

**ADMINISTRATIVE OFFICES OF
THE CATHOLIC DIOCESE OF RICHMOND**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

The Most Reverend Barry C. Knestout
Bishop of the Catholic Diocese of Richmond
Administrative Offices of the Catholic Diocese of Richmond
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Administrative Offices of the Catholic Diocese of Richmond, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Administrative Offices of the Catholic Diocese of Richmond as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Administrative Offices of the Catholic Diocese of Richmond and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Administrative Offices of the Catholic Diocese of Richmond's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

The Most Reverend Barry C. Knestout
Bishop of the Catholic Diocese of Richmond
Administrative Offices of the Catholic Diocese of Richmond

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Administrative Offices of the Catholic Diocese of Richmond'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Administrative Offices of the Catholic Diocese of Richmond'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.



CliftonLarsonAllen LLP

Arlington, Virginia
October 24, 2023

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 899,926	\$ 901,190
Short-Term Investments	1,945,681	4,430,680
Accounts Receivable	3,959,530	3,224,178
Pledges Receivable - Current Portion, Net	1,614,007	1,541,810
Prepaid Expense and Other Current Assets	3,023,704	1,352,749
Total Current Assets	11,442,848	11,450,607
NONCURRENT ASSETS		
Pledges Receivable - Noncurrent Portion, Net	1,796,053	2,384,977
Investments	77,540,922	69,680,773
Beneficial Interest in Perpetual Trust	609,218	600,256
Notes Receivable	6,809,691	6,809,691
Interest Rate Swap Agreement	708,983	421,587
Land, Buildings, and Equipment, Less Accumulated Depreciation	11,678,988	10,579,800
Total Noncurrent Assets	99,143,855	90,477,084
Total Assets	\$ 110,586,703	\$ 101,927,691
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 3,980,930	\$ 3,401,109
Parish Share Liability	1,130,798	1,555,390
Collections Payable	358,466	383,824
Insurance Claims Reserve	1,930,146	1,507,203
Notes Payable	14,341,351	15,217,642
Other Current Liabilities	1,110,166	895,923
Total Current Liabilities	22,851,857	22,961,091
NONCURRENT LIABILITIES		
Net Priest Pension Liability (Asset)	(1,829,391)	2,724,093
Net Priest Other Postretirement Employee Benefits Liability	6,638,812	7,124,991
Other Noncurrent Liabilities	43,325	32,162
Total Noncurrent Liabilities	4,852,746	9,881,246
Total Liabilities	27,704,603	32,842,337
NET ASSETS		
Without Donor Restrictions:		
Operating Fund	5,546,523	4,919,321
Designated Net Assets:		
Programs	(270,254)	70,666
Priest Auto Fund	1,745,097	1,600,625
Insurance Fund	11,998,195	9,185,880
Tuition Assistance Fund	(2,895,682)	(3,273,677)
Retirement Fund	(3,761,245)	(8,900,908)
Investments Operating as Endowments	9,109,887	7,992,195
Invested in Property, Plant, and Equipment	11,678,988	10,579,800
Total Without Donor Restrictions	33,151,509	22,173,902
With Donor Restrictions:		
To be Spent for Specific Purpose	42,089,181	39,284,079
Maintained in Perpetuity	7,641,410	7,627,373
Total With Donor Restrictions	49,730,591	46,911,452
Total Net Assets	82,882,100	69,085,354
Total Liabilities and Net Assets	\$ 110,586,703	\$ 101,927,691

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES (LOSSES)						
Diocesan Assessments	\$ 10,561,872	\$ 1,064,501	\$ 11,626,373	\$ 9,126,300	\$ 1,003,356	\$ 10,129,656
Contributions and Collections	2,410,208	320,383	2,730,591	1,684,642	419,183	2,103,825
Contributions from Elderly Housing Facilities	5,375,000	-	5,375,000	3,597,000	-	3,597,000
Realized/Unrealized Gain (Loss) on Investments	2,908,330	4,149,269	7,057,599	(3,650,167)	(6,452,229)	(10,102,396)
Interest and Dividend Income	756,258	699,112	1,455,370	528,146	614,391	1,142,537
Program and Fee Revenue	2,180,171	36,057	2,216,228	2,193,076	37,932	2,231,008
Gain (Loss) on Property Sales	(82,867)	-	(82,867)	988,237	-	988,237
Other Income (Loss)	1,062,912	101,320	1,164,232	767,468	(2,235)	765,233
Total Operating Revenues (Losses)	25,171,884	6,370,642	31,542,526	15,234,702	(4,379,602)	10,855,100
OTHER REVENUES						
Insurance Assessments	16,575,152	-	16,575,152	15,847,198	-	15,847,198
Campaign Contributions, Net	-	5,840,022	5,840,022	-	8,916,798	8,916,798
Tuition Assistance Assessments	4,729,469	-	4,729,469	4,768,032	-	4,768,032
Total Other Revenues	21,304,621	5,840,022	27,144,643	20,615,230	8,916,798	29,532,028
NET ASSETS RELEASED FROM RESTRICTIONS						
Change in Purpose Restriction	22,550	(22,550)	-	18,112	(18,112)	-
Satisfaction of Purpose Restrictions	9,087,900	(9,087,900)	-	9,215,956	(9,215,956)	-
Total Revenues (Losses)	55,586,955	3,100,214	58,687,169	45,084,000	(4,696,872)	40,387,128

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PROGRAM EXPENSES	\$ 15,407,616	\$ -	\$ 15,407,616	\$ 14,404,793	\$ -	\$ 14,404,793
AUXILIARY PROGRAMS AND SERVICES						
Campaign Case Distributions	3,584,342	-	3,584,342	3,009,218	-	3,009,218
Tuition Assistance Program	4,248,049	-	4,248,049	4,527,046	-	4,527,046
Insurance Expenses	15,985,763	-	15,985,763	14,708,232	-	14,708,232
Change in Priest Pension Liability	(4,553,484)	-	(4,553,484)	484,782	-	484,782
Change in Priest Other Postretirement						
Employee Benefits Liability	(486,179)	-	(486,179)	(1,073,128)	-	(1,073,128)
Total Auxiliary Programs and Services	18,778,491	-	18,778,491	21,656,150	-	21,656,150
ADMINISTRATIVE AND FINANCIAL SERVICES						
General Administration	9,299,608	-	9,299,608	8,604,914	-	8,604,914
Depreciation	534,015	-	534,015	833,655	-	833,655
Interest	587,337	-	587,337	407,641	-	407,641
Loss on Uncollectible Pledges	2,281	281,075	283,356	20,345	335,506	355,851
Total Administrative and Financial Services	10,423,241	281,075	10,704,316	9,866,555	335,506	10,202,061
Total Expenses	44,609,348	281,075	44,890,423	45,927,498	335,506	46,263,004
CHANGE IN NET ASSETS	10,977,607	2,819,139	13,796,746	(843,498)	(5,032,378)	(5,875,876)
Net Assets - Beginning of Year	22,173,902	46,911,452	69,085,354	23,017,400	51,943,830	74,961,230
NET ASSETS - END OF YEAR	<u>\$ 33,151,509</u>	<u>\$ 49,730,591</u>	<u>\$ 82,882,100</u>	<u>\$ 22,173,902</u>	<u>\$ 46,911,452</u>	<u>\$ 69,085,354</u>

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
PROGRAM AND AUXILIARY PROGRAM AND SERVICES EXPENSES		
Salary and Benefits Expense	\$ 6,597,759	\$ 6,193,103
Professional Services and Legal Fees	2,526,407	2,153,808
Travel and Meetings	370,516	312,824
Workshops and Conferences Given	943,912	617,302
Tuition, Room, and Board	925,405	887,464
Newspaper Printing	482,219	455,604
Cemetery Cost of Goods Sold	222,013	187,778
Insurance Premiums and Claims	14,667,478	13,423,224
Insurance Administration	456,189	452,124
Contributions, Grants, and Donations	8,675,868	8,389,421
Settlements	32,000	100,000
Subsidies	2,095,100	2,095,100
Priest Long-Term Care	281,446	549,693
Change in Priest Pension Liability	(4,553,484)	484,782
Change In Priest Other Postretirement Employee Benefits Liability	(486,179)	(1,073,128)
Supplies and Other Miscellaneous Expenses	483,561	416,528
Property Costs for Programs	465,897	415,316
Total Program and Auxiliary Program and Services Expenses	34,186,107	36,060,943
 MANAGEMENT AND ADMINISTRATIVE EXPENSES		
Salary and Benefits Expense	3,909,937	3,611,862
Professional Services and Legal Fees	824,018	846,766
Travel and Meetings	131,377	86,579
Workshops and Conferences Given	17,322	8,258
Technology Support and Software Expense	421,144	403,631
Contributions, Grants, and Donations	56,825	332,687
Virginia Catholic Conference and USCCB Dues	406,632	380,866
Supplies and Other Miscellaneous Expenses	275,337	244,962
Insurance Premiums and Claims	43,013	85,900
Property Costs	434,904	413,508
Depreciation Expense	534,015	833,655
Interest Expense	587,337	407,641
Loss on Uncollectible Pledges	283,356	355,851
Total Management and Administrative Expenses	7,925,217	8,012,166
 FUNDRAISING EXPENSES		
Salary and Benefits Expense	1,044,306	962,630
Professional Services and Legal Fees	1,160,204	673,541
Travel and Meetings	183,803	93,640
Technology Support and Software Expense	79,378	42,064
Supplies and Other Miscellaneous Expenses	294,318	278,960
Contributions, Grants, and Donations	17,090	139,060
Total Fundraising Expenses	2,779,099	2,189,895
 TOTAL EXPENSES	\$ 44,890,423	\$ 46,263,004

