Notes H and R)	2,316,196	1,386,412
Accrued interest receivable on notes receivable	257,418	256,819
Beneficial interest in third-party trusts (Notes D, I and W)	2,261,890	2,729,815
Cemetery lot development costs	1,337,843	884,956
Mausoleums, columbaria, and lots	4,883,840	4,936,235
Capital campaign cash	45,675	57,274
Property and equipment, net (Note J)	12,153,299	12,228,049
	<u>\$ 225,393,798</u>	<u>\$ 252,476,602</u>
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 3,836,854	\$ 2,579,392
Collections payable	402,424	168,586
Grants payable (Note L)	3,080,000	3,875,000
Refundable advance - Paycheck Protection Program ("PPP") loan (Note O)	-	1,261,700
Deferred revenue	2,077,934	1,876,549
Note payable (Note N)	2,243,725	2,491,916
Deposits payable - parishes and other related parties (Notes H and R)	78,928,265	74,079,092
	<u>90,569,202</u>	<u>86,332,235</u>
Net assets		
Net assets without donor restrictions		
Expendable net assets	79,422,572	108,948,037
Invested in property and equipment	9,909,574	9,736,133
Board designated net assets (Note V)	22,018,482	24,930,190
Regulatory restricted - perpetual care fund (Notes K and U)	9,113,620	8,434,594
	<u>120,464,248</u>	<u>152,048,954</u>
Net assets with donor restrictions		
Restricted by time or purpose (Notes K and W)	11,107,299	10,808,683
Restricted in perpetuity (Notes K and W)	3,253,049	3,286,730
	<u>14,360,348</u>	<u>14,095,413</u>
Total net assets	<u>134,824,596</u>	<u>166,144,367</u>
Total liabilities and net assets	<u>\$ 225,393,798</u>	<u>\$ 252,476,602</u>

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue, support, and gains						
Donations, bequests, and grants (Note W)	\$ 20,273,199	\$ 2,777,289	\$ 23,050,488	\$ 16,032,552	\$ 2,111,494	\$ 18,144,046
Federal grant revenue - PPP loan	1,261,700	-	1,261,700	818,400	-	818,400
In-kind revenue	483,973	-	483,973	150,816	-	150,816
Parish assessments (Note R)	8,481,696	-	8,481,696	7,487,334	-	7,487,334
Special collections	333,254	-	333,254	298,256	-	298,256
Burial sales, net	3,583,623	-	3,583,623	3,360,295	-	3,360,295
Catholic services appeal	4,120,586	-	4,120,586	4,016,892	-	4,016,892
Fee income	2,375,737	-	2,375,737	2,031,687	-	2,031,687
Program and activity income	378,905	-	378,905	123,260	-	123,260
Rental income	150,624	-	150,624	84,179	-	84,179
Advertising income	538,777	-	538,777	430,944	-	430,944
Investment income, net	2,991,286	97,781	3,089,067	2,187,613	101,274	2,288,887
Investment (loss) gain, net	(34,774,507)	-	(34,774,507)	46,127,670	-	46,127,670
Other income	(57,128)	-	(57,128)	534,678	-	534,678
(Decrease) increase in value of beneficial interest in third-party trusts (Note I)	-	(467,925)	(467,925)	-	571,604	571,604
Net assets released from restrictions	2,142,210	(2,142,210)	-	1,662,262	(1,662,262)	-
 Total revenues, support, and gains	 12,283,935	 264,935	 12,548,870	 85,346,838	 1,122,110	 86,468,948
Expenses and losses						
Program services	38,387,909	-	38,387,909	36,822,374	-	36,822,374
Administrative and other support services	4,259,696	-	4,259,696	4,027,731	-	4,027,731
Development and fundraising	1,221,036	-	1,221,036	1,235,175	-	1,235,175
 Total expenses and losses	 43,868,641	 -	 43,868,641	 42,085,280	 -	 42,085,280
 Change in net assets	 (31,584,706)	 264,935	 (31,319,771)	 43,261,558	 1,122,110	 44,383,668
 Net assets, beginning of year	 152,048,954	 14,095,413	 166,144,367	 108,787,396	 12,973,303	 121,760,699
 Net assets, end of year	 \$ 120,464,248	 \$ 14,360,348	 \$ 134,824,596	 \$ 152,048,954	 \$ 14,095,413	 \$ 166,144,367

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statement of Functional Expenses
Year Ended June 30, 2022

