

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN
ENTITIES)**

COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

As of and for the Years Ended June 30, 2024 and 2023

And Report of Independent Auditor

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR 1-3

COMBINED FINANCIAL STATEMENTS

 Combined Statements of Financial Position..... 4

 Combined Statements of Activities..... 5

 Combined Statements of Functional Expenses 6-7

 Combined Statements of Cash Flows 8-9

 Notes to the Combined Financial Statements 10-31

SUPPLEMENTARY INFORMATION

 Combining Statements of Financial Position 32-35

 Combining Statements of Activities 36-39

Report of Independent Auditor

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, 2024 and 2023 and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

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) as of June 30, 2024 and 2023, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined 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.

Prior Period Financial Statements

The financial statements as of June 30, 2023, were audited by MCM CPAs & Advisors LLP, which was acquired by Cherry Bekaert LLP as of October 31, 2023, and whose report dated September 20, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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's (Pastoral Center and Certain Entities) ability to continue as a going concern for one year after the date that the combined financial statements are issued.

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

Our objectives are to obtain reasonable assurance about whether the combined 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 auditing standards generally accepted in the United States of America 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 combined financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 combined 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 32 through 39 are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Archdiocese of Louisville (Pastoral Center and Certain Entities). Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of financial position and combining statements of activities are fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Cherry Bekaert LLP

Louisville, Kentucky
October 9, 2024

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 6,001,176	\$ 10,529,190
Investments (Notes 4 and 11)	213,414,333	189,502,148
Investments restricted for perpetual care (Notes 4 and 20)	10,414,744	9,792,235
Accrued interest receivable on investments (Note 4)	497,929	482,750
Accounts receivable, net (Notes 5 and 17)	2,617,957	2,558,389
Pledges receivable, net (Note 6)	47,947	184,347
Grants and other receivables (Note 7)	4,359,485	2,718,604
Prepaid expenses	138,693	348,211
Inventories	159,750	235,255
Notes receivable - parishes and other related parties, net (Notes 8 and 17)	2,622,170	1,836,365
Accrued interest receivable on notes receivable	257,535	256,558
Beneficial interest in third-party trusts (Notes 4, 9 and 22)	2,605,331	2,406,737
Cemetery lot development costs	1,095,473	1,093,144
Mausoleums, columbaria, and lots	5,037,980	5,116,402
Capital campaign cash	550	46,359
Right-of-use asset - operating leases (Note 15)	414,096	-
Property and equipment, net (Note 10)	20,782,962	17,553,127
Total Assets	\$ 270,468,111	\$ 244,659,821
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,163,041	\$ 5,090,994
Collections payable	369,179	368,988
Grants payable (Note 12)	1,440,000	2,435,000
Deferred revenue	2,549,901	2,371,968
Operating lease liability (Note 15)	414,574	-
Notes payable (Note 14)	2,000,000	123,983
Deposits payable - parishes and other related parties (Notes 8 and 17)	86,358,201	83,498,986
Total Liabilities	98,294,896	93,889,919
Net Assets:		
Net Assets Without Donor Restrictions		
Expendable net assets	110,251,114	90,895,594
Invested in property and equipment	17,500,187	17,429,144
Board designated net assets (Note 21)	24,036,016	22,599,984
Regulatory restricted - perpetual care fund (Notes 11 and 20)	10,414,744	9,792,235
Total Net Assets Without Donor Restrictions	162,202,061	140,716,957
Net Assets With Donor Restrictions:		
Restricted by time or purpose (Notes 11 and 22)	6,674,373	6,796,904
Restricted in perpetuity (Notes 11 and 22)	3,296,781	3,256,041
Total Net Assets With Donor Restrictions	9,971,154	10,052,945
Total Net Assets	172,173,215	150,769,902
Total Liabilities and Net Assets	\$ 270,468,111	\$ 244,659,821

The accompanying notes to the combined financial statements are an integral part of these statements.

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINED STATEMENTS OF ACTIVITIES**

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains:						
Donations, bequests, and grants (Note 22)	\$ 64,742,946	\$ 2,316,266	\$ 67,059,212	\$ 67,762,506	\$ 1,875,925	\$ 69,638,431
In-kind revenue	1,743,814	-	1,743,814	1,302,484	-	1,302,484
Parish assessments (Note 17)	9,894,335	-	9,894,335	9,297,872	-	9,297,872
Special collections	263,118	-	263,118	279,690	-	279,690
Burial sales, net	3,091,530	-	3,091,530	3,298,939	-	3,298,939
Catholic services appeal	4,212,406	-	4,212,406	4,103,048	-	4,103,048
Fee income	2,807,833	-	2,807,833	2,564,607	-	2,564,607
Program and activity income	455,368	-	455,368	264,547	-	264,547
Rental income	229,551	-	229,551	258,574	-	258,574
Advertising income	409,012	-	409,012	436,897	-	436,897
Investment income, net	4,390,759	115,580	4,506,339	4,439,760	106,325	4,546,085
Investment gain, net	18,189,696	-	18,189,696	13,524,164	-	13,524,164
Other income	1,057,944	-	1,057,944	6,672	-	6,672
Increase in value of beneficial interest in third-party trusts (Note 9)	-	198,594	198,594	-	144,847	144,847
Net assets released from restrictions	2,712,231	(2,712,231)	-	6,434,500	(6,434,500)	-
Total Revenues, Support, and Gains	114,200,543	(81,791)	114,118,752	113,974,260	(4,307,403)	109,666,857
Expenses and Losses:						
Program services	86,389,396	-	86,389,396	86,876,884	-	86,876,884
Administrative and other support services	4,636,334	-	4,636,334	4,740,886	-	4,740,886
Development and fundraising	1,516,902	-	1,516,902	1,414,601	-	1,414,601
Total Expenses	92,542,632	-	92,542,632	93,032,371	-	93,032,371
Loss on disposal of property and equipment	172,807	-	172,807	689,180	-	689,180
Total Expenses and Losses	92,715,439	-	92,715,439	93,721,551	-	93,721,551
Change in net assets	21,485,104	(81,791)	21,403,313	20,252,709	(4,307,403)	15,945,306
Net assets, beginning of year	140,716,957	10,052,945	150,769,902	120,464,248	14,360,348	134,824,596
Net assets, end of year	\$ 162,202,061	\$ 9,971,154	\$ 172,173,215	\$ 140,716,957	\$ 10,052,945	\$ 150,769,902