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 13,796,746	\$ (5,875,876)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	534,015	833,655
Loss on Uncollectible Pledges	283,356	355,851
(Gain) Loss on Property Sales	82,867	(988,237)
Gain on Interest Rate Swap	(287,396)	(763,712)
Net Realized and Unrealized (Gain) Loss on Investments	(6,770,203)	11,977,712
Net Realized and Unrealized (Gain) Loss on Beneficial Interest in Perpetual Trust	(22,726)	169,109
Property and Land Converted to Inventory	688,688	23,256
Change in Priest Pension Liability	(4,553,484)	484,782
Change in Priest Other Postretirement Employee Benefits Liability	(486,179)	(1,073,128)
Change in Operating Assets and Liabilities:		
Increase in:		
Accounts and Pledges Receivable	(501,981)	(2,050,094)
Notes Receivable	-	(6,809,691)
Prepaid Expenses and Other Current Assets	(1,670,955)	(206,564)
Operating Lease Asset	40,794	-
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	579,821	(613,002)
Parish Share Liability	(424,592)	651,410
Other Liabilities	246,040	(12,505)
Collections Payable	(25,358)	118,733
Insurance Claims Reserve	422,943	(175,200)
Net Cash Provided (Used) by Operating Activities	1,932,396	(3,953,501)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Building and Equipment	(2,495,522)	(1,078,670)
Proceeds on Sale of Fixed Assets	52,274	10,434,123
Purchase of Investments	(5,010,602)	(8,767,581)
Proceeds from Sale of Investments	6,419,419	7,324,486
Net Cash Provided (Used) by Investing Activities	(1,034,431)	7,912,358
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	560,000	-
Payments on Notes Payable	(1,436,291)	(3,911,088)
Principal Payments on Finance Lease Obligations	(22,938)	(28,642)
Net Cash Used by Financing Activities	(899,229)	(3,939,730)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,264)	19,127
Cash and Cash Equivalents - Beginning of Year	901,190	882,063
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 899,926	\$ 901,190
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 562,642	\$ 405,240
Purchase of Land, Buildings, and Equipment Included in Accounts Payable	\$ 30,271	\$ 98,985
Equipment Received in Exchange for Operating Lease	\$ 114,183	\$ -
Sale of Cristo Rey through Issuance of Note Receivable	\$ -	\$ 6,809,691

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Catholic Diocese of Richmond (the Diocese) is the geographic area of the Roman Catholic Church defined by the boundaries of the Commonwealth of Virginia except for 21 counties of the northern tier of Virginia, including the Northern Neck. The Administrative Offices of the Catholic Diocese of Richmond (the Administrative Offices) reported in these financial statements includes the Office of the Bishop, his staff, programs, and other services and support offered at the Diocesan level as well as the retreat center and cemeteries operated by the Diocese.

These statements exclude the financial position and transactions of the parishes and missions, schools, parish operated cemeteries, individual campus ministries, day care centers, homes for the elderly, the Diocese of Richmond Housing Corporation, the Catholic Community Foundation, military chaplains and installations, monasteries, convents and residences of priests, brothers and sisters, the McMahon-Parater Scholarship Foundation, Commonwealth Catholic Charities, Catholic Charities of Eastern Virginia and the Virginia Catholic Conference. These organizations may or may not be separate corporations under civil law; however, each is an operating entity distinct from the Administrative Offices and maintains separate accounts and carries on its own services and programs. In the event of the dissolution of one of these entities, the Administrative Offices may or may not be the beneficiary of remaining net assets at the discretion of the Bishop.

All real property of the Diocese is titled in the name of the Bishop of Richmond and his successors in office as a corporation sole under the laws of the Commonwealth of Virginia. For financial accounting, only the operating properties of the Administrative Offices are reported as assets in the Administrative Offices' financial statements. The land, buildings, and equipment at the parishes and missions, schools, rectories, and the like are not included.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. As such, revenues are recognized when earned and expenses are recognized when the underlying obligations are incurred.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent asset and liabilities, and the reported revenues and expenses. Future events and circumstances could alter those estimates.

Income Tax Status

The Administrative Offices is exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as other than a private foundation under Section 509(a)(1).

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

The Administrative Offices believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Administrative Offices considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Short-Term Investments

Short-term investments are composed of money market and other short-term investments, which are recorded at cost.

Accounts Receivable

Under Canon Law, the Administrative Offices is required to collect all assessments made to its parishes.

Pledges Receivable

Unconditional promises to give are recorded as receivables and revenue when received and allowances are provided for amounts estimated to be uncollectible.

Investments

Investments are composed of debt and equity securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected in the statements of activities.

Fair Value Hierarchy

The Administrative Offices has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Administrative Offices has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Land, Buildings, and Equipment

Operating property consisting of land, buildings, and equipment is stated at cost or at the fair market value on the date of gift or acquisition. Items greater than \$5,000 are capitalized. Depreciation is recorded based on estimated useful lives using the straight-line method. Buildings are depreciated over estimated lives of 15 to 70 years and equipment and furnishings over five years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Net Assets

For financial statement purposes, net assets consist of the following:

Net Assets Without Donor Restrictions – Net assets that are those currently available at the discretion of the Administrative Offices for use in operations. This includes net assets designated by management for specific purposes, such as the priests' auto fund, insurance funds, tuition assistance, cemetery income, priest retirement, investments operating as endowments, and invested in property, plant, and equipment.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets that are stipulated by donors for specific operating purposes, for the acquisition of property or equipment, or to be maintained permanently, the income from which is expendable in accordance with the conditions of each specific donation. When a donor restriction expires, the net assets are reclassified to net assets without restriction and reported in the statement of activities as net assets released from restrictions. Restricted revenue whose restrictions are met in the same year is reflected as revenue without donor restrictions.

Revenue

Major sources of revenue include Cathedraticum (a tax on parish income), a Parish Sharing Assessment to benefit Catholic Schools, the Annual Diocesan Appeal, the Living Our Mission Campaign, the Learn to Lead Campaign, contributions from affiliated elderly housing facilities, income on investments and trust funds, insurance assessments to the parishes of the Diocese, and various other grants and contributions.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Administrative Offices. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Administrative Offices does not believe they are required to provide additional goods or services to the client. The following revenue streams are recognized over time, within the fiscal year, as the underlying services are rendered: Diocesan Assessments, Insurance Assessments, and Tuition Assistance Assessments. Cemetery Income is recognized at a point in time – specifically at point of sale and as services are rendered. Program and Fee Revenue is recognized at both a point in time and over time depending on the underlying nature of the revenue producing activity.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.

Expenditures

Program expenses are separated into various categories. Office of Bishop and Vicars includes the offices of the Bishop, Vicar General, and Vicar for Clergy. Pastoral ministries include priest support, seminarian support, continuing education for religious personnel, and retreat center, as well as the offices of Vocations, Tribunal, Chancellor, Diaconate, Worship, Ecumenical Officer, and the Executive Director of the Diocese of Richmond Housing Corporation. Social and cultural ministries include the offices of Social Ministries, Ethnic Ministries, Black Catholics, and the Fuel and Hunger and Home Missions Programs. Catholic education ministries include the offices of Catholic Schools and Christian Formation along with all related programs and conferences. Evangelization includes Campus field operations, Youth programs and events, Young Adult programs and events, Marriage and Family programs and events, and Campus programs and events. Communications includes the Office of Communications and the Catholic Virginian. Administrative and financial services include the offices of Finance, Information Technology, Human Resources, Development, Facilities Management, Copy Services, Archives, Payroll Processing, and other general administrative expenses such as regional dues, national dues, legal and professional fees, depreciation, and interest expense.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Insurance Fund

The Diocese, and thus the Administrative Offices, participates in a self-insurance plan related to employee insurance whereby certain risks and liabilities are assumed by participating entities. This plan covers health, dental, vision, disability, life insurance, and other supplemental insurance for both lay employees and priests of the Administrative Offices, the parishes, and the Diocese of Richmond Catholic schools within the confines of the Diocese. Premium rates are set by the Administrative Offices with the assistance of USI Consulting using rates provided by the health insurance providers.