	Program services	Administrative and other support services	Development and fundraising	Total
Salary expense	\$ 8,635,000	\$ 2,003,372	\$ 627,905	\$ 11,266,277
Payroll added expense	2,572,972	475,824	161,290	3,210,086
Clergy retirement benefits (Note S)	1,724,600	-	-	1,724,600
Mileage and expense allowance	300,573	86,170	30,957	417,700
Education expense	627,322	4,517	493	632,332
Rent expense (Note P)	70,994	43,285	2,025	116,304
Office supplies and services	979,171	392,732	146,759	1,518,662
Plant and grounds expense	561,497	760,203	12,222	1,333,922
Auto expense	10,531	82,449	17	92,997
Public relations, donations, and grants	147,031	22,079	19,204	188,314
Advertising expense	188,274	19,914	15,907	224,095
Professional fees and services	588,204	243,393	78,476	910,073
Program and activity expense	1,852,120	67,380	45,698	1,965,198
Broadcasting/press expense	416,970	-	-	416,970
Archdiocesan support	314,397	-	-	314,397
Education grants	1,238,736	-	-	1,238,736
Cost of sales	590,862	-	-	590,862
Papal and national organizations	103,770	-	-	103,770
Other grants and direct aid (Note R)	15,385,895	37,150	-	15,423,045
Other restricted expense payments	85,732	-	-	85,732
Indirect cost	963,972	(1,022,211)	58,239	-
Interest expense	949,135	65,735	-	1,014,870
Depreciation expense (Note J)	19,554	667,148	-	686,702
Bad debt expense	12,500	-	-	12,500
Miscellaneous expense	48,097	310,556	21,844	380,497
Total functional expenses	<u>\$ 38,387,909</u>	<u>\$ 4,259,696</u>	<u>\$ 1,221,036</u>	<u>\$ 43,868,641</u>

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 Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities		
Change in net assets	\$ (31,319,771)	\$ 44,383,668
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	686,702	665,372
Amortization of debt issuance costs	1,808	1,807
Gain on disposal of property and equipment	(11,611)	(2,250)
Bad debt expense	12,500	173,229
Forgiveness of Paycheck Protection Program loan	(1,261,700)	(818,400)
Decrease (increase) in beneficial interest in third-party trusts	467,925	(571,604)
Contributions restricted for long-term purposes	(15,750)	(1,300)
Investment loss (gain)	34,774,507	(46,127,670)
Change in discount of notes receivable	(766)	(1,238)
Other changes		
(Increase) decrease in		
Accrued interest receivable on investments	(88,166)	(6,525)
Accounts receivable	425,036	(67,975)
Grants and other receivables	(1,786,417)	(603,411)
Prepaid expenses	106,706	(160,633)
Inventories	(82,909)	(4,807)
Accrued interest receivable on notes receivable	(599)	6,314
Mausoleums, columbaria, and lots	(400,492)	33,621
Increase (decrease) in		
Accounts payable and accrued expenses	1,257,462	850,495
Collections payable	233,838	(124,019)
Grants payable	(795,000)	1,850,000
Deferred revenue	201,385	365,838
Net cash provided by (used in) operating activities	<u>\$ 2,404,688</u>	<u>\$ (159,488)</u>

See accompanying notes.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combined Statements of Cash Flows (Continued)
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from investing activities		
Purchases of property and equipment	\$ (635,041)	\$ (409,020)
Proceeds from sale of property and equipment	34,700	2,250
Purchases of investments	(9,532,748)	(13,037,048)
Proceeds from sale of investments	5,647,525	3,892,091
Advances to and repayments on loans to parishes and others, net	<u>(929,018)</u>	<u>523,701</u>
Net cash used in investing activities	(5,414,582)	(9,028,026)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	354,843	761,198
Principal payments on note payable	(249,999)	(250,000)
Deposits from parishes and others, net	<u>4,849,173</u>	<u>9,554,237</u>
Net cash provided by financing activities	<u>4,954,017</u>	<u>10,065,435</u>
Increase in cash, cash equivalents, and capital campaign cash	1,944,123	877,921
Cash, cash equivalents, and capital campaign cash, beginning of year	<u>14,646,563</u>	<u>13,768,642</u>
Cash, cash equivalents, and capital campaign cash, end of year	<u><u>\$ 16,590,686</u></u>	<u><u>\$ 14,646,563</u></u>
Reconciliation of cash, cash equivalents, and restricted cash to the statements of financial position		
Cash and cash equivalents	\$ 16,545,011	\$ 14,589,289
Capital campaign cash	<u>45,675</u>	<u>57,274</u>
Total cash, cash equivalents, and capital campaign cash	<u><u>\$ 16,590,686</u></u>	<u><u>\$ 14,646,563</u></u>
Supplemental cash flow disclosure		
Interest paid	\$ 1,014,870	\$ 952,225

See accompanying notes.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements
Years Ended June 30, 2022 and 2021**

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, 2021, the Archdiocese adopted Accounting Standards Codification 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. The standard was applied retrospectively 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, 2022 and 2021

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, 2022 and 2021

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 \$809,000 in 2022 and \$597,000 in 2021.