The accompanying notes to the combined financial statements are an integral part of these statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services	Administrative and Other Support Services	Development and Fundraising	Total
Salary expense	\$ 10,871,353	\$ 2,362,109	\$ 691,157	\$ 13,924,619
Payroll added expense	3,105,950	588,202	178,042	3,872,194
Clergy retirement benefits (Note 18)	1,693,978	-	-	1,693,978
Mileage and expense allowance	493,156	119,349	17,190	629,695
Education expense	1,012,496	3,568	335	1,016,399
Rent expense	175,897	18,354	652	194,903
Office supplies and services	1,159,506	446,951	181,371	1,787,828
Plant and grounds expense	727,901	1,204,899	30,555	1,963,355
Auto expense	25,989	70,221	38	96,248
Public relations, donations, and grants	382,159	15,982	30,040	428,181
Advertising expense	201,298	12,035	11,733	225,066
Professional fees and services	1,926,118	278,739	209,303	2,414,160
Program and activity expense	4,142,672	70,417	74,559	4,287,648
Broadcasting/press expense	410,815	-	-	410,815
Archdiocesan support	278,987	-	-	278,987
Education grants	1,224,824	-	-	1,224,824
Cost of sales	535,624	-	-	535,624
Papal and national organizations	107,518	-	-	107,518
Other grants and direct aid (Note 17)	54,173,865	27,860	-	54,201,725
Other restricted expense payments	1,100,350	-	-	1,100,350
Indirect cost	1,435,353	(1,498,495)	63,142	-
Interest expense	1,055,040	64,877	-	1,119,917
Depreciation expense (Note 10)	32,144	609,880	-	642,024
Credit losses	58,823	(56,186)	-	2,637
Miscellaneous expense	57,580	297,572	28,785	383,937
Total Functional Expenses	<u>\$ 86,389,396</u>	<u>\$ 4,636,334</u>	<u>\$ 1,516,902</u>	<u>\$ 92,542,632</u>

The accompanying notes to the combined financial statements are an integral part of these statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services	Administrative and Other Support Services	Development and Fundraising	Total
Salary expense	\$ 9,425,338	\$ 2,199,642	\$ 691,284	\$ 12,316,264
Payroll added expense	2,749,495	598,141	178,103	3,525,739
Clergy retirement benefits (Note18)	1,638,304	-	-	1,638,304
Mileage and expense allowance	435,164	93,415	18,246	546,825
Education expense	675,961	3,891	157	680,009
Rent expense	74,607	18,295	652	93,554
Office supplies and services	1,102,700	414,965	209,313	1,726,978
Plant and grounds expense	662,884	1,172,214	19,199	1,854,297
Auto expense	27,540	96,981	63	124,584
Public relations, donations, and grants	538,778	14,312	34,281	587,371
Advertising expense	189,219	9,492	10,220	208,931
Professional fees and services	1,186,897	354,861	101,652	1,643,410
Program and activity expense	2,994,980	68,034	55,243	3,118,257
Broadcasting/press expense	397,294	-	-	397,294
Archdiocesan support	330,076	-	-	330,076
Education grants	1,307,944	-	-	1,307,944
Cost of sales	603,420	-	-	603,420
Papal and national organizations	107,178	-	-	107,178
Other grants and direct aid (Note 17)	59,815,607	41,219	-	59,856,826
Other restricted expense payments	80,642	-	-	80,642
Indirect cost	1,164,818	(1,234,926)	70,108	-
Interest expense	1,028,486	3,463	-	1,031,949
Depreciation expense (Note10)	25,421	607,841	-	633,262
Credit losses	229,800	(9,028)	-	220,772
Miscellaneous expense	84,331	288,074	26,080	398,485
Total Functional Expenses	<u>\$ 86,876,884</u>	<u>\$ 4,740,886</u>	<u>\$ 1,414,601</u>	<u>\$ 93,032,371</u>

The accompanying notes to the combined financial statements are an integral part of these statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ 21,403,313	\$ 15,945,306
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	642,024	633,262
Amortization of debt issuance costs	-	27,109
Amortization of right-of-use asset - operating lease	37,826	-
Loss on disposal of property and equipment	172,807	689,180
Credit losses	101,615	220,772
Change in discount of pledges receivable	-	(76,562)
Increase in beneficial interest in third-party trusts	(198,594)	(144,847)
Contributions restricted for long-term purposes	(33,500)	(5,000)
Investment gains	(18,189,696)	(13,524,164)
Change in discount of notes receivable	876	(927)
Other changes:		
(Increase) decrease in:		
Accrued interest receivable on investments	(15,179)	(90,259)
Accounts receivable	(107,560)	(1,020,186)
Pledges receivable	71,699	5,000
Grants and other receivables	(1,694,504)	349,868
Prepaid expenses	209,518	(161,765)
Inventories	75,505	(71,387)
Accrued interest receivable on notes receivable	(977)	860
Mausoleums, columbaria, and lots	76,093	12,137
Increase (decrease) in:		
Accounts payable and accrued expenses	72,047	1,254,140
Collections payable	191	(33,436)
Grants payable	(995,000)	(645,000)
Deferred revenue	177,933	294,034
Operating lease liability	(37,348)	-
Net cash flows from operating activities	<u>\$ 1,769,089</u>	<u>\$ 3,658,135</u>

The accompanying notes to the combined financial statements are an integral part of these statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from investing activities:		
Purchases of property and equipment	\$ (897,949)	\$ (6,726,720)
Proceeds from sale of property and equipment	12,075	4,450
Purchases of investments	(19,125,851)	(13,718,006)
Proceeds from sale of investments	12,780,853	7,565,713
Advances to and repayments on loans to parishes and others, net	(2,069,456)	480,758
Net cash flows from investing activities	<u>(9,300,328)</u>	<u>(12,393,805)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	98,201	296,663
Proceeds from issuance of debt	-	123,983
Principal payments on notes payable	-	(2,270,834)
Deposits from parishes and others, net	2,859,215	4,570,721
Net cash flows from financing activities	<u>2,957,416</u>	<u>2,720,533</u>
Decrease in cash, cash equivalents, and capital campaign cash	(4,573,823)	(6,015,137)
Cash, cash equivalents, and capital campaign cash, beginning of year	<u>10,575,549</u>	<u>16,590,686</u>
Cash, cash equivalents, and capital campaign cash, end of year	<u><u>\$ 6,001,726</u></u>	<u><u>\$ 10,575,549</u></u>
Reconciliation of cash, cash equivalents, and restricted cash to the statements of financial position:		
Cash and cash equivalents	\$ 6,001,176	\$ 10,529,190
Capital campaign cash	550	46,359
Total cash, cash equivalents, and capital campaign cash	<u><u>\$ 6,001,726</u></u>	<u><u>\$ 10,575,549</u></u>
Supplemental cash flow disclosure:		
Interest paid	<u><u>\$ 1,119,917</u></u>	<u><u>\$ 1,031,949</u></u>
Property and equipment obtained through notes payable	<u><u>\$ 3,158,792</u></u>	<u><u>\$ -</u></u>
Right-of-use operating lease assets obtained in exchange for operating lease liabilities	<u><u>\$ 451,922</u></u>	<u><u>\$ -</u></u>

The accompanying notes to the combined financial statements are an integral part of these statements.