Claims are paid to the contracted insurance providers as they are incurred by the insured participants. Based on calculations provided by USI Consulting, the Administrative Offices records a provision for claims that have been incurred but not yet reported by the insured. As of June 30, 2023 and 2022, the reserve for incurred but not reported claims was \$1,446,013 and \$1,370,365, respectively.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions received in the current fiscal year that are donor restricted are reported as increases in net assets without donor restrictions if the restrictions also expire (when a stipulated time restriction ends or purpose restriction is accomplished) within the current fiscal year.

Uniform Prudent Management of Institutional Funds Act

During 2008, the Commonwealth of Virginia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In August 2008, the Financial Accounting Standards Board issued FSP FAS 117-1 which provides guidance on the classification of endowment fund net assets for states that have enacted versions of UPMIFA. Under UPMIFA, all unappropriated endowment fund assets are considered restricted.

Living Our Mission

In 2014, the Administrative Offices began a capital campaign called Living Our Mission (LOM). Contributions are recognized when the donor makes a promise to give to the LOM fund. Contributions are restricted based on the solicitation materials given to parishes during the campaign. If the donor further restricts a contribution, the amount is recorded in the net assets with donor restrictions account designated by the donor.

The Administrative Offices uses the allowance method to determine uncollectible pledges receivable. The allowance is based on a conservative estimate of the overall pledge balance.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Living Our Mission (Continued)

Management estimates that \$135,548 and \$809,957 of the pledges are uncollectible as of June 30, 2023 and 2022, respectively. The loss on uncollectible pledges as a result of this estimate is presented under the donor restricted category in relation to the designation of the pledge made by the donor.

Functional Expenses

The costs of conducting the various programs and functions and the related supporting services have been summarized on a functional basis in the statements of activities. Salary and benefit expenses are allocated between program, fundraising, and administrative expenses based on the time spent by each employee in these categories. As costs are incurred, they are charged to a cost center that determines whether the expense is program, administrative, or fundraising in nature. No additional allocation of expenses occurs.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Administrative Offices adopted the requirement of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, with certain practical expedients available. The standard did not have a material impact on the statement of financial position, statement of activities, or statement of cash flows.

The Administrative Offices determines if an arrangement is a lease at inception. Operating leases are reported on the statement of financial position as an ROU asset (included in Land, Buildings, and Equipment, Less Accumulated Depreciation) and lease liability. ROU assets represent the Administrative Office's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Administrative Offices uses a risk-free rate based on the information available at the lease commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Administrative Offices will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Administrative Offices has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Administrative Offices has evaluated events and transactions for potential recognition or disclosure through REPORT DATE, the date the financial statements were available for issuance.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 2 CONCENTRATION OF CREDIT AND MARKET RISK

The Administrative Offices maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Administrative Offices also invests in a variety of investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the financial statements.

NOTE 3 INVESTMENTS

Investments are stated at their readily determinable fair value and are summarized as follows as of June 30:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Equity Method Investments	\$ 5,012,356	\$ 4,055,159	\$ 4,886,816	\$ 3,932,511
Short-Term Investments	1,969,543	1,945,681	4,445,457	4,430,680
Catholic Community Foundation	48,709,117	73,485,763	47,159,803	65,748,262
Total Investments	\$ 55,691,016	\$ 79,486,603	\$ 56,492,076	\$ 74,111,453

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 INVESTMENTS (CONTINUED)

Many of the Administrative Offices' investments are held in the Catholic Community Foundation pooled investment fund, which is an investment fund open to all entities within the Diocese.

The investments of the Catholic Community Foundation pooled investment fund consisted of the following at June 30:

	2023		2022	
	Fair Value	Percent	Fair Value	Percent
Cash Equivalents	\$ 8,992,452	4.25%	\$ 10,554,106	5.62%
U.S. Government	25,148,028	11.89%	23,186,964	12.35%
Corporate Obligations	10,944,035	5.17%	12,499,421	6.66%
Equity Securities:				
Energy	6,979,988	3.30%	6,138,386	3.27%
Materials	7,112,921	3.36%	6,168,069	3.28%
Industrials	18,733,024	8.86%	14,005,744	7.46%
Consumer Discretionary	18,083,627	8.55%	14,720,420	7.84%
Consumer Staples	10,180,086	4.81%	9,041,105	4.81%
Health Care	18,286,574	8.64%	16,666,525	8.88%
Financials	27,464,084	12.98%	23,652,770	12.60%
Information Technology	32,361,399	15.30%	26,604,326	14.17%
Communications Services	10,000,484	4.73%	8,892,350	4.74%
Utilities	4,333,043	2.05%	4,137,822	2.20%
Preferred Equity Securities	48,883	0.02%	45,688	0.02%
Total Equity Securities	<u>153,584,113</u>	<u>72.60%</u>	<u>130,073,205</u>	<u>69.27%</u>
Preferred Securities	1	0.00%	4,519	0.01%
Mutual Funds:				
Equity	<u>12,873,533</u>	<u>6.09%</u>	<u>11,435,290</u>	<u>6.09%</u>
Total	<u>\$ 211,542,162</u>	<u>100.00%</u>	<u>\$ 187,753,505</u>	<u>100.00%</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	<u>\$ 756,258</u>	<u>\$ 699,112</u>	<u>\$ 1,455,370</u>
Realized Gain	\$ 210,843	\$ 383,148	\$ 593,991
Unrealized Gain	2,697,487	3,766,121	6,463,608
Total	<u>\$ 2,908,330</u>	<u>\$ 4,149,269</u>	<u>\$ 7,057,599</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	\$ 528,146	\$ 614,391	\$ 1,142,537
Realized Gain	\$ 402,175	\$ 709,429	\$ 1,111,604
Unrealized Loss	(4,052,342)	(7,161,658)	(11,214,000)
Total	<u>\$ (3,650,167)</u>	<u>\$ (6,452,229)</u>	<u>\$ (10,102,396)</u>

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of June 30 by level within the fair value hierarchy:

	2023			
	Level 1	Level 2	Level 3	Total
Equity-Method Investments	\$ -	\$ -	\$ 4,055,159	\$ 4,055,159
Other Investments - Catholic Community Foundation	-	-	73,485,763	73,485,763
Beneficial Interest in Perpetual Trusts	-	-	609,218	609,218
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,150,140</u>	<u>\$ 78,150,140</u>

	2022			
	Level 1	Level 2	Level 3	Total
Equity-Method Investments	\$ -	\$ -	\$ 3,932,511	\$ 3,932,511
Other Investments - Catholic Community Foundation	-	-	65,748,262	65,748,262
Beneficial Interest in Perpetual Trusts	-	-	600,256	600,256
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,281,029</u>	<u>\$ 70,281,029</u>

The following table outlines the valuation techniques and unobservable inputs for all assets categorized as Level 3 within the fair value hierarchy:

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2023	2022		
Catholic Umbrella Pool	\$ 915,860	\$ 743,962	Pro Rata Share of Contributions	Value of Underlying Assets
Catholic School Properties LLC	\$ 2,919,026	\$ 2,936,586	Investment in Entity	Time Period of Agreement
National Catholic Risk Retention	\$ 220,273	\$ 251,963	Net Asset Value	Value of Underlying Assets
Beneficial Interest in Perpetual Trusts	\$ 609,218	\$ 600,256	FMV of Trust Investments	Time Period of Trust
Catholic Community Foundation Holdings	\$ 73,485,763	\$ 65,748,262	Net Asset Value	Value of Underlying Assets

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 INVESTMENTS (CONTINUED)

The following table displays the purchases and distributions for all assets categorized as Level 3 within the fair value hierarchy:

2023	Catholic Umbrella Pool	Catholic School Properties LLC	National Catholic Risk Retention Group	Beneficial Interest in Perpetual Trusts	Catholic Community Foundation Holdings
Purchases	\$ 143,100	\$ -	\$ -	\$ -	\$ 1,447,498
Distributions	-	(105,378)	-	(22,550)	(211,172)
<hr/>					
2022					
Purchases	\$ 134,637	\$ -	\$ -	\$ -	\$ 411,542
Distributions	-	(87,871)	-	(18,112)	(203,680)

Catholic Umbrella Pool is a nonprofit corporation formed by member dioceses in collaboration with Catholic Mutual. Catholic Umbrella Pool provides self-insurance programs for the benefit and education of its members and the Church. The board of trustees of the Catholic Umbrella Pool have determined that unrealized gains and losses shall be recognized in valuing Catholic Umbrella Pool surplus for each year and that such gain or loss be allocated among participants in a given participant year.

National Catholic Risk Retention Group issues two classes of capital stock, Class A and Class B. Each shareholder owns only one share of Class A stock, and the appropriate number of nonvoting Class B shares to provide ownership interest in proportion to the amount of capital contributed and the amount of premiums paid by each insured. National Catholic Risk Retention Group currently calculates book value per share as total shareholders' equity less Class A shares at par, divided by the total number of Class B shares outstanding. Additionally, effective on September 1, 2007, each new shareholder is required to contribute the greater of 10% of its first year premium or the amount necessary to purchase one full Class A and one full Class B share.