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, 2022 and 2021 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, 2022 and 2021

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 \$224,000 and \$225,000 for the years ended June 30, 2022 and 2021, 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 \$25,500,000 that have not been recognized at June 30, 2022 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, 2022 and 2021

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. The Archdiocese has commenced its evaluation of the standard and anticipates an immaterial impact to the financial statements upon adoption.

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 2016.13 and its related impact on the combined financial statements.

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.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note C - Liquidity and Availability of Resources (Continued)

The Archdiocese's financial assets available within one year of the combined statement of financial position date for general expenditures as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash, cash equivalents, and capital campaign cash	\$ 16,590,686	\$ 14,646,563
Investments and related accrued interest	180,010,417	210,811,535
Accounts receivable, net	1,528,875	1,953,911
Pledges receivable, net	218,971	743,541
Grants and other receivables	3,298,572	1,524,655
Notes receivable and related accrued interest	2,573,614	1,643,231
Beneficial interest in third-party trusts	<u>2,261,890</u>	<u>2,729,815</u>
Total financial assets	206,483,025	234,053,251
Less amounts not available to be used within one year		
Board designated funds	22,018,482	24,930,190
Regulatory restricted funds for perpetual care	9,113,620	8,434,594
Donor restricted by time or purpose	10,921,822	10,808,683
Donor restricted in perpetuity	3,253,049	3,286,730
Deposits payable - parishes and other related parties, net	78,928,265	74,079,092
Accounts receivable not expected to be received within one year	256,053	754,632
Notes receivable and accrued interest not expected to be received within one year	1,731,436	899,959
Less net assets with board designations to be met in less than one year	(3,576,662)	(2,755,961)
Less net assets with purpose or time restrictions to be met in less than one year	<u>(2,452,880)</u>	<u>(1,925,321)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 86,289,840</u></u>	<u><u>\$ 115,540,653</u></u>

Note D - Fair Value Measurements

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

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.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note D - Fair Value Measurements (Continued)

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, 2022 and 2021.

- *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, 2022, are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 8,330,426	\$ 8,330,426	\$ -	\$ -
Common stocks	49,186,687	49,186,687	-	-
Government backed securities	1,286,065	-	1,286,065	-
Corporate bonds and other	10,880,438	10,880,438	-	-
Mutual funds	109,934,310	109,934,310	-	-
Beneficial interest in third-party trusts (Note I)	<u>2,261,890</u>	<u>-</u>	<u>2,261,890</u>	<u>-</u>
Total	<u>\$ 181,879,816</u>	<u>\$ 178,331,861</u>	<u>\$ 3,547,955</u>	<u>\$ -</u>

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)	<u>2,729,815</u>	<u>-</u>	<u>2,729,815</u>	<u>-</u>
Total	<u>\$ 213,237,025</u>	<u>\$ 209,867,918</u>	<u>\$ 3,369,107</u>	<u>\$ -</u>

Accrued interest earned from the above investments is \$392,491 and \$304,325 as of June 30, 2022 and 2021, respectively.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

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, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 4,232,363	\$ 4,664,177
Less allowance for doubtful accounts	<u>(2,703,488)</u>	<u>(2,710,266)</u>
Balance at end of year	<u><u>\$ 1,528,875</u></u>	<u><u>\$ 1,953,911</u></u>

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>2022</u>	<u>2021</u>
Pledges receivable, beginning of year	\$ 743,541	\$ 1,586,039
Pledges		
Board members	10,250	-
Other related parties	-	-
Others	<u>5,500</u>	<u>1,300</u>
Total pledges for capital campaign	15,750	1,300
Collections		
Board members	(14,033)	(5,067)
Other related parties	(134,876)	(440,961)
Others	<u>(123,334)</u>	<u>(315,170)</u>
Bad debt allowance	<u>(82,600)</u>	<u>(82,600)</u>
Pledges receivable, net, end of year	<u><u>\$ 404,448</u></u>	<u><u>\$ 743,541</u></u>

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021**

Note F - Pledges Receivable (Continued)

Net pledges receivable are due according to the following schedule at June 30, 2022:

Less than one year	\$ 372,056
One to five years	<u>32,392</u>
Total	<u><u>\$ 404,448</u></u>