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 1—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, Niemann Family Fund, Catholic Charities, and Catholic Cemeteries. Catholic Foundation also maintains investments for various parishes that elect to invest through them.

Note 2—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:

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.

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 ("U.S. GAAP"). The Accounting Standards Codification ("ASC"), as produced by the Financial Accounting Standards Board ("FASB"), is the sole source of authoritative U.S. GAAP.

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (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 11 and 20
- *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 (i.e. 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.

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.

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

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

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.

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 \$704,000 in 2024 and \$692,000 in 2023.

Receivables – The Archdiocese extends credit to its customers and does not require collateral. The Archdiocese reduces the carrying amount of receivables by an allowance for credit losses that reflects the Archdiocese's best estimate of the amounts that will not be collected. Based on the Archdiocese's assessment of the customer's current creditworthiness, historical payment experience, and the age of outstanding receivables, the Archdiocese estimates the portion, if any, of the balance that will not be collected. See notes within the combined financial statements for specific allowance for credit losses determined by management.

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.

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.

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.

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

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.

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.

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

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, 2024 and 2023 that are not recognized as contributions in the combined financial statements since the recognition criteria were not met.

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.

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.

Advertising – Expenses related to advertising and promotions are expensed as incurred. Advertising costs were approximately \$225,000 and \$209,000 for the years ended June 30, 2024 and 2023, respectively.

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 \$120,000,000 that have not been recognized at June 30, 2024 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.

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

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.

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.

Leases – Catholic Charities leases certain warehouse and office space. Catholic Charities determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets, and lease liabilities on the statements of financial position.

ROU assets represent the Catholic Charities' right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement based on the present value of lease payments over the lease term. As most of Catholic Charities' leases do not provide an implicit rate, Catholic Charities uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Utilization of a risk-free rate is a practical expedient allowed if no rate is implicit in the lease. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For short-term leases, (that is a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that Catholic Charities is reasonably certain to exercise) a ROU asset and lease liability is not recognized, instead lease payments are recognized in the income statement on a straight-line basis over the lease term and any variable lease payments are recognized when the obligation for those payments is incurred.

Lease agreements with lease and non-lease components are generally accounted for separately. Catholic Charities has elected to account for the lease and non-lease components as a single lease component for all asset classes. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of non-lease components may be revised. These variable lease payments will be recognized in operating expenses in the period in which the obligation for those payments is incurred.

Subsequent Events – The Archdiocese has evaluated events occurring subsequent to year end through October 9, 2024, the date the combined financial statements were available to be issued.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Recent Accounting Pronouncements – 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. The Archdiocese adopted ASU 2016-13 effective July 1, 2023 with no material impact on the combined financial statements.

Note 3—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 1 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 two lines of credit totaling \$1,900,000 available to meet liquidity needs. See Note 13.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 3—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, 2024 and 2023 are as follows:

	2024	2023
Cash, cash equivalents, and capital campaign cash	\$ 6,001,726	\$ 10,575,549
Investments and related accrued interest	224,327,006	199,777,133
Accounts receivable, net	2,617,957	2,558,389
Pledges receivable, net	47,947	184,347
Grants and other receivables	4,359,485	2,718,604
Notes receivable and related accrued interest	2,879,705	2,092,923
Beneficial interest in third-party trusts	2,605,331	2,406,737
Total financial assets	<u>242,839,157</u>	<u>220,313,682</u>
Less amounts not available to be used within one year:		
Board designated funds	24,036,016	22,599,984
Regulatory restricted funds for perpetual care	10,414,744	9,792,235
Donor restricted by time or purpose	6,674,373	6,796,904
Donor restricted in perpetuity	3,296,781	3,256,041
Deposits payable - parishes and other related parties, net	86,358,201	83,498,986
Accounts receivable not expected to be received within one year	253,079	259,460
Notes receivable and accrued interest not expected to be received within one year	3,434,930	1,845,273
Less net assets with board designations to be met in less than one year	(4,271,898)	(4,573,572)
Less net assets with purpose or time restrictions to be met in less than one year	<u>(1,496,935)</u>	<u>(2,524,500)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 114,139,866</u>	<u>\$ 99,362,871</u>

Note 4—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.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 4—Fair value measurements (continued)

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following is a description of the valuation methodologies used for the assets and liabilities measured at fair value. There have been no changes in the methodologies used to determine fair value at June 30, 2024 and 2023.

- *Cash and Cash Equivalents* – Valued at cost which approximates fair 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 quoted market price 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, 2024, are as follows:

	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 7,105,476	\$ 7,105,476	\$ -	\$ -
Common stocks	61,882,164	61,882,164	-	-
Government backed securities	1,388,195	-	1,388,195	-
Corporate bonds and other	14,450,765	14,450,765	-	-
Mutual funds	139,002,477	139,002,477	-	-
Beneficial interest in third-party trusts	2,605,331	-	2,605,331	-
Total	<u>\$ 226,434,408</u>	<u>\$ 222,440,882</u>	<u>\$ 3,993,526</u>	<u>\$ -</u>

Fair values of financial assets measured on a recurring basis at June 30, 2023, are as follows:

	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 8,401,774	\$ 8,401,774	\$ -	\$ -
Common stocks	57,404,044	57,404,044	-	-
Government backed securities	1,953,773	-	1,953,773	-
Corporate bonds and other	12,917,923	12,917,923	-	-
Mutual funds	118,616,869	118,616,869	-	-
Beneficial interest in third-party trusts	2,406,737	-	2,406,737	-
Total	<u>\$ 201,701,120</u>	<u>\$ 197,340,610</u>	<u>\$ 4,360,510</u>	<u>\$ -</u>

Accrued interest earned from the above investments is \$497,929 and \$482,750 as of June 30, 2024 and 2023, respectively.

Note 5—Accounts receivable

The Archdiocese provides an allowance for credit losses 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.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 5—Accounts receivable (continued)

The Archdiocese does not charge interest on past due accounts.

A summary of the accounts receivable at June 30, 2024 and 2023, is as follows:

	2024	2023
Accounts receivable	\$ 5,346,899	\$ 5,250,257
Less allowance for credit losses	(2,728,942)	(2,691,868)
Balance at end of year	<u>\$ 2,617,957</u>	<u>\$ 2,558,389</u>

Note 6—Pledges receivable

Catholic Charities has a capital campaign for a new building and 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:

	2024	2023
Pledges receivable, beginning of year	\$ 184,347	\$ 404,448
Pledges		
Board members	6,000	-
Others	27,500	-
Total pledges for capital campaign	<u>33,500</u>	<u>-</u>
Collections:		
Board members	(1,250)	(2,750)
Other related parties	-	(136,029)
Others	(162,612)	(75,284)
Bad debt allowance	<u>(6,038)</u>	<u>(6,038)</u>
Pledges receivable, net, end of year	<u>\$ 47,947</u>	<u>\$ 184,347</u>

Net pledges receivable are due according to the following schedule at June 30, 2024:

Less than one year	\$ 33,318
One to five years	20,667
Total	<u>\$ 53,985</u>

Note 7—Grants and other receivables

Grants and other receivables at June 30, 2024 and 2023, totaling \$4,359,485 and \$2,718,604, respectively, consist primarily of billings for reimbursements of allowable expenditures in the operations of various federal grant programs operated by Catholic Charities. No allowance for uncollectible grants and other receivables has been recorded as management expects all reimbursements to be paid in full.