Catholic School Properties LLC is an entity formed for the purpose of providing the capital to construct a permanent home for St. John Neumann Academy. During the year ended June 30, 2017, the Administrative Offices invested \$2.8 million in Catholic School Properties LLC, which resulted in 280,000 in Class A Shares of membership in the entity. As Class A shareholders, the Administrative Offices is entitled to an annual 3% dividend and after 10 years the shares will be repurchased in full.

The Catholic Community Foundation of the Catholic Diocese of Richmond was established in 2014 to build a dynamic force of Catholic philanthropy in the Catholic Diocese of Richmond. Investors use the Catholic Community Foundation to invest endowments and other funds to support their mission. Investments held by the Catholic Community Foundation are composed of debt and equity securities that are managed by various investment managers exclusively for the Foundation. Investment income, realized and unrealized gains and losses, and investment costs are allocated monthly to the individual funds based on the calculated net asset value of the total market value of the investment pool as adjusted for additions to or distributions from those funds.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 INVESTMENTS (CONTINUED)

The Catholic Community Foundation recommends that investors adhere to their board approved spending policy to ensure perpetuity of those investments; however, this is not a requirement and investors can withdraw any amount of their investment upon request.

The estimated fair value of derivative assets and liabilities measured using Level 2 inputs, at June 30 are:

	2023		2022	
	Notional Amount	Fair Value Asset	Notional Amount	Fair Value Asset
Interest Rate Swap Agreement, 3/11/20	\$ 2,236,193	\$ 235,511	\$ 2,539,066	\$ 186,832
Interest Rate Swap Agreement, 6/19/20	5,019,917	473,472	5,225,884	234,755
Total	<u>\$ 7,256,110</u>	<u>\$ 708,983</u>	<u>\$ 7,764,950</u>	<u>\$ 421,587</u>

NOTE 4 CHARITABLE REMAINDER TRUST

The Administrative Offices are the sole beneficiary of two charitable remainder trusts. The trust assets are currently held by the trustee and are restricted by the donor. The trusts are carried at fair value, which the Administrative Offices has estimated based upon the current fair value of the investments within the charitable remainder trust. At June 30, 2023 and 2022, the charitable remainder trusts had a value of \$609,218 and \$600,256, respectively, which is reported in the statements of financial position as Beneficial Interest in Perpetual Trust. Changes in the fair value of the trust have been reported with other income in the statements of activities.

NOTE 5 LAND, BUILDINGS, AND EQUIPMENT

Operating property consists of the following at June 30:

	2023	2022
Land and Building	\$ 25,216,165	\$ 23,884,277
Equipment	2,252,668	1,928,944
Right of Use Asset	221,683	213,882
Subtotal	<u>27,690,516</u>	<u>26,027,103</u>
Less: Accumulated Depreciation	(15,892,412)	(15,447,303)
Less: Accumulated Amortization on Right of Use Asset	(119,116)	-
Total	<u>\$ 11,678,988</u>	<u>\$ 10,579,800</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 ANNUAL DIOCESAN APPEAL

Annually, a direct appeal for support is made to the parishioners in the Diocese. Contributions received are restricted based on the case presented to donors as set by the Bishop of Richmond for the benefit of Diocesan organizations and groups.

A summary of the appeal's financial transactions is as follows for the years ended June 30:

	2023	2022
Contributions Received, Net	\$ 4,503,756	\$ 4,955,814
Less Contributions, Parish Share, and Expenses Paid	(4,880,175)	(4,720,258)
Net Increase/(Decrease)	(376,419)	235,556
Balance, Beginning of Year	4,171,716	3,936,160
Balance, End of Year	\$ 3,795,297	\$ 4,171,716

The balance is included in net assets with donor restrictions.

The amounts of pledges received which are allocated to parishes are based on the annual case established for the campaign. A separate liability, Parish Share Liability, is recorded on the statement of financial position for those amounts pledged that are unpaid to the parishes as of year-end.

As pledge payments are collected, payments are made to the parishes on a quarterly basis. As of June 30, 2023 and 2022, this liability was \$968,459 and \$1,220,371, respectively, and is reported as a component of the Parish Share Liability on the statements of financial position.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 LIVING OUR MISSION CAMPAIGN

In 2014, the Administrative Offices began a capital campaign called Living Our Mission (LOM). Contributions are restricted based on the solicitation materials given to parishes during the campaign.

A summary of the campaign's financial transactions is as follows for the years ended June 30:

	2023	2022
Contributions Pledged, Net	\$ 25,351	\$ 48,389
Loss on Uncollectible Pledges	(242,215)	-
Parish Share Portion	82,084	(45,476)
Interfund Transfers to Case Elements:		
Diocesan Capital Fund	(15,346)	(2,868)
Distance Learning and Ministry Training Network	(7,673)	(1,974)
Priest Pension, Healthcare, and Long-Term Care Fund	-	10,189
New Evangelization Ministry Fund	(7,673)	(1,813)
Contributions to Case Elements:		
Youth, Young Adult, and Campus		
Ministry Endowment	(19,182)	1,763
McMahon Parater Foundation for Education	200,000	(10,900)
Seminarian Education and Advanced		
Education Endowment	-	(4,061)
Social Ministry Outreach and Mission Parish		
Endowment	(15,346)	6,747
Administrative Expenses	(13,107)	(28,895)
Net Change	(13,107)	(28,899)
Balance, Beginning of Year	46,102	75,001
Balance, Ending of Year	\$ 32,995	\$ 46,102

The balance is included in net assets with donor restrictions.

The amounts of pledges received which are allocated to parishes are based on the annual case established for the campaign. A separate liability, Parish Share Liability, is recorded on the statement of financial position for those amounts pledged that are unpaid to the parishes as of year-end. As pledge payments are collected, payments are made to the parishes on a quarterly basis. As of June 30, 2023 and 2022, this liability was \$162,339 and \$335,019, respectively, and is reported as a component of the Parish Share Liability on the statements of financial position.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give for the Administrative Offices. Pledges are reflected at the present value of estimated future cash flows using a discount rate of 2.5% for the years ended June 30, 2023 and 2022, and consist of the following:

	<u>2023</u>	<u>2022</u>
Living Our Mission Pledges Due in Less Than One Year	\$ 42,847	\$ 1,218,442
Living Our Mission Pledges Due in One to Five Years	156,427	72,102
Living Our Mission Pledges Due in More than Five Years	105,977	39,736
Subtotal	<u>305,251</u>	<u>1,330,280</u>
Less: Discount on Pledges Receivable	(11,098)	(4,105)
Less: Allowance for Doubtful Accounts	(135,548)	(809,957)
Total Living Our Mission Pledges Receivable	<u>158,605</u>	<u>516,218</u>
Learn to Lead Pledges Due in Less Than One Year	1,424,574	668,500
Learn to Lead Pledges Due in One to Five Years	2,249,652	2,794,292
Learn to Lead Pledges Due in More than Five Years	-	100,000
Subtotal	<u>3,674,226</u>	<u>3,562,792</u>
Less: Discount on Pledges Receivable	(110,079)	(171,699)
Less: Allowance for Doubtful Accounts	(459,278)	(445,349)
Total Learn to Lead Pledges Receivable	<u>3,104,869</u>	<u>2,945,744</u>
Annual Diocese Appeal Pledges Due in Less than One Year	162,396	505,352
Less: Allowance on Pledges Receivable	(15,810)	(40,527)
Total Annual Diocesan Appeal Pledges Receivable	<u>146,586</u>	<u>464,825</u>
Total Pledges Receivable	<u>\$ 3,410,060</u>	<u>\$ 3,926,787</u>

NOTE 9 NOTES PAYABLE

The Administrative Offices has entered into a line of credit with a commercial bank totaling \$120,000,000 for both the years ended June 30, 2023 and 2022. This unsecured line of credit requires renewal on an annual basis and is available for use by the Administrative Offices as well as parishes, Catholic schools, and other affiliated entities within the Diocese.

At June 30, 2023, the Administrative Offices recognized \$14,341,351 of borrowings under the line of credit of a total available limit of \$32,278,965. As of June 30, 2022, the Administrative Offices recognized \$15,217,642 of borrowings under this line of credit of a total available limit of \$32,205,317. Interest, which is based on 30-day SOFR plus 95 basis points, is adjusted monthly and payable on a monthly basis.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 NOTES PAYABLE (CONTINUED)

As described further in Note 15, additional borrowings under the line of credit of \$58,697,671 and \$62,489,563 at June 30, 2023 and 2022, respectively, by parishes and other Diocesan organizations have been endorsed by the Bishop and his successors in office. As of June 30, 2023 and 2022, respectively, the line of credit has an unfunded commitment of \$21,455,510 and \$23,683,786. As of June 30, 2023 and 2022, respectively, the remaining amount of uncommitted line of credit available is \$25,505,468 and \$18,609,009.