Note G - Grants and Other Receivables

Grants and other receivables at June 30, 2022 and 2021, totaling \$3,298,572 and \$1,524,655, 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 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, 2022 and 2021, were \$2,316,196 and \$1,386,412, respectively. Amounts due from parishes and other organizations are net of an uncollectible allowance of \$1,632,896 at both June 30, 2022 and 2021. Notes receivable at June 30, 2022 and 2021 are net of a discount (3.5% rate) to estimate the present value of future payments of \$7,592 and \$8,358, 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 2022 and 2021. 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, 2022 and 2021, were \$78,928,265 and \$74,079,092, 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 2022 and 2021. 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, 2022 and 2021, were \$59,835 and \$52,385, 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, 2022 and 2021, was a decrease of (\$195,608) and an increase of \$272,885, 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, 2022 and 2021

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

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, 2022 and 2021 was a decrease of (\$92,429) and an increase of \$115,091, 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, 2022, assuming a 2.1% rate of return, is \$446,087. The total estimated net present value of future cash flows as of June 30, 2021 was \$566,140. Distributions received from this trust for the years ended June 30, 2022 and 2021, were \$31,423 and \$25,919, respectively, and are restricted for seminarian education. The net change in value of the trust was a decrease of (\$120,053) and an increase of \$183,628 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 are as follows:

	2022		2021	
	Cost	Market	Cost	Market
Cash and cash equivalents	\$ 37,309	\$ 37,309	\$ 52,535	\$ 52,535
Common stock - private equity	100,954	100,954	113,345	113,345
Mutual funds - corporate bonds	474,451	438,451	456,170	476,478
Mutual funds - common stock	895,886	1,223,129	846,965	1,484,132
Mutual funds - other assets	20,136	15,960	37,000	37,185
Subtotal	<u>\$ 1,528,736</u>	1,815,803	<u>\$ 1,506,015</u>	2,163,675
Estimated value of beneficial interest in charitable remainder uni-trusts		<u>446,087</u>		<u>566,140</u>
Total		<u>\$ 2,261,890</u>		<u>\$ 2,729,815</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note J - Property and Equipment

Property and equipment consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 2,074,902	\$ 2,088,819
Construction in progress	343,905	164,725
Buildings and improvements	17,502,484	17,371,253
Furniture and equipment	<u>5,425,012</u>	<u>5,169,102</u>
Subtotal	25,346,303	24,793,899
Less accumulated depreciation	<u>(13,193,004)</u>	<u>(12,565,850)</u>
Total	<u><u>\$ 12,153,299</u></u>	<u><u>\$ 12,228,049</u></u>

Total depreciation expense was \$686,702 and \$665,372 for the years ended June 30, 2022 and 2021, respectively.

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; and
- 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, 2022 and 2021

Note K - 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, 2022			
Donor-restricted endowment funds	\$ -	\$ 3,647,616	\$ 3,647,616
Regulatory-restricted funds	9,113,620	-	9,113,620
Board designated endowment fund	54,402	-	54,402
Total funds	<u>\$ 9,168,022</u>	<u>\$ 3,647,616</u>	<u>\$ 12,815,638</u>
June 30, 2021			
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>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note K - Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 8,477,198	\$ 3,550,058	\$ 12,027,256
Net investment income	229,999	89,221	319,220
Contributions	460,825	106,489	567,314
Appropriation of endowment assets for expenditure	-	(98,152)	(98,152)
Endowment net assets, end of year	<u>\$ 9,168,022</u>	<u>\$ 3,647,616</u>	<u>\$ 12,815,638</u>

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)
Release from endowment restriction	-	-	-
Endowment net assets, end of year	<u>\$ 8,477,198</u>	<u>\$ 3,550,058</u>	<u>\$ 12,027,256</u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note L - Grants Payable

Grants payable primarily represent unconditional promises to give to educational institutions within the Archdiocese (see Note Q). At June 30, 2022 and 2021, grants payable are \$3,080,000 and \$3,875,000, respectively. Future grants payments as of June 30, 2022 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 845,000
2024	795,000
2025	795,000
2026	<u>645,000</u>
Total	<u><u>\$ 3,080,000</u></u>

Note M - Line of Credit

Catholic Charities has a \$250,000 line of credit agreement that expires June 30, 2023. The line of credit bears interest at the Daily Bloomberg Short-term Bank Yield Index rate ("BSBY") plus 1.50% (3.11% at June 30, 2022). The note is secured by the Archdiocese of Louisville's guarantee. There were no amounts outstanding at June 30, 2022 and 2021.