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 8—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, 2024 and 2023, were \$2,622,170 and \$1,836,365, respectively. Amounts due from parishes and other organizations are net of an uncollectible allowance of \$1,632,896 at both June 30, 2024 and 2023. Notes receivable at June 30, 2024 and 2023 are net of a discount (3.5% rate) to estimate the present value of future payments of \$7,541 and \$6,665, 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 2024 and 2023. The maturity dates vary from on demand to seven years. One loan does not have a set repayment period. 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, 2024 and 2023, were \$88,358,201 and \$83,498,986, 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 2024 and 2023. 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 9—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, 2024 and 2023, were \$54,665 and \$56,639, 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, 2024 and 2023, was an increase of \$98,741 and \$88,792, respectively, and is included as a component of the change in net assets with donor restrictions on the combined statements of activities.

The Archdiocese is a beneficiary and trustee of one irrevocable charitable trust. An asset has been recorded based on the fair value of the underlying assets as determined by the custodian. Income from the trust is remitted to an unrelated beneficiary for a period of twenty years, ending September 2028. After twenty years, the balance of the trust shall be transferred to the Archdiocese, without restrictions. The net change in value of the trust for the years ended June 30, 2024 and 2023 was an increase of \$64,239 and \$37,899, 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, 2024, assuming a 2.31% rate of return, is \$499,858. The total estimated net present value of future cash flows as of June 30, 2023 was \$464,243. Distributions received from this trust for the years ended June 30, 2024 and 2023, were \$21,831 and \$57,975, respectively, and are restricted for seminarian education. The net change in value of the trust was an increase of \$35,615 and \$18,156 for the years ended June 30, 2024 and 2023, respectively, and is included as a component in the change in net assets with donor restrictions on the combined statements of activities.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 9—Beneficial interest in third-party trusts (continued)

The beneficial interest of the underlying investments held in the third-party trusts and the net present value of future cash flows from the uni-trust at June 30, 2024 and 2023 are as follows:

	2024		2023	
	Cost	Market	Cost	Market
Cash and cash equivalents	\$ 40,584	\$ 40,584	\$ 71,769	\$ 71,769
Common stocks	305,199	711,665	261,348	573,635
Mutual funds - fixed income	158,757	151,599	158,313	141,813
Mutual funds - equities	713,810	832,935	703,772	849,780
Mutual funds - real estate	17,055	16,672	-	-
U.S. Government bonds	22,513	21,941	22,652	21,614
Municipal bonds	30,131	28,440	30,171	28,076
Corporate bonds	313,216	301,637	276,621	255,807
Subtotal	<u>\$ 1,601,265</u>	<u>2,105,473</u>	<u>\$ 1,524,646</u>	<u>1,942,494</u>
Estimated value of beneficial interest in charitable remainder uni-trusts		499,858		464,243
Total		<u>\$ 2,605,331</u>		<u>\$ 2,406,737</u>

Note 10—Property and equipment

Property and equipment consist of the following at June 30, 2024 and 2023:

	2024	2023
Land and improvements	\$ 2,135,894	\$ 2,135,894
Construction in progress	-	5,303,410
Buildings and improvements	26,478,338	18,284,768
Furniture and equipment	6,204,049	5,590,131
Subtotal	34,818,281	31,314,203
Less accumulated depreciation	(14,035,319)	(13,761,076)
Total	<u>\$ 20,782,962</u>	<u>\$ 17,553,127</u>

Total depreciation expense was \$642,024 and \$633,262 for the years ended June 30, 2024 and 2023, respectively.

Note 11—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 U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 11—Endowments (continued)

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.

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.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 11—Endowments (continued)

Composition by Type of Fund

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2024			
Donor-restricted endowment funds	\$ -	\$ 3,728,620	\$ 3,728,620
Regulatory-restricted funds	10,414,744	-	10,414,744
Board designated endowment fund	91,967	-	91,967
Total funds	<u>\$ 10,506,711</u>	<u>\$ 3,728,620</u>	<u>\$ 14,235,331</u>
June 30, 2023			
Donor-restricted endowment funds	\$ -	\$ 3,670,679	\$ 3,670,679
Regulatory-restricted funds	9,792,235	-	9,792,235
Board designated endowment fund	70,730	-	70,730
Total funds	<u>\$ 9,862,965</u>	<u>\$ 3,670,679</u>	<u>\$ 13,533,644</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 9,862,965	\$ 3,670,679	\$ 13,533,644
Net investment income	272,792	107,888	380,680
Contributions	370,954	2,500	373,454
Appropriation of endowment assets for expenditure	-	(52,447)	(52,447)
Endowment net assets, end of year	<u>\$ 10,506,711</u>	<u>\$ 3,728,620</u>	<u>\$ 14,235,331</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 9,168,022	\$ 3,647,616	\$ 12,815,638
Net investment income	251,060	104,650	355,710
Contributions	443,883	1,000	444,883
Appropriation of endowment assets for expenditure	-	(82,587)	(82,587)
Endowment net assets, end of year	<u>\$ 9,862,965</u>	<u>\$ 3,670,679</u>	<u>\$ 13,533,644</u>

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 12—Grants payable

Grants payable primarily represent unconditional promises to give to educational institutions within the Archdiocese. At June 30, 2024 and 2023, grants payable are \$1,440,000 and 2,435,000, respectively. Future grants payments as of June 30, 2024 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2025	\$ 795,000
2026	645,000
Total	<u>\$ 1,440,000</u>

Note 13—Line of credit

Catholic Charities has a \$400,000 line of credit agreement that expires June 1, 2025. The line of credit bears interest at the U.S. Prime Rate (approximately 8.50% at June 30, 2024). The note is secured by the Archdiocese of Louisville's guarantee. There were no amounts outstanding at June 30, 2024.

The Archdiocese has a \$1,500,000 line of credit agreement that expires December 27, 2024. The line of credit bears interest at the daily secured overnight financing rate ("SOFR") as administered by the Federal Reserve Bank of New York plus 1.25% (approximately 6.58% at June 30, 2024). The note is secured by substantially all of the Archdiocese's assets. There were no amounts outstanding at June 30, 2024.