The line of credit is classified as a current liability due to the associated renewal requirements.

NOTE 10 PENSION PLANS

Pension Plan – Lay Employees

The Diocese has a noncontributory defined benefit pension plan which covers eligible lay employees within the Diocese. The plan provides benefits based on a formula which considers the lay employees' annual compensation and period of service. All full-time lay employees of the Diocese become participants on their date of employment, provided they have not exceeded age 65, and become fully vested at the end of five years.

The lay employees' plan is administered by the Administrative Offices but is considered a multi-employer plan. Information as to vested and nonvested benefits, as well as plan assets and unfunded liabilities, related solely to the Administrative Offices is not readily determinable. In accordance with FASB Accounting Standards Codification (ASC) Paragraph 715-30-55-63, the Administrative Offices accounts for its participation in the plan as a multiemployer plan. The plan covers employees from other diocesan organizations, such as parishes and schools, which as noted in Note 1, are not combined with the Administrative Offices for financial reporting purposes. Annual premiums are actuarially calculated based on eligible participant salaries (7% for the years ended June 30, 2023 and 2022), and are used toward the annual funding of the plan. The cost of the plan for the Administrative Office and charged to expense was \$528,143 and \$487,973 for the years ended June 30, 2023 and 2022, respectively. The plan is not subject to ERISA funding requirements.

The funding status and total contributions for the plan are disclosed in the supplemental disclosures in these financial statements. The Diocese's contribution to the Lay Pension Plan is a percentage of qualified salaries. The Diocese's contributions to the Lay Pension Plan were \$4,845,124 and \$4,599,018 for the years ended December 31, 2022 and 2021, respectively.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 PENSION PLANS (CONTINUED)

Pension Plan – Priests

The Diocese also has a noncontributory defined benefit plan which covers diocesan priests incardinated in the Diocese and provides a standard annual benefit once a priest meets the retirement age of 70. For the years ended June 30, 2023 and 2022, the annual retiree benefit was \$31,200. As required by GAAP, the full funding status of the defined benefit pension plan, as of the statement of financial position date, has been recognized as an asset (overfunded plan) or as a liability (underfunded plan). The pension benefit obligation for retired priests has been actuarially determined.

The following amounts relate to the diocesan priests' defined benefit pension plan:

	2023	2022
Change in Benefit Obligation:		
Accumulated Benefit Obligation at Beginning of Year	\$ 25,183,951	\$ 28,981,758
Service Cost	522,795	715,093
Interest Cost	1,094,381	788,771
Plan Amendment	-	1,000,510
Actuarial Loss (Gain)	(2,870,169)	(4,716,382)
Benefits Paid	(1,633,799)	(1,585,799)
Accumulated Benefit Obligation at End of Year	22,297,159	25,183,951
Change in Plan Assets:		
Fair Value of Plan Assets at Beginning of Year	22,459,858	26,742,447
Return on Plan Assets	2,733,359	(3,392,255)
Employer Contributions	567,132	695,465
Benefits Paid	(1,633,799)	(1,585,799)
Fair Value of Plan Assets at End of Year	24,126,550	22,459,858
Net Priest Pension Liability (Asset)	\$ (1,829,391)	\$ 2,724,093
	2023	2022
Discount Rate on the Benefit Obligation	4.90%	4.50%
Rate of Expected Return on Plan Assets	6.50%	6.50%

The obligation decreased by \$4.6 million between June 30, 2022, and June 30, 2023. The benefit obligation decreased by \$2.9 million between June 30, 2022, and June 30, 2023, due to numerous factors including:

1. The discount rate increased 40 basis points from 4.50% to 4.90%. This decreased the benefit obligation by \$0.9 million.
2. The actuaries incorporated new census data into their valuation. This decreased the benefit obligation by \$2 million. This gain comes mostly from mortality experience.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 PENSION PLANS (CONTINUED)

Pension Plan – Priests (Continued)

The Administrative Offices measure fair value of the plan’s assets using a three-level hierarchy based upon observable inputs.

Fair values of the plan’s assets, all of which are classified as Level 1 investments as of June 30, 2023 and 2022, are as follows:

	2023	2022
Cash Equivalents	\$ 40,115	\$ 53,841
Short-Term Investments	860,820	707,526
Domestic Bonds	1,344,586	1,521,882
U.S. Government and Agency Bonds	3,064,786	2,834,616
Equity Securities:		
Energy	531,371	519,126
Materials	426,185	403,757
Industrials	1,555,307	1,239,974
Consumer Discretionary	1,515,336	1,363,655
Consumer Staples	791,001	772,516
Health Care	1,541,482	1,537,337
Financials	1,628,180	1,436,509
Information Technology	3,027,258	2,767,226
Communication Services	880,586	847,580
Utilities	352,408	393,275
Foreign	4,455,152	4,132,385
Real Estate Investment Trusts	502,417	536,773
Preferred Securities	4,810	514
Mutual Funds - Alternative Funds	1,604,750	1,391,366
Total	<u>\$ 24,126,550</u>	<u>\$ 22,459,858</u>

The Administrative Office’s overall strategy is to invest in high-grade securities and other assets with a minimum risk of market value fluctuation. In general, the Administrative Office’s goal is to maintain the following allocation target:

Equity Securities	72.5%
Fixed Income Securities	21.5%
Alternatives	5.0%
Cash	1.0%

The Administrative Office expects to contribute approximately \$416,166 to the plan in fiscal year 2024. This contribution will be funded by collecting \$5,500 per active priest from the parishes.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 PENSION PLANS (CONTINUED)

Pension Plan – Priests (Continued)

Benefits expected to be paid by the plan during the ensuing five years and five years thereafter are approximately as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 1,678,000
2025	1,742,000
2026	1,747,000
2027	1,743,000
2028	1,741,000
2029 and Thereafter	8,649,000

NOTE 11 POSTRETIREMENT BENEFITS

The Administrative Offices sponsors a postretirement health insurance plan for retired priests. The Administrative Offices purchases a Medicare Advantage plan insurance policy for retired priests. The plan is noncontributory for diocesan priests. The plan is funded on a cash basis as benefits are paid. The postretirement obligation for priest retirees has been actuarially determined. The Administrative Offices has taken several steps to fund this liability. During fiscal year 2016, the Future Retired Priest Health Insurance Assessment was established, and each parish pays an assessment per priest per year to fund this liability. For the years ended June 30, 2023 and 2022, the assessment was \$5,850 and \$5,200 per priest, respectively. In addition, \$1.2 million in contributions from the case for Priest Pension, Healthcare, and Long-Term Care in the Living Our Mission Campaign have been restricted for the postretirement health insurance plan. While these assets are segregated to provide postretirement benefits for priests, they are not held in trust and have not been netted against the related liabilities.

The following amounts relate to the postretirement health obligation:

	<u>2023</u>	<u>2022</u>
Change in Benefit Obligation:		
Accumulated Benefit Obligation at Beginning of Year	\$ 7,124,991	\$ 8,198,119
Service Cost	207,755	269,744
Interest Cost	314,023	215,355
Actuarial Loss (Gain)	(800,661)	(1,354,001)
Benefits Paid	(207,296)	(204,226)
Accumulated Benefit Obligation at End of Year	<u>6,638,812</u>	<u>7,124,991</u>
Change in Plan Assets:		
Fair Value of Plan Assets at Beginning of Year	-	-
Employer Contributions	207,296	204,226
Benefits Paid	(207,296)	(204,226)
Fair Value of Plan Assets at End of Year	<u>-</u>	<u>-</u>
Net Priest Other Postretirement Employee Benefits Liability	<u>\$ 6,638,812</u>	<u>\$ 7,124,991</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 POSTRETIREMENT BENEFITS (CONTINUED)

The obligation decreased by approximately \$0.5 million between June 30, 2022 and June 30, 2023, due to numerous factors including:

1. The plan's health care costs increased less than assumed, producing an experience gain which decreased the benefit obligation by \$0.3 million.
2. The discount rate increased from 4.50% to 4.89%. This decreased the benefit obligation by \$0.4 million.
3. Changes in the plan census produced an experience gain which decreased the benefit obligation by \$0.1 million. This gain is due to demographic changes during the year that differed from assumed.
4. The remaining \$0.3 million increase in the unfunded obligation is the result of benefits paid, service cost, and interest cost resulting from the passage of time.

Assumptions used to determine the year-end benefit obligation are as follows:

	2023	2022
Discount Rate on the Benefit Obligation	4.89%	4.50%

The Administrative Offices expects to contribute \$301,436 to the plan in fiscal year 2024. Additionally, the Administrative Offices intends to collect \$6,000 per active priest during fiscal year 2024 to contribute to the related investment account. These funds will not be netted against the obligation until a trust is established for this purpose.