Note N - Note Payable

Long-term debt is summarized as follows:

	<u>2022</u>	<u>2021</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.	\$ 2,270,834	\$ 2,520,833
Less unamortized debt issuance costs	<u>(27,109)</u>	<u>(28,917)</u>
Note payable	<u><u>\$ 2,243,725</u></u>	<u><u>\$ 2,491,916</u></u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note N - Note Payable (Continued)

Estimated future maturities of the note payable as of June 30, 2022 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 250,000
2024	250,000
2025	250,000
2026	250,000
2027	250,000
Thereafter	<u>1,020,834</u>
Total	<u><u>\$ 2,270,834</u></u>

Effective July 1, 2017, the Archdiocese entered into an interest rate swap agreement to secure a fixed rate of interest on half of the City of Audubon Park, Kentucky Revenue Note Series 2016 principal (\$2,500,000, the original notional amount, which reduces as the outstanding debt balance is paid down). Under this contract, the Archdiocese pays interest at a fixed rate of 2.973% and receives interest at the rate of 70% of the Daily One-month LIBOR rate, plus .94%. The swap agreement is effective through July 2037. The Archdiocese has determined that the fair value of the interest rate swap at June 30, 2022 and 2021 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 \$1,261,700 was forgiven during 2022 and has been recognized as federal grant revenue - PPP loan on the 2022 combined statement of activities as of June 30, 2022. A refundable advance of \$818,400 was forgiven during 2021 and has been recognized as federal grant revenue - PPP loan on the 2021 combined statement of activities as of June 30, 2021.

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, 2022 and 2021 was \$116,304 and \$80,284, respectively.

**Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021**

Note Q - Guarantees

The Pastoral Center is a guarantor on \$3,250,000 in lines of credit to two Catholic high schools and two parishes. Borrowing against these lines of credit were \$789,428 and \$922,053 at June 30, 2022 and 2021.

The Pastoral Center is a guarantor for approximately \$21,474,000 and \$20,709,000 in bank loans to parishes of the Archdiocese of Louisville at June 30, 2022 and 2021, 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 \$5,247,000 and \$5,772,000 at June 30, 2022 and 2021, 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 \$3,758,000 and \$3,943,000 as of June 30, 2022 and 2021, 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 \$2,090,000 and \$2,357,000 as of June 30, 2022 and 2021. 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, 2022 and 2021, were \$8,481,696 and \$7,487,334, respectively. Assessments receivable, net of allowance for doubtful accounts at June 30, 2022 and 2021, are \$415,797 and \$446,084, 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, 2022 and 2021 was \$2,273,030 and \$9,208,265, respectively. Grants payable at June 30, 2022 and 2021 are \$3,080,000 and \$3,875,000, respectively.

Related party notes receivable consist of amounts due from clergy, parishes, and Catholic schools. At June 30, 2022 and 2021, such receivables totaled \$2,316,196 and \$1,386,412, respectively. Related party notes receivable at June 30, 2022 and 2021 are net of a discount (3.5% rate) to estimate the present value of future payments of \$7,592 and \$8,358, respectively. An allowance for uncollectible notes receivable of \$1,632,896 was recorded at both June 30, 2022 and 2021. 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, 2022 and 2021, such payables totaled \$78,928,265 and \$74,079,092, 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, 2022 and 2021

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 \$671,000 and \$592,000 to the Plan for the years ended June 30, 2022 and 2021, 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, 2022 and 2021. The assessment income for retirement benefits from the parishes was approximately \$1,696,000 and \$1,492,000 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, were \$1,005,699 and \$1,295,317, respectively.

Benefits paid to retired clergy for the years ended June 30, 2022 and 2021 follow:

	<u>2022</u>	<u>2021</u>
Clergy retirement benefits	\$ 1,724,600	\$ 1,849,905
Supplemental medical coverage	<u>254,857</u>	<u>271,551</u>
Total	<u><u>\$ 1,979,457</u></u>	<u><u>\$ 2,121,456</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, 2022 and 2021**

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, 2022 and 2021, 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 both June 30, 2022 and 2021.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

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, 2022 and 2021, is \$9,113,620 and \$8,434,594, 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>2022</u>	<u>2021</u>
Catholic Foundation of Louisville, Inc.	\$ 14,073,004	\$ 16,231,096
Catholic Charities of Louisville	2,232,705	2,406,387
Capital reserves	2,500,000	2,500,000
Priest retirement fund	1,005,699	1,295,317
Southern KY missions	1,408,226	1,560,871
High school tuition assistance	200,000	200,000
Other	394,547	476,040
Closed parishes	<u>204,301</u>	<u>260,479</u>
Total	<u><u>\$ 22,018,482</u></u>	<u><u>\$ 24,930,190</u></u>

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note W - Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows for the year ended June 30, 2022:

	<u>June 30, 2021</u>	<u>Contributions</u>	<u>Investment income</u>	<u>Change in beneficial interest</u>	<u>Released from restrictions/ other changes</u>	<u>June 30, 2022</u>
By time and purpose						
Capital campaign	\$ 3,756,707	\$ 279,536	\$ -	\$ -	\$ -	\$ 4,036,243
Seminarian and priest education	2,236,117	682,102	36,099	(120,049)	(808,135)	2,026,134
Maintenance and care of						
gravesites	840,290	-	34,892	-	-	875,182
Lattis trust	799,648	-	-	(92,429)	-	707,219
Poverty assistance	1,690,177	1,331,949	6,332	-	(1,088,336)	1,940,122
Hersche trust	748,243	-	-	(121,354)	-	626,889
Multicultural ministry	118,039	250,000	1,365	-	(146,916)	222,488
School scholarships	382,131	5,454	17,708	-	(23,120)	382,173
Mission promotions	120,470	2,211	1,385	-	(25,600)	98,466
Other	72,835	119,548	-	-	-	192,383
Food service program	44,026	-	-	-	(44,026)	-
Total	<u>\$ 10,808,683</u>	<u>\$ 2,670,800</u>	<u>\$ 97,781</u>	<u>\$ (333,832)</u>	<u>\$ (2,136,133)</u>	<u>\$ 11,107,299</u>
			Change in beneficial interest	Other release	June 30, 2022	
In perpetuity						
Seminarian and priest education	\$ 1,419,512	\$ -	\$ -	\$ (6,077)	\$ 1,413,435	
Maintenance and care of						
gravesites	713,532	6,489	-	-	720,021	
Poverty assistance	640,786	100,000	(134,093)	-	606,693	
School scholarships	512,900	-	-	-	512,900	
Total	<u>\$ 3,286,730</u>	<u>\$ 106,489</u>	<u>\$ (134,093)</u>	<u>\$ (6,077)</u>	<u>\$ 3,253,049</u>	

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Notes to Combined Financial Statements (Continued)
Years Ended June 30, 2022 and 2021

Note W - Net Assets with Donor Restrictions (Continued)

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, 2022 and 2021

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>2022</u>	<u>2021</u>
Investments	\$ 2,771,356	\$ 2,670,946
Beneficial interest in third-party trusts	<u>481,693</u>	<u>615,784</u>
Total	<u>\$ 3,253,049</u>	<u>\$ 3,286,730</u>

Note X - 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. The Archdiocese recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation. A large number of volunteers have given significant amounts of their time for the operation of the Archdiocese throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

The Archdiocese received the following contributions of nonfinancial assets as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Catholic Charities		
Clothing, food, and household goods	\$ 370,000	\$ 135,205
Auction items	24,493	15,611
Catholic Cemeteries		
Furniture and fixtures	<u>89,480</u>	<u>-</u>
	<u>\$ 483,973</u>	<u>\$ 150,816</u>

Catholic Charities receives donated goods in new or useable condition that are utilized to directly benefit clients receiving services through the refugee resettlement program or through Sister Visitor Center. Donated goods consist of clothing, food, diapers, hygiene items, furniture, and vehicles. The Organization uses The Salvation Army's valuation guide to determine the fair value of donated goods. Items in fair condition are valued at the lower end of the scale while those in better condition are valued higher. All donated items were utilized in the Organization's programs and supporting services. There were no donor-imposed restrictions associated with donated goods. Catholic Charities also receives items to be sold at its annual auction. Contributed auction items are valued at the gross selling price received.

Catholic Cemeteries received a donated statue which will be used as part of program services. In valuing the statue, Catholic Cemeteries estimated the fair value on the basis of the cost of a similar statue taking into account normal wear and tear.

Supplementary Information

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Financial Position
June 30, 2022