Note 14—Notes payable

Long-term debt is summarized as follows:

	<u>2024</u>	<u>2023</u>
Catholic Charities note payable:		
Debt agreement allows Catholic Charities to borrow up to \$2,000,000 to finance building renovations. Interest-only payments are due on the unpaid principal balance through January 2025. Monthly payments of \$14,044 are due beginning in February 2025 with a balloon payment due upon termination of the loan in January 2028. Interest is calculated on the unpaid principal balance at 5.75% annually.	\$ 2,000,000	\$ 123,983
Note payable	<u>\$ 2,000,000</u>	<u>\$ 123,983</u>

Future maturities of the note payable as of June 30, 2024 are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 22,865
2026	56,301
2027	59,625
2028	1,861,209
Total	<u>\$ 2,000,000</u>

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 14—Notes payable (continued)

During 2024, Catholic Charities obtained a line of credit from the Archdiocese of Louisville to facilitate costs for building renovations. Catholic Charities can make draws on the line of credit depending on the progress of the project and can draw up to \$2,000,000. At the end of construction, the total amount borrowed will be restructured as a conventional loan which will be repaid over seven years with an interest rate of 3.75%. As of June 30, 2024, the balance on the line of credit was \$1,282,775. This amount has been eliminated on the 2024 combined statement of financial position.

Note 15—Operating leases

The Archdiocese determines if an arrangement is a lease at inception. Catholic Charities has operating leases for warehouse and office space which are included as operating lease ROU assets and lease liabilities on the statement of financial position. The lease terms expire over various terms through 2030 and require monthly payments ranging from \$3,047 to \$7,687, respectively.

At June 30, 2024, the weighted average remaining lease term under the leases is 4.01 years. At June 30, 2024, the weighted average discount rate with respect to the leases was 5.25%.

Total rent expense for operating leases for the years ended June 30, 2024 and 2023 was approximately \$107,000 and \$31,000, respectively.

At June 30, 2024, the future lease payments under operating leases and the net present value of the future lease payments, as discounted using risk free rates, are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 125,650
2026	130,363
2027	100,739
2028	40,420
2029	41,633
Thereafter	24,706
Total lease payments	463,511
Less present value discount	(48,937)
Present value of future minimum lease payments	<u>\$ 414,574</u>

Note 16—Guarantees

At June 30, 2024 and 2023, the Pastoral Center is a guarantor on \$2,793,000 and \$3,900,000, respectively, in lines of credit to two Catholic high schools, two parishes and Catholic Charities. Borrowing against these lines of credit were \$539,243 and \$778,867 at June 30, 2024 and 2023, respectively.

The Pastoral Center is a guarantor for approximately \$23,600,000 and \$21,735,000 in bank loans to parishes of the Archdiocese of Louisville at June 30, 2024 and 2023, 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.

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 16—Guarantees (continued)

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 \$3,800,000 and \$4,400,000 at June 30, 2024 and 2023, respectively. The Archdiocese is the guarantor on this bond.

St. Francis DeSales High School, through the city of Shively, was the recipient of a \$5,000,000 Revenue Bond, Series 2015. The balance of the bond is approximately \$3,580,000 and \$3,671,000 as of June 30, 2024 and 2023, 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 \$1,442,000 and \$1,892,000 as of June 30, 2024 and 2023. 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 17—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, 2024 and 2023, were \$9,894,335 and \$9,297,872, respectively. Assessments receivable, net of allowance for credit losses at June 30, 2024 and 2023, are \$986,402 and \$585,195, respectively, and are included in accounts receivable in the combined statements of financial position. See Note 5 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, 2024 and 2023 was \$2,170,477 and \$2,298,156, respectively. Grants payable at June 30, 2024 and 2023 are \$1,440,000 and \$2,235,000, respectively.

Related party notes receivable consist of amounts due from clergy, parishes, and Catholic schools. At June 30, 2024 and 2023, such receivables totaled \$2,622,170 and \$1,836,365, respectively. The June 30, 2024 total is net of the amount due from Catholic Charities of \$1,282,775 which is eliminated on the combined statement of financial position. Related party notes receivable at June 30, 2024 and 2023 are net of a discount (3.5% rate) to estimate the present value of future payments of \$7,541 and \$6,665, respectively. An allowance for uncollectible notes receivable of \$1,632,896 was recorded at both June 30, 2024 and 2023. The original maturity dates vary from on demand to seven years. One loan does not have a set repayment period. See Note 8 for additional information.

Related party deposits payable consist of amounts due to parishes, Catholic schools and other organizations. At June 30, 2024 and 2023, such payables totaled \$86,358,201 and \$83,498,986, respectively. See Note 8 for additional information.

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 18—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 pay period (\$200 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 \$796,000 and \$717,000 to the Plan for the years ended June 30, 2024 and 2023, 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, 2024 and 2023. The assessment income for retirement benefits from the parishes was approximately \$1,986,000 and \$1,862,000 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023, were \$1,799,244 and \$908,901, respectively.

Benefits paid to retired clergy for the years ended June 30, 2024 and 2023 follow:

	2024	2023
Clergy retirement benefits	\$ 1,693,978	\$ 1,638,304
Supplemental medical coverage	264,634	228,211
Total	<u>\$ 1,958,612</u>	<u>\$ 1,866,515</u>

Note 19—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 THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 19—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, 2024 and 2023, Catholic Charities had 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.

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, 2024 and 2023.

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 20—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, 2024 and 2023, is \$10,414,744 and \$9,792,235, respectively.

Note 21—Net assets without donor restrictions – board designated net assets

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

	2024	2023
Catholic Foundation of Louisville, Inc.	\$ 16,494,620	\$ 15,070,797
Catholic Charities of Louisville	1,293,411	2,185,832
Capital reserves	2,500,000	2,500,000
Priest retirement fund	1,799,244	908,901
Southern KY missions	1,081,280	1,239,084
High school tuition assistance	200,000	200,000
Elementary tuition assistance	254,515	-
Other	237,551	314,946
Closed parishes	175,395	180,424
Total	<u>\$ 24,036,016</u>	<u>\$ 22,599,984</u>

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 22—Net assets with donor restrictions

Net assets with donor restrictions are as follows for the year ended June 30, 2024:

	<u>June 30, 2023</u>	<u>Contributions</u>	<u>Investment Income</u>	<u>Change In Beneficial Interest</u>	<u>Released From Restrictions/ Other Changes</u>	<u>June 30, 2024</u>
By time and purpose:						
Capital campaign	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seminarian and priest education	1,787,762	928,265	35,451	35,615	(837,626)	1,949,467
Maintenance and care of gravesites	907,199	-	37,173	-	-	944,372
Lattis trust	745,117	-	-	64,239	-	809,356
Poverty assistance	1,629,389	1,185,411	22,346	-	(1,595,242)	1,241,904
Hersche trust	688,692	-	-	91,629	(31,127)	749,194
Multicultural ministry	430,635	86,000	907	-	(208,399)	309,143
School scholarships	383,797	5,000	17,747	-	(28,081)	378,463
Mission promotions	75,439	-	848	-	(22,535)	53,752
Other	148,874	10,889	1,106	-	77,853	238,722
Total	<u>\$ 6,796,904</u>	<u>\$ 2,215,565</u>	<u>\$ 115,578</u>	<u>\$ 191,483</u>	<u>\$ (2,645,157)</u>	<u>\$ 6,674,373</u>
			<u>Change In Beneficial Interest</u>	<u>Other Release</u>		
	<u>June 30, 2023</u>	<u>Contributions</u>			<u>June 30, 2024</u>	
In perpetuity:						
Seminarian and priest education	\$ 1,413,435	\$ -	\$ -	\$ -	\$ 1,413,435	
Maintenance and care of gravesites	721,021	2,500	-	-	723,521	
Poverty assistance	608,685	-	61,800	(23,560)	646,925	
School scholarships	512,900	-	-	-	512,900	
Total	<u>\$ 3,256,041</u>	<u>\$ 2,500</u>	<u>\$ 61,800</u>	<u>\$ (23,560)</u>	<u>\$ 3,296,781</u>	

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Note 22—Net assets with donor restrictions (continued)

Net assets with donor restrictions are as follows for the year ended June 30, 2023:

	<u>June 30, 2022</u>	<u>Contributions</u>	<u>Investment Income</u>	<u>Change In Beneficial Interest</u>	<u>Released From Restrictions/ Other Changes</u>	<u>June 30, 2023</u>
By time and purpose:						
Capital campaign	\$ 4,036,243	\$ 101,211	-	-	\$ (4,137,454)	\$ -
Seminarian and priest education	2,026,134	401,346	32,491	18,156	(690,365)	1,787,762
Maintenance and care of gravesites	875,182	-	32,017	-	-	907,199
Lattis trust	707,219	-	-	37,898	-	745,117
Poverty assistance	1,940,122	941,918	20,680	-	(1,273,331)	1,629,389
Hersche trust	626,889	-	-	61,803	-	688,692
Multicultural ministry	222,488	415,000	1,140	-	(207,993)	430,635
School scholarships	382,173	5,000	17,712	-	(21,088)	383,797
Mission promotions	98,466	513	1,150	-	(24,690)	75,439
Other	192,383	9,937	1,135	-	(54,581)	148,874
Total	<u>\$ 11,107,299</u>	<u>\$ 1,874,925</u>	<u>\$ 106,325</u>	<u>\$ 117,857</u>	<u>\$ (6,409,502)</u>	<u>\$ 6,796,904</u>

	<u>June 30, 2022</u>	<u>Contributions</u>	<u>Change In Beneficial Interest</u>	<u>Other Release</u>	<u>June 30, 2023</u>
In perpetuity					
Seminarian and priest education	\$ 1,413,435	\$ -	\$ -	\$ -	\$ 1,413,435
Maintenance and care of gravesites	720,021	1,000	-	-	721,021
Poverty assistance	606,693	-	26,990	(24,998)	608,685
School scholarships	512,900	-	-	-	512,900
Total	<u>\$ 3,253,049</u>	<u>\$ 1,000</u>	<u>\$ 26,990</u>	<u>\$ (24,998)</u>	<u>\$ 3,256,041</u>

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

Note 22—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>2024</u>	<u>2023</u>
Investments	\$ 2,649,856	\$ 2,647,358
Beneficial interest in third-party trusts	646,925	608,683
Total	<u>\$ 3,296,781</u>	<u>\$ 3,256,041</u>

Note 23—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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Catholic Charities:		
Clothing, food, and household goods	\$ 1,710,733	\$ 1,266,019
Auction items	33,081	36,465
	<u>\$ 1,743,814</u>	<u>\$ 1,302,484</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. Catholic Charities 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 Catholic Charities' 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.

SUPPLEMENTARY INFORMATION

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
ASSETS							
Cash and cash equivalents	\$ 2,305,865	\$ -	\$ 1,282,878	\$ 2,408,690	\$ 3,743	\$ -	\$ 6,001,176
Investments	178,865,551	-	6,274,112	225,817	32,182,315	(4,133,462)	213,414,333
Investments restricted for perpetual care	10,414,744	-	-	-	-	-	10,414,744
Accrued interest receivable on investments	497,929	-	-	-	-	-	497,929
Accounts receivable, net	1,847,817	-	557,325	212,815	-	-	2,617,957
Pledges receivable, net	-	-	-	47,947	-	-	47,947
Grants and other receivables	-	-	-	4,359,485	-	-	4,359,485
Prepaid expenses	52,110	-	26,258	60,325	-	-	138,693
Inventories	-	-	54,827	104,923	-	-	159,750
Notes receivable - parishes and other related parties, net	26,426	3,878,519	-	-	-	(1,282,775)	2,622,170
Accrued interest receivable on notes receivable	15,878	241,657	-	-	-	-	257,535
Beneficial interest in third-party trusts	1,309,214	-	-	1,296,117	-	-	2,605,331
Cemetery lot development costs	-	-	1,095,473	-	-	-	1,095,473
Mausoleums, columbariums, and lots	-	-	5,037,980	-	-	-	5,037,980
Capital campaign - cash	-	-	-	550	-	-	550
Right-of-use asset - operating leases	-	-	-	414,096	-	-	414,096
Property and equipment, net	10,172,540	-	1,523,910	9,086,512	-	-	20,782,962
Interfund receivables	-	67,523,223	15,055,027	-	-	(82,578,250)	-
Total Assets	\$ 205,508,074	\$ 71,643,399	\$ 30,907,790	\$ 18,217,277	\$ 32,186,058	\$ (87,994,487)	\$ 270,468,111

See report of independent auditor.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINING STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2024

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable and accrued expenses	\$ 1,229,044	\$ -	\$ 247,911	\$ 3,686,086	\$ -	\$ -	\$ 5,163,041
Collections payable	369,179	-	-	-	-	-	369,179
Grants payable	1,440,000	-	-	-	-	-	1,440,000
Deferred revenue	855	-	2,521,315	27,731	-	-	2,549,901
Interfund payables	82,578,250	-	-	-	4,133,462	(86,711,712)	-
Operating lease liability	-	-	-	414,574	-	-	414,574
Notes payable	-	-	-	3,282,775	-	(1,282,775)	2,000,000
Deposits payable - parishes and other related parties	4,296,497	70,503,728	-	-	11,557,976	-	86,358,201
Total Liabilities	89,913,825	70,503,728	2,769,226	7,411,166	15,691,438	(87,994,487)	98,294,896
Net Assets:							
Net assets without donor restrictions							
Expendable net assets	92,826,567	1,139,671	14,532,017	1,752,859	-	-	110,251,114
Invested in property and equipment	10,172,540	-	1,523,910	5,803,737	-	-	17,500,187
Board designated net assets	6,620,098	-	-	921,298	16,494,620	-	24,036,016
Regulatory restricted - perpetual care fund	-	-	10,414,744	-	-	-	10,414,744
Total Net Assets Without Donor Restrictions	109,619,205	1,139,671	26,470,671	8,477,894	16,494,620	-	162,202,061
Net Assets With Donor Restrictions:							
Restricted by time or purpose	4,048,707	-	944,372	1,681,294	-	-	6,674,373
Restricted in perpetuity	1,926,337	-	723,521	646,923	-	-	3,296,781
Total Net Assets With Donor Restrictions	5,975,044	-	1,667,893	2,328,217	-	-	9,971,154
Total Net Assets	115,594,249	1,139,671	28,138,564	10,806,111	16,494,620	-	172,173,215
Total Liabilities and Net Assets	\$ 205,508,074	\$ 71,643,399	\$ 30,907,790	\$ 18,217,277	\$ 32,186,058	\$ (87,994,487)	\$ 270,468,111