Benefits expected to be paid by the plan during the ensuing five years and five years thereafter are approximately as follows:

Year Ending June 30,	Amount
2024	\$ 301,436
2025	325,160
2026	347,160
2027	360,101
2028	382,451
2029 and Thereafter	2,140,593

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
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JUNE 30, 2023 AND 2022

NOTE 12 NET ASSETS WITH RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specific Purpose:		
Retired Priest Health Insurance Fund	\$ 6,632,426	\$ 5,547,984
Vocations	3,603,562	3,442,068
Bishop's Education Fund	3,590,226	3,353,051
Priest Long-Term Care Fund	3,397,993	2,858,143
Diocesan Capital Fund	3,293,857	2,922,889
New Evangelization Ministry Fund	1,634,623	1,452,365
Priest Support	875,753	993,078
Office of Christian Formation	857,440	875,524
Office for Evangelization	786,969	857,449
Learn to Lead Campaign	736,228	1,899,202
Fuel & Hunger Fund	676,960	504,500
Cemeteries	390,723	293,898
Haiti Ministry	277,879	248,377
Black Catholics and Ethnic Ministries	275,533	248,942
Diocesan Home Missions	218,913	145,459
Office of Social Ministries	142,203	165,818
Segura Initiative	135,931	159,430
Distance Learning and Ministry Training Network	132,824	168,309
Respect Life Fund	130,681	279,193
Reengaging with the Eucharist	130,400	100,000
Saint Francis Home	100,000	100,000
Other Annual Diocesan Appeal Case Items	84,863	359,125
Living Our Mission Campaign	32,995	46,102
General Administration and Other Miscellaneous Restrictions	<u>2,803</u>	<u>1,303</u>
Total	<u>28,141,785</u>	<u>27,022,209</u>
Expendable Income of Investments in Perpetuity:		
Lawler Trust Fund B - Educational Purposes	9,671,877	8,642,378
Lawler Trust Fund C - Missionary Purposes	3,944,010	3,376,267
College Tuition Assistance	284,728	214,755
Haitian Education Fund	26,422	16,087
Seminary Education	<u>20,359</u>	<u>12,383</u>
Total	<u>13,947,396</u>	<u>12,261,870</u>
Total Net Assets With Donor Restriction to be Spent for Specific Purpose	<u>\$ 42,089,181</u>	<u>\$ 39,284,079</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 NET ASSETS WITH RESTRICTIONS (CONTINUED)

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purposes or by the occurrence of other events as specified by donors. Purpose restrictions accomplished during the years ended June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Annual Diocesan Appeal	\$ 4,790,175	\$ 4,640,258
Learn to Lead Campaign	2,435,219	1,677,888
Contributions and Grants	1,183,934	1,447,440
Endowment Fund Income	724,529	1,098,991
Living Our Mission Campaign	(191,291)	222,078
Tuition Assistance	145,334	129,301
Total	<u>\$ 9,087,900</u>	<u>\$ 9,215,956</u>

Net assets with donor restrictions, required to be maintained in perpetuity, are made up of the following funds at June 30:

	<u>2023</u>	<u>2022</u>
Lawler Trust Fund B - Educational Purposes	\$ 3,168,758	\$ 3,168,758
Lawler Trust Fund C - Missionary Purposes	3,168,757	3,168,757
College Tuition Assistance	486,070	486,070
Haitian Education Fund	124,651	119,576
Seminary Education	83,956	83,956
Total	<u>\$ 7,032,192</u>	<u>\$ 7,027,117</u>
Beneficial Interests in Perpetual Trusts:		
Seminary Education	<u>\$ 609,218</u>	<u>\$ 600,256</u>

NOTE 13 INSURANCE COVERAGE

The Diocese, and thus the Administrative Offices, participates in a property, general liability, and workers' compensation self-insurance plan whereby certain risks and liabilities are assumed by participating entities. The plan covers property and liability insurance and workers' compensation. Under the plan the first \$50,000 of each loss and total annual losses up to \$350,000 are self-insured for all claims other than workers' compensation. For workers' compensation, there is a \$150,000 deductible per claim with an annual aggregate of \$1,000,000.

Each entity participating in the self-insurance plan is charged its share of the estimated losses, administrative costs, and excess coverage insurance policy premium.

Based on information provided by Catholic Mutual Group, the Administrative Offices records a reserve for all property and casualty open claims. As of June 30, 2023 and 2022, the loss reserve for open claims was \$484,133 and \$136,838, respectively, and is a component of the Insurance Claims Reserve on the Statements of Financial Position.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 14 ENDOWMENTS

The Administrative Offices endowments consist of eleven individual funds established for the purpose that the principal is to be held indefinitely and income from which is expendable to fund as many sponsorships as possible.

As required by GAAP, net assets associated with endowment funds, including funds (if any) designated by the Bishop of Richmond to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Administrative Offices has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Administrative Offices classifies as net assets with donor restrictions (a) the original value of the gift donated to the endowment, (b) the original value of subsequent gifts (if any) to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) investment return earned on the gift until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with the Act, the Administrative Offices 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 Administrative Offices 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 Administrative Offices
7. The investment policies of the Administrative Offices

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 14 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the years ended June 30 are as follows:

	Without <u>Donor Restriction</u>	With <u>Donor Restriction</u>	<u>Total</u>
Endowment Net Assets - June 30, 2021	9,523,771	22,998,442	32,522,213
Investment Return:			
Investment Income	121,874	311,651	433,525
Net Depreciation	<u>(1,273,686)</u>	<u>(3,107,435)</u>	<u>(4,381,121)</u>
Total Return	(1,151,812)	(2,795,784)	(3,947,596)
Contributions	-	13,871	13,871
Appropriation of Endowment Assets for Expenditure	<u>(379,764)</u>	<u>(927,542)</u>	<u>(1,307,306)</u>
Endowment Net Assets - June 30, 2022	7,992,195	19,288,987	27,281,182
Investment Return:			
Investment Income	133,865	344,920	478,785
Net Appreciation	<u>809,885</u>	<u>1,955,690</u>	<u>2,765,575</u>
Total Return	943,750	2,300,610	3,244,360
Contributions	32,940	5,075	38,015
Transfers in from unrestricted net assets	200,000	-	200,000
Appropriation of Endowment Assets for Expenditure	<u>(58,998)</u>	<u>(615,085)</u>	<u>(674,083)</u>
Endowment Net Assets - June 30, 2023	<u>\$ 9,109,887</u>	<u>\$ 20,979,587</u>	<u>\$ 30,089,474</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Administrative Offices to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2023 and 2022, no endowments had deficiencies.

The Administrative Offices has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for sponsorship 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 Administrative Offices must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a balanced investment portfolio comprised of 72.5% equity securities, 21.5% fixed income securities, 5% alternatives, and 1% cash, while assuming a moderate level of investment risk. The Administrative Offices expects its endowment funds, over time, to provide an average rate of return of approximately 6% to 7% annually. Actual returns in any given year may vary from this amount.

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

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 ENDOWMENTS (CONTINUED)

The Administrative Offices has adopted a policy of appropriating for distribution each year, a percent the Administrative Offices deems prudent, of its endowment fund's fair value through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Administrative Offices considered the long-term expected return on its endowment. Accordingly, over the long term, the Administrative Offices expects the current spending policy to allow its endowment to grow at an average of 2-3% annually. This is consistent with the Administrative Offices' 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.

NOTE 15 CONTINGENT LIABILITIES

Financial Guarantees and Endorsements

Borrowings of \$58,697,671 and \$62,489,563 at June 30, 2023 and 2022, respectively, by parishes and other Diocesan organizations under the line of credit described in Note 9 have been endorsed by the Bishop and his successors in office. At June 30, 2023 and 2022, the Administrative Offices had \$25,505,468 and \$18,609,009, respectively, available under the line of credit.

The total borrowings endorsed by the Bishop and his successors in office includes a letter of credit for the Administrative Offices as required by our payroll vendor. The letter of credit is for \$4 million with the ability for partial draw down requests per the letter of credit agreement. Should dollars be drawn from this letter of credit, a floating interest rate equal to one-month SOFR plus 0.95 with a floor of 2% would be applicable. Interest only payments would be due. There were no draws outstanding on the letter of credit as of June 30, 2023 and 2022.

Also included in the total borrowings are unfunded swap exposure commitments to parishes and other Diocesan organizations of \$6,923,769 at June 30, 2023 and 2022.

The following are some details of the more significant guarantees:

Under a Guaranty Agreement dated June 7, 2012, the Administrative Offices will serve as guarantor of Revenue Bonds (Diocese of Richmond Housing Corporation Project) Series 2012 of \$4,446,000 issued by the Commonwealth of Virginia Small Business Financing Authority, on behalf of the Diocese of Richmond Housing Corporation, a corporation formed to oversee the elderly housing facilities owned by the Diocese. As of June 30, 2023 and 2022, the amount outstanding was \$1,769,552 and \$2,076,816, respectively.