	<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	\$ 10,488,808	\$ -	\$ 3,235,393	\$ 2,817,067	\$ 3,743	\$ -	\$ 16,545,011
Investments	144,029,324	-	4,891,638	54,402	24,597,378	(3,068,436)	170,504,306
Investments restricted for perpetual care	9,113,620	-	-	-	-	-	9,113,620
Accrued interest receivable on investments	392,491	-	-	-	-	-	392,491
Accounts receivable, net	826,661	-	451,340	250,874	-	-	1,528,875
Pledges receivable, net	-	-	-	1,522,677	-	(1,118,229)	404,448
Grants and other receivables	-	-	-	3,298,572	-	-	3,298,572
Prepaid expenses	95,102	-	57,543	33,801	-	-	186,446
Inventories	-	-	54,152	109,716	-	-	163,868
Notes receivable - parishes and other related parties, net	29,745	2,286,451	-	-	-	-	2,316,196
Accrued interest receivable on notes receivable	15,878	241,540	-	-	-	-	257,418
Beneficial interest in third-party trusts	1,153,306	-	-	1,108,584	-	-	2,261,890
Cemetery lot development costs	-	-	1,337,843	-	-	-	1,337,843
Mausoleums, columbariums, and lots	-	-	4,883,840	-	-	-	4,883,840
Capital campaign - cash	-	-	-	45,675	-	-	45,675
Capital campaign - deposit & loan fund	-	-	-	3,543,883	-	(3,543,883)	-
Property and equipment, net	10,041,235	-	1,377,988	734,076	-	-	12,153,299
Interfund receivables	-	67,056,282	10,712,670	-	-	(77,768,952)	-
	<u>\$ 176,186,170</u>	<u>\$ 69,584,273</u>	<u>\$ 27,002,407</u>	<u>\$ 13,519,327</u>	<u>\$ 24,601,121</u>	<u>\$ (85,499,500)</u>	<u>\$ 225,393,798</u>
Total assets	<u>\$ 176,186,170</u>	<u>\$ 69,584,273</u>	<u>\$ 27,002,407</u>	<u>\$ 13,519,327</u>	<u>\$ 24,601,121</u>	<u>\$ (85,499,500)</u>	<u>\$ 225,393,798</u>

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Financial Position (Continued)
June 30, 2022

	Pastoral Center	Deposit and loan fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Liabilities and net assets							
Liabilities							
Accounts payable and accrued expenses	\$ 992,257	\$ -	\$ 293,131	\$ 2,551,466	\$ -	\$ -	\$ 3,836,854
Collections payable	402,424	-	-	-	-	-	402,424
Grants payable	3,948,229	-	250,000	-	-	(1,118,229)	3,080,000
Deferred revenue	53,820	-	2,024,114	-	-	-	2,077,934
Interfund payables	77,768,952	-	-	-	3,068,436	(80,837,388)	-
Note payable	2,243,725	-	-	-	-	-	2,243,725
Deposits payable - parishes and other related parties	6,567,862	68,444,604	-	-	7,459,682	(3,543,883)	78,928,265
Total liabilities	91,977,269	68,444,604	2,567,245	2,551,466	10,528,118	(85,499,500)	90,569,202
Net assets							
Net assets without donor restrictions							
Expendable net assets	62,540,152	1,139,669	12,348,351	2,276,171	-	1,118,229	79,422,572
Invested in property and equipment	7,797,510	-	1,377,988	734,076	-	-	9,909,574
Board designated net assets	7,891,077	-	-	54,402	14,073,003	-	22,018,482
Regulatory restricted - perpetual care fund	-	-	9,113,620	-	-	-	9,113,620
Total net assets without donor restrictions	78,228,739	1,139,669	22,839,959	3,064,649	14,073,003	1,118,229	120,464,248
Net assets with donor restrictions							
Restricted by time or purpose	4,028,827	-	875,182	7,321,519	-	(1,118,229)	11,107,299
Restricted in perpetuity	1,951,335	-	720,021	581,693	-	-	3,253,049
Total net assets with donor restrictions	5,980,162	-	1,595,203	7,903,212	-	(1,118,229)	14,360,348
Total net assets	84,208,901	1,139,669	24,435,162	10,967,861	14,073,003	-	134,824,596
Total liabilities and net assets	<u>\$ 176,186,170</u>	<u>\$ 69,584,273</u>	<u>\$ 27,002,407</u>	<u>\$ 13,519,327</u>	<u>\$ 24,601,121</u>	<u>\$ (85,499,500)</u>	<u>\$ 225,393,798</u>

See independent auditor's report.

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>-</u>	<u>62,958,352</u>	<u>9,992,215</u>	<u>-</u>	<u>-</u>	<u>(72,950,567)</u>	<u>-</u>
Total 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 (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 Activities
Year Ended June 30, 2022