See report of independent auditor.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
ASSETS							
Cash and cash equivalents	\$ 5,819,355	\$ -	\$ 669,500	\$ 4,036,592	\$ 3,743	\$ -	\$ 10,529,190
Investments	159,584,822	-	5,446,165	186,328	27,820,904	(3,536,071)	189,502,148
Investments restricted for perpetual care	9,792,235	-	-	-	-	-	9,792,235
Accrued interest receivable on investments	482,750	-	-	-	-	-	482,750
Accounts receivable, net	1,380,576	-	520,277	657,536	-	-	2,558,389
Pledges receivable, net	-	-	-	184,347	-	-	184,347
Grants and other receivables	-	-	-	2,718,604	-	-	2,718,604
Prepaid expenses	264,936	-	61,318	21,957	-	-	348,211
Inventories	-	-	60,876	174,379	-	-	235,255
Notes receivable - parishes and other related parties, net	25,277	1,811,088	-	-	-	-	1,836,365
Accrued interest receivable on notes receivable	15,878	240,680	-	-	-	-	256,558
Beneficial interest in third-party trusts	1,209,361	-	-	1,197,376	-	-	2,406,737
Cemetery lot development costs	-	-	1,093,144	-	-	-	1,093,144
Mausoleums, columbariums, and lots	-	-	5,116,402	-	-	-	5,116,402
Capital campaign cash	-	-	-	46,359	-	-	46,359
Capital campaign - deposit & loan fund	-	-	-	-	-	-	-
Property and equipment, net	10,430,573	-	1,389,425	5,733,129	-	-	17,553,127
Interfund receivables	-	69,697,593	14,355,889	-	-	(84,053,482)	-
Total Assets	\$ 189,005,763	\$ 71,749,361	\$ 28,712,996	\$ 14,956,607	\$ 27,824,647	\$ (87,589,553)	\$ 244,659,821

See report of independent auditor.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINING STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2023

	<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>
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable and accrued expenses	\$ 899,121	\$ -	\$ 250,423	\$ 3,941,450	\$ -	\$ -	\$ 5,090,994
Collections payable	368,988	-	-	-	-	-	368,988
Grants payable	2,235,000	-	-	-	200,000	-	2,435,000
Deferred revenue	119,315	-	2,252,653	-	-	-	2,371,968
Interfund payables	84,053,482	-	-	-	3,536,071	(87,589,553)	-
Notes payable	-	-	-	123,983	-	-	123,983
Deposits payable - parishes and other related parties	3,871,515	70,609,692	-	-	9,017,779	-	83,498,986
Total Liabilities	91,547,421	70,609,692	2,503,076	4,065,433	12,753,850	(87,589,553)	93,889,919
Net Assets:							
Net Assets Without Donor Restrictions:							
Expendable net assets	74,539,737	1,139,669	13,400,040	1,816,148	-	-	90,895,594
Invested in property and equipment	10,430,573	-	1,389,425	5,609,146	-	-	17,429,144
Board designated net assets	6,653,430	-	-	875,757	15,070,797	-	22,599,984
Regulatory restricted - perpetual care fund	-	-	9,792,235	-	-	-	9,792,235
Total net assets without donor restrictions	91,623,740	1,139,669	24,581,700	8,301,051	15,070,797	-	140,716,957
Net assets with donor restrictions							
Restricted by time or purpose	3,908,265	-	907,199	1,981,440	-	-	6,796,904
Restricted in perpetuity	1,926,337	-	721,021	608,683	-	-	3,256,041
Total Net Assets With Donor Restrictions	5,834,602	-	1,628,220	2,590,123	-	-	10,052,945
Total Net Assets	97,458,342	1,139,669	26,209,920	10,891,174	15,070,797	-	150,769,902
Total Liabilities and Net Assets	\$ 189,005,763	\$ 71,749,361	\$ 28,712,996	\$ 14,956,607	\$ 27,824,647	\$ (87,589,553)	\$ 244,659,821

See report of independent auditor.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Revenue, Support, and Gains:							
Donations, bequests, and grants	\$ 2,443,488	\$ -	\$ 2,548	\$ 66,145,004	\$ 53,172	\$ (1,585,000)	\$ 67,059,212
In-kind contributions	-	-	-	1,743,814	-	-	1,743,814
Parish assessments	10,058,087	-	-	-	-	(163,752)	9,894,335
Special collections	263,118	-	-	-	-	-	263,118
Burial sales, net	-	-	3,091,530	-	-	-	3,091,530
Catholic services appeal	4,212,406	-	-	-	-	-	4,212,406
Fee income	3,259	-	1,289,739	1,514,835	-	-	2,807,833
Program and activity income	448,626	-	-	6,742	-	-	455,368
Rental income	196,671	-	32,880	-	-	-	229,551
Advertising income	409,012	-	-	-	-	-	409,012
Investment income, net	3,925,154	34,981	402,463	151,341	322,153	(329,753)	4,506,339
Investment gains, net	15,755,612	-	488,413	-	1,945,671	-	18,189,696
Other income	1,766,087	1,349,813	37,616	30,138	-	(2,125,710)	1,057,944
Increase in value of beneficial interest in third-party trusts	99,854	-	-	98,740	-	-	198,594
Total Revenues, Support, and Gains	<u>\$ 39,581,374</u>	<u>\$ 1,384,794</u>	<u>\$ 5,345,189</u>	<u>\$ 69,690,614</u>	<u>\$ 2,320,996</u>	<u>\$ (4,204,215)</u>	<u>\$ 114,118,752</u>

See report of independent auditor.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED JUNE 30, 2024

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Expenses and Losses:							
Salary expense	\$ 5,187,947	\$ -	\$ 1,449,452	\$ 7,287,220	\$ -	\$ -	\$ 13,924,619
Payroll added expense	1,692,255	-	418,512	1,761,427	-	-	3,872,194
Clergy retirement benefits	1,693,978	-	-	-	-	-	1,693,978
Mileage and expense allowance	302,316	-	4,192	323,187	-	-	629,695
Education expense	1,015,919	-	480	-	-	-	1,016,399
Rent expense	74,926	-	6,746	113,231	-	-	194,903
Office supplies and services	1,042,645	-	125,677	619,506	-	-	1,787,828
Plant and grounds expense	926,381	-	407,615	629,359	-	-	1,963,355
Auto expense	4,743	-	66,279	25,226	-	-	96,248
Public relations, donations, and grants	113,179	-	166,581	-	897,173	(748,752)	428,181
Advertising expense	216,220	-	8,846	-	-	-	225,066
Professional fees and services	639,853	-	31,695	1,742,999	-	-	2,414,547
Program and activity expense	758,966	-	-	3,528,295	-	-	4,287,261
Broadcasting/press expense	410,815	-	-	-	-	-	410,815
Archdiocesan support	1,278,987	-	-	-	-	(1,000,000)	278,987
Education grants	1,224,824	-	-	-	-	-	1,224,824
Cost of sales	-	-	535,624	-	-	-	535,624
Papal and national organizations	107,518	-	-	-	-	-	107,518
Other grants and direct aid	838,209	-	-	53,363,516	-	-	54,201,725
Other restricted expense payments	3,226,060	-	-	-	-	(2,125,710)	1,100,350
Interest expense	-	1,384,792	-	64,878	-	(329,753)	1,119,917
Depreciation expense	455,809	-	122,981	63,234	-	-	642,024
Bad debt expense	(50,986)	-	-	53,623	-	-	2,637
Miscellaneous expense	284,903	-	83,940	15,094	-	-	383,937
Total Expenses	21,445,467	1,384,792	3,428,620	69,590,795	897,173	(4,204,215)	92,542,632
Gain (loss) on disposal of property and equipment	-	-	12,075	(184,882)	-	-	(172,807)
Total Expenses and Losses	21,445,467	1,384,792	3,416,545	69,775,677	897,173	(4,204,215)	92,715,439
Change in net assets	18,135,907	2	1,928,644	(85,063)	1,423,823	-	21,403,313
Net assets, beginning of year	97,458,342	1,139,669	26,209,920	10,891,174	15,070,797	-	150,769,902
Net assets, end of year	\$ 115,594,249	\$ 1,139,671	\$ 28,138,564	\$ 10,806,111	\$ 16,494,620	\$ -	\$ 172,173,215

See report of independent auditor.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Revenue, Support, and Gains:							
Donations, bequests, and grants	\$ 984,191	\$ -	\$ 513	\$ 69,621,087	\$ 20,000	\$ (987,360)	\$ 69,638,431
In-kind contributions	-	-	-	1,302,484	-	-	1,302,484
Parish assessments	9,468,788	-	-	-	-	(170,916)	9,297,872
Special collections	279,690	-	-	-	-	-	279,690
Burial sales, net	-	-	3,298,939	-	-	-	3,298,939
Catholic services appeal	4,103,048	-	-	-	-	-	4,103,048
Fee income	4,940	-	1,331,661	1,228,006	-	-	2,564,607
Program and activity income	252,082	-	-	12,465	-	-	264,547
Rental income	226,861	-	31,713	-	-	-	258,574
Advertising income	436,897	-	-	-	-	-	436,897
Investment income, net	4,077,508	31,467	365,215	124,697	273,485	(326,287)	4,546,085
Investment gains, net	12,107,223	-	282,636	-	1,134,305	-	13,524,164
Other income	719,840	1,298,005	10,357	28,880	-	(2,050,410)	6,672
Increase in value of beneficial interest in third-party trusts	56,054	-	-	88,793	-	-	144,847
Total Revenues, Support, and Gains	<u>\$ 32,717,122</u>	<u>\$ 1,329,472</u>	<u>\$ 5,321,034</u>	<u>\$ 72,406,412</u>	<u>\$ 1,427,790</u>	<u>\$ (3,534,973)</u>	<u>\$ 109,666,857</u>

See report of independent auditor.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED JUNE 30, 2023

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Expenses and Losses:							
Salary expense	\$ 5,046,300	\$ -	\$ 1,408,188	\$ 5,861,776	\$ -	\$ -	\$ 12,316,264
Payroll added expense	1,534,514	-	413,382	1,577,843	-	-	3,525,739
Clergy retirement benefits	1,638,304	-	-	-	-	-	1,638,304
Mileage and expense allowance	263,261	-	7,309	276,255	-	-	546,825
Education expense	679,624	-	385	-	-	-	680,009
Rent expense	55,376	-	5,425	32,753	-	-	93,554
Office supplies and services	1,013,427	-	128,715	584,836	-	-	1,726,978
Plant and grounds expense	839,814	-	498,887	515,596	-	-	1,854,297
Auto expense	8,921	-	74,160	41,503	-	-	124,584
Public relations, donations, and grants	154,749	-	173,542	-	429,996	(170,916)	587,371
Advertising expense	201,119	-	7,812	-	-	-	208,931
Professional fees and services	463,546	-	27,597	1,152,267	-	-	1,643,410
Program and activity expense	611,977	-	-	2,506,280	-	-	3,118,257
Broadcasting/press expense	397,294	-	-	-	-	-	397,294
Archdiocesan support	1,317,436	-	-	-	-	(987,360)	330,076
Education grants	1,307,944	-	-	-	-	-	1,307,944
Cost of sales	-	-	603,420	-	-	-	603,420
Papal and national organizations	107,178	-	-	-	-	-	107,178
Other grants and direct aid	899,258	-	-	58,957,568	-	-	59,856,826
Other restricted expense payments	2,131,052	-	-	-	-	(2,050,410)	80,642
Interest expense	27,109	1,329,472	-	1,655	-	(326,287)	1,031,949
Depreciation expense	463,608	-	114,803	54,851	-	-	633,262
Bad debt expense	(9,328)	-	-	230,100	-	-	220,772
Miscellaneous expense	315,198	-	82,651	636	-	-	398,485
Total Expenses	19,467,681	1,329,472	3,546,276	71,793,919	429,996	(3,534,973)	93,032,371
Loss on disposal of property and equipment	-	-	-	689,180	-	-	689,180
Total Expenses and Losses	19,467,681	1,329,472	3,546,276	72,483,099	429,996	(3,534,973)	93,721,551
Changes in net assets	13,249,441	-	1,774,758	(76,687)	997,794	-	15,945,306
Net assets, beginning of year	84,208,901	1,139,669	24,435,162	10,967,861	14,073,003	-	134,824,596
Net assets, end of year	\$ 97,458,342	\$ 1,139,669	\$ 26,209,920	\$ 10,891,174	\$ 15,070,797	\$ -	\$ 150,769,902

See report of independent auditor.