Under the guaranty, upon default of the Diocese of Richmond Housing Corporation, and demand by the Bond Trustee, the Administrative Offices is obligated to pay principal and interest as such become due and all other payments of the Diocese of Richmond Housing Corporation, related to the Series 2012 Bond and all other such payments on the bonds until the note is paid in full.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
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NOTE 15 CONTINGENT LIABILITIES (CONTINUED)

Financial Guarantees and Endorsements (Continued)

Under an Agreement to Commercial Note dated July 16, 2012, the Administrative Offices will serve as guarantor of a Commercial Note to Truist Bank on behalf of the Diocese of Richmond Housing Corporation. Under the guaranty, upon default of the Diocese of Richmond Housing Corporation, the Administrative Offices is obligated to pay principal and interest as such become due until the note is paid in full. The commercial note expired on September 1, 2013 at which time the note was refinanced as a term loan based on a 15-year amortization and term. The Diocese of Richmond Housing Corporation entered into a commercial note for nontax financing for the chapel dated September 16, 2013 with Truist Bank when the July 2012 note expired. The note is a commercial note in the amount of \$320,904 with a maturity date of September 1, 2028. The interest rate is fixed at 4.30%. This note is guaranteed by the Administrative Offices. As of June 30, 2023 and 2022, the amount outstanding was \$136,476 and \$159,142, respectively.

Under an agreement dated August 24, 2012, with Truist Bank, the Administrative Offices will serve as a guarantor of an interest rate swap agreement on behalf of the Diocese of Richmond Housing Corporation. The agreement is related to the Diocese of Richmond Housing Corporation's bonds payable and was entered into to reduce the impact of changes in interest rates on the Diocese of Richmond Housing Corporation's floating rate loan. The effective date of the agreement is September 1, 2013, with a termination date of September 1, 2028. The notional amount of the swap agreement totals \$4,316,000 and effectively changes the Diocese of Richmond Housing Corporation's interest rate exposure for that portion of its floating rate loan to a fixed rate of 2.80%. The Diocese of Richmond Housing Corporation is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreement. However, the Diocese of Richmond Housing Corporation does not anticipate nonperformance by the counterparties.

Under a Guaranty Agreement dated November 18, 2010, the Administrative Offices will serve as guarantor of Residential and Health Care Facility Refunding Revenue Bond (Series 2010) of \$11,805,680 issued by the City of Virginia Beach, Virginia Development Authority, on behalf of Our Lady of Perpetual Help, Inc., a corporation formed to meet the housing needs of the elderly through construction and operation of a residential facility in the City of Virginia Beach, Virginia.

Under the guaranty, upon default of Our Lady of Perpetual Help, Inc., and demand by the Bond Trustee, the Administrative Offices is obligated to pay principal and interest as such become due and all other payments of Our Lady of Perpetual Help, Inc., related to the Series 2010 Bond and all other such payments on the bonds until the note is paid in full.

Litigation and Claims

From time to time, the Administrative Offices may become subject to legal proceedings in the conduct of its operations. The Administrative Office's policy is to accrue the portion of these costs not covered by insurance when it is both probable that a material liability has been incurred and the amount can be reasonably estimated.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 CONTINGENT LIABILITIES (CONTINUED)

Litigation and Claims (Continued)

Currently the Administrative Office is the subject of certain asserted and unasserted claims seeking damages. As of June 30, 2023 and 2022, no accruals had been made.

The Administrative Offices is unable to reasonably estimate the effect of the ultimate resolution of any additional outstanding or unasserted claims but believes such claims will not have a material adverse effect on the financial position of the Administrative Offices.

NOTE 16 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2023 and 2022, the Administrative Offices, at the request of the Bishop of Richmond, contributed \$145,334 and \$129,301, respectively, to the McMahon Parater Scholarship Foundation, a charitable foundation for tuition assistance awards to students, both Catholic and non-Catholic, specifically attending an independent, diocesan, regional or parish Catholic school.

The Administrative Offices also has a receivable from the McMahon Parater Scholarship Foundation in the amount of \$329,222 and \$118,353 for the years ended June 30, 2023 and 2022, respectively for administrative expenses incurred on behalf of the McMahon Parater Scholarship Foundation. Total administrative expenses incurred for the years ended June 30, 2023 and 2022, were \$896,910 and \$476,728, respectively.

During the years ended June 30, 2023 and 2022, the Administrative Offices received a contribution from the Diocese of Richmond Housing Corporation of \$5,375,000 and \$3,597,000, respectively. These funds were utilized by the Bishop of Richmond for the support of retired priests as well as funding portions of the Administrative Offices operational budget.

During the years ended June 30, 2023 and 2022, the Administrative Offices contributed \$290,000 and \$270,000, respectively, to the operations of the Virginia Catholic Conference, an organization owned by the Bishop of Richmond. In accordance with the operating agreement, the Virginia Catholic Conference is operated by a board of managers consisting of the diocesan Bishops of the Catholic Diocese of Richmond and the Catholic Diocese of Arlington.

During the years ended June 30, 2023 and 2022, the Administrative Offices had a payable to the Catholic Community Foundation of \$25,104 and \$222,676, respectively, related to cases included in the Living Our Mission Campaign. In addition, the Administrative Offices incurred administrative expenses on behalf of the Catholic Community Foundation for \$565,176 and \$520,251 for the years ended June 30, 2023 and 2022, respectively.

During the years ended June 30, 2023 and 2022, the Catholic Community Foundation contributed \$288,819 and \$394,671, respectively, to the Administrative Offices to fund programs as specified by donors through restricted endowments held by the Catholic Community Foundation.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 17 COMMITMENTS

The Administrative Offices has entered into several agreements with conference centers and vendors providing for room accommodations and services for its meetings and conferences in the future. Some of these agreements contain clauses whereby the Administrative Offices is liable for liquidated damages in the event of cancellation. At June 30, 2023, the commitment is \$2,205,252.

NOTE 18 INDEPENDENT RECONCILIATION PROGRAM

The Diocese announced the establishment of an Independent Reconciliation Program (IRP) in February 2020 to assist victim survivors who were sexually abused as minors by Clergy. The IRP is part of an ongoing reconciliation process to assist victim survivors on their path toward healing. The IRP was designed and administered by BrownGreer PLC, a nationally recognized firm headquartered in Richmond, Virginia, specializing in claims administration. Claims were submitted directly to BrownGreer PLC, who then evaluated the claims and independently decided the monetary payment amount of each claim. The IRP concluded in October 2020 and paid out \$6,300,000 to claimants during the fiscal year ended June 30, 2021. To fund these claims, the Administrative Offices opened a line of credit within the overall diocesan line of credit described in Note 9. As of June 30, 2023 and 2022, the outstanding line of credit related to the IRP was \$4,037,869 and \$4,937,869, respectively.

NOTE 19 AVAILABLE RESOURCES AND LIQUIDITY

The Administrative Offices regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Administrative Offices has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and lines of credit. See Note 9 for information about the Administrative Office's line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Administrative Offices considers all expenditures related to its ongoing activities as described in Note 1 to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Administrative Offices operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 19 AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

The table below presents financial assets available for general expenditures within one year as of June 30:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 899,926	\$ 901,190
Short-Term Investments	1,945,681	4,430,680
Accounts Receivable	3,959,530	3,224,178
Current Pledges Receivable, Net	1,614,007	1,541,810
Beneficial Interest in Perpetual Trust Investments	609,218	600,256
	<u>77,540,922</u>	<u>69,680,773</u>
Total Financial Assets	86,569,284	80,378,887
Less: Parish Share Liability	(1,130,798)	(1,555,390)
Less Amounts Not Available to be Used Within One Year:		
Investments Designated for Insurance Obligations	(15,107,858)	(13,456,234)
Net Assets With Donor Restrictions	(49,730,591)	(46,911,452)
Net Assets Designated by Board for Programs	270,254	(70,666)
Investments With Board Designations	(1,656,657)	(1,383,761)
Designated Investments Operating as Endowments	(9,109,887)	(7,992,195)
Level 3 Equity Method Investments	(4,055,159)	(3,932,511)
Financial Assets Not Available to be Used Within One Year	<u>(80,520,696)</u>	<u>(75,302,209)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 6,048,588</u>	<u>\$ 5,076,678</u>

NOTE 20 INTEREST RATE SWAP AGREEMENT

The Administrative Offices entered into an interest rate swap agreement dated March 11, 2020, with Truist Bank related to the line of credit outlined in Note 9, to reduce the impact of changes in interest rates on its floating rate loan. The effective date of the agreement is March 13, 2020, with a termination date of March 13, 2030. The notional amount of the swap agreement totals \$3,196,227 and effectively changes the Administrative Office's interest rate exposure for that portion of its floating rate loan to a fixed rate of 2.304%. As of June 30, 2023 and 2022, the notional amount outstanding was \$2,236,193 and \$2,539,066, respectively.

The Administrative Offices entered into an interest rate swap agreement dated June 19, 2020, with Truist Bank related to the line of credit outlined in Note 9, to reduce the impact of changes in interest rates on its floating rate loan. The effective date of the agreement is July 1, 2020, with a termination date of July 1, 2030. The notional amount of the swap agreement totals \$5,600,000 and effectively changes the Administrative Office's interest rate exposure for that portion of its floating rate loan to a fixed rate of 3.48%. As of June 30, 2023 and 2022, the notional amount outstanding was \$5,019,917 and \$5,225,884, respectively. The Administrative Offices is exposed to a credit loss in the event of nonperformance by the other parties to the interest rate swap agreement. However, the Administrative Offices does not anticipate nonperformance by the counterparties.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 21 LEARN TO LEAD

In 2021, the Administrative Offices began a capital campaign called Learn to Lead for the benefit of Catholic schools. Contributions are restricted based specific donor restrictions and the solicitation materials given to donors during the campaign. Many of the case items in the campaign are directly for the benefit of individual Catholic schools and the related contributions, less any applicable expenses, allowance, or discount are recorded as liabilities owed to the school.

A summary of the campaign's financial transactions is as follows for the year ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Contributions Pledged, Net	\$ 1,286,174	\$ 4,022,439
Loss on Uncollectible Pledges	(13,929)	(445,349)
School Portion of Restricted Contributions	(2,013,016)	(1,037,162)
Reimbursement of Campaign Expenses	244,294	3,906
Designated Funds Transferred to		
Mission Bridge Grant Fund	106,127	-
Interest and Dividend Income	48	-
Contributions to Case Elements:		
Local School Campaigns	(125,000)	-
Mission Bridge Grant Fund	(100,000)	-
Fund for Teachers & Leaders	(125,000)	-
Marketing & Development	(88,500)	(230,079)
Other Donor-Restricted Spending	(182)	(3,879)
Administrative Expenses	<u>(682,838)</u>	<u>(410,674)</u>
Net Change	(1,511,822)	1,899,202
Balance, Beginning of Year	1,899,202	-
Balance, Ending of Year	<u>\$ 387,380</u>	<u>\$ 1,899,202</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 22 LEASES – ASC 842

The Administrative Offices leases two copiers as well as two property leases for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through July 2025. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Administrative Offices' leases:

	2023
Lease Costs:	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 21,500
Interest on Lease Liabilities	4,595
Operating Lease Cost	41,295
Short-term Lease Cost	-
Total Lease Costs	\$ 67,390
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Finance Leases	\$ 4,595
Operating Cash Flows from Operating Leases	\$ 40,794
Financing Cash Flows from Finance Leases	\$ 22,938
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 114,183
Weighted-Average Remaining Lease Term - Finance Leases	1.3 Years
Weighted-Average Remaining Lease Term - Operating Leases	1.9 Years
Weighted-Average Discount Rate - Finance Leases	10.36%
Weighted-Average Discount Rate - Operating Leases	3.00%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,	Financing Leases	Operating Leases
2024	\$ 27,533	\$ 41,276
2025	6,883	35,593
2026	-	1,425
Total Lease Payments	\$ 34,416	\$ 78,294
Less: Interest	(2,255)	(2,100)
Present Value of Lease Liabilities	\$ 32,161	\$ 76,194

The lease liability is included as a component of Other Current Liabilities on the Statement of Financial Position.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 23 LEASES – ASC 840

The Administrative Offices elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022, were governed under the prior lease guidance in FASB ASC 840. The Administrative Offices had eight operating leases and two capital leases as of June 30, 2022. Total lease expense for the year ended June 30, 2022 was \$139,635.

NOTE 24 CEMETERIES

As of June 30, 2022, the Administrative Offices financial statements included the operations of six cemeteries across the Diocese. Three of the cemeteries, St. Andrew's Cemetery, St. Mary's Cemetery, and All Saints Cemetery, were merged into the Administrative Offices in past fiscal years so that all inventory and net assets are part of the Administrative Offices. The remaining three cemeteries, St. Peter the Apostle Cemetery, St. Matthew's Cemetery, and Sts. Peter and Paul Cemetery, are operated by the Administrative Offices through a management agreement wherein the Administrative Offices sells inventory on behalf of the cemetery and the revenue is shared between the cemetery and the Administrative Offices. Inventory and perpetual care for cemeteries with a management agreement in place is retained by the cemetery.

During the year ended June 30, 2023, a seventh cemetery was established by the Administrative Offices with the purchase of inventory at Memorial Gardens of the New River Valley in Blacksburg, Virginia. The Administrative Offices paid Memorial Gardens of the New River Valley, Inc. \$560,000 for the future use and sale of burial rights to create a Catholic section of the cemetery. The purchase was funded through a \$560,000 line of credit under the Administrative Offices line of credit described in footnote 9.

During the year ended June 30, 2023, the Administrative Offices completed new construction at St. Andrew's Cemetery to create a new columbarium. The total cost of the project was \$660,308 which resulted in the addition of 273 niches to inventory.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Most Reverend Barry C. Knestout
Bishop of the Catholic Diocese of Richmond
Administrative Offices of the Catholic Diocese of Richmond
Richmond, Virginia

We have audited the financial statements of the Administrative Offices of the Catholic Diocese of Richmond as of and for the year ended June 30, 2023 and 2022, and have issued our report thereon dated October 24, 2023, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The combining statements of financial position, combining statements of activities, general operating fund statements of activities, and endowment fund statements of activities are presented for the purposes of additional analysis and are not a required part of the financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
October 24, 2023

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	General Operating Fund	Endowments Fund	Plant Fund	Health Insurance Fund	Property and Casualty Insurance Fund	Pension and Retirement Accounting Fund	Tuition Assistance Fund	Annual Diocesan Appeal Fund	Custodial Fund	Living Our Mission Fund	Learn to Lead Campaign Fund	Cemeteries Fund	Eliminating Entries	Combined
ASSETS														
CURRENT ASSETS														
Cash and Cash Equivalents	\$ 888,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,899	\$ -	\$ 899,926
Short-Term Investments	1,945,681	-	-	-	-	-	-	-	-	-	-	-	-	1,945,681
Accounts Receivable	3,300,426	-	33,455	23,641	21,492	-	-	-	4,598	-	182,881	393,037	-	3,959,530
Pledges Receivable - Current Portion, Net Due From Other Fund	-	-	-	-	-	-	-	146,586	-	42,847	1,424,574	-	-	1,614,007
Prepaid Expenses and Other Current Assets	852,267	-	-	35,312	146,874	-	-	-	-	-	23,972	1,965,279	-	3,023,704
Total Current Assets	<u>10,141,290</u>	<u>16,434</u>	<u>33,455</u>	<u>1,684,185</u>	<u>290,469</u>	<u>1,253</u>	<u>-</u>	<u>4,763,756</u>	<u>492,913</u>	<u>104,680</u>	<u>1,631,427</u>	<u>2,370,215</u>	<u>(10,087,229)</u>	<u>11,442,848</u>
NONCURRENT ASSETS														
Pledges Receivable - Noncurrent Portion, Net	-	-	-	-	-	-	-	-	-	115,758	1,680,295	-	-	1,796,053
Investments	7,951,257	31,210,048	10,103,530	12,800,517	3,443,473	11,077,341	-	-	-	-	-	954,756	-	77,540,922
Beneficial Interest in Perpetual Trust	-	609,218	-	-	-	-	-	-	-	-	-	-	-	609,218
Notes Receivable	-	-	6,809,691	-	-	-	-	-	-	-	-	-	-	6,809,691
Interest Rate Swap Agreement	-	-	473,472	-	-	-	235,511	-	-	-	-	-	-	708,983
Land, Buildings, and Equipment, Less Accumulated Depreciation	-	-	9,831,473	-	-	-	-	-	-	-	-	1,847,515	-	11,678,988
Total Noncurrent Assets	<u>7,951,257</u>	<u>31,819,266</u>	<u>27,218,166</u>	<u>12,800,517</u>	<u>3,443,473</u>	<u>11,077,341</u>	<u>235,511</u>	<u>-</u>	<u>-</u>	<u>115,758</u>	<u>1,680,295</u>	<u>2,802,271</u>	<u>-</u>	<u>99,143,855</u>
Total Assets	<u>\$ 18,092,547</u>	<u>\$ 31,835,700</u>	<u>\$ 27,251,621</u>	<u>\$ 14,484,702</u>	<u>\$ 3,733,942</u>	<u>\$ 11,078,594</u>	<u>\$ 235,511</u>	<u>\$ 4,763,756</u>	<u>\$ 492,913</u>	<u>\$ 220,438</u>	<u>\$ 3,311,722</u>	<u>\$ 5,172,486</u>	<u>\$ (10,087,229)</u>	<u>\$ 110,586,703</u>
LIABILITIES AND NET ASSETS														
CURRENT LIABILITIES														
Accounts Payable and Accrued Expenses	\$ 1,426,481	\$ -	\$ -	\$ 229,084	\$ 21,648	\$ -	\$ 57,758	\$ -	\$ -	\$ 25,104	\$ 2,172,421	\$ 48