	<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	\$ 900,440	\$ -	\$ 8,389	\$ 23,105,874	\$ 3,785	\$ (968,000)	\$ 23,050,488
Federal grant revenue - PPP loan	1,261,700	-	-	-	-	-	1,261,700
In-kind contributions	-	-	89,480	394,493	-	-	483,973
Parish assessments	8,646,204	-	-	-	-	(164,508)	8,481,696
Special collections	333,254	-	-	-	-	-	333,254
Burial sales, net	-	-	3,583,623	-	-	-	3,583,623
Catholic services appeal	4,120,586	-	-	-	-	-	4,120,586
Fee income	2,813	-	1,248,619	1,124,305	-	-	2,375,737
Program and activity income	321,877	-	-	57,028	-	-	378,905
Rental income	119,566	-	31,058	-	-	-	150,624
Advertising income	538,777	-	-	-	-	-	538,777
Investment income, net	2,671,693	31,293	313,928	119,926	250,333	(298,106)	3,089,067
Investment (losses) gains, net	(31,957,614)	-	(518,466)	-	(2,298,427)	-	(34,774,507)
Other income	663,848	1,215,949	41,670	-	-	(1,978,595)	(57,128)
Decrease in value of beneficial interest in third-party trusts	(212,480)	-	-	(255,445)	-	-	(467,925)
Total revenues, support, and gains	<u>\$ (12,589,336)</u>	<u>\$ 1,247,242</u>	<u>\$ 4,798,301</u>	<u>\$ 24,546,181</u>	<u>\$ (2,044,309)</u>	<u>\$ (3,409,209)</u>	<u>\$ 12,548,870</u>

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Activities (Continued)
Year Ended June 30, 2022

	Pastoral Center	Deposit and loan fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Expenses and losses							
Salary expense	\$ 5,067,626	\$ -	\$ 1,415,844	\$ 4,782,807	\$ -	\$ -	\$ 11,266,277
Payroll added expense	1,520,880	-	407,902	1,281,304	-	-	3,210,086
Clergy retirement benefits	1,724,600	-	-	-	-	-	1,724,600
Mileage and expense allowance	229,746	-	4,864	183,090	-	-	417,700
Education expense	632,112	-	220	-	-	-	632,332
Rent expense	79,444	-	7,290	29,570	-	-	116,304
Office supplies and services	972,744	-	94,944	450,974	-	-	1,518,662
Plant and grounds expense	572,417	-	356,306	405,199	-	-	1,333,922
Auto expense	3,717	-	68,736	20,544	-	-	92,997
Public relations, donations, and grants	74,131	-	164,907	-	113,784	(164,508)	188,314
Advertising expense	212,965	-	11,130	-	-	-	224,095
Professional fees and services	381,640	-	27,335	501,098	-	-	910,073
Program and activity expense	665,928	-	-	1,299,270	-	-	1,965,198
Broadcasting/press expense	416,970	-	-	-	-	-	416,970
Archdiocesan support	1,282,397	-	-	-	-	(968,000)	314,397
Education grants	1,238,736	-	-	-	-	-	1,238,736
Cost of sales	-	-	590,862	-	-	-	590,862
Papal and national organizations	103,770	-	-	-	-	-	103,770
Other grants and direct aid	974,999	-	-	14,448,046	-	-	15,423,045
Other restricted expense payments	2,064,327	-	-	-	-	(1,978,595)	85,732
Interest expense	65,734	1,247,242	-	-	-	(298,106)	1,014,870
Depreciation expense	514,116	-	123,839	48,747	-	-	686,702
Bad debt expense	-	-	-	12,500	-	-	12,500
Miscellaneous expense	304,654	-	73,553	2,290	-	-	380,497
Total functional expenses	19,103,653	1,247,242	3,347,732	23,465,439	113,784	(3,409,209)	43,868,641
Change in net assets	(31,692,989)	-	1,450,569	1,080,742	(2,158,093)	-	(31,319,771)
Net assets, beginning of year	115,901,890	1,139,669	22,984,593	9,887,119	16,231,096	-	166,144,367
Net assets, end of year	\$ 84,208,901	\$ 1,139,669	\$ 24,435,162	\$ 10,967,861	\$ 14,073,003	\$ -	\$ 134,824,596

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 contributions	-	-	-	150,816	-	-	150,816
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	(3,820)	-	(1,727,287)	534,678
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							

See independent auditor's report.

Archdiocese of Louisville
(Pastoral Center and Certain Entities)
Combining Statement of Activities (Continued)
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>
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	<u>26,465,905</u>	<u>1,131,345</u>	<u>3,103,066</u>	<u>14,284,421</u>	<u>186,399</u>	<u>(3,085,856)</u>	<u>42,085,280</u>
Changes 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	<u>82,799,212</u>	<u>1,139,669</u>	<u>20,412,214</u>	<u>8,157,674</u>	<u>9,286,305</u>	<u>(34,375)</u>	<u>121,760,699</u>
Net assets, end of year	<u>\$ 115,901,890</u>	<u>\$ 1,139,669</u>	<u>\$ 22,984,593</u>	<u>\$ 9,887,119</u>	<u>\$ 16,231,096</u>	<u>\$ -</u>	<u>\$ 166,144,367</u>

See independent auditor's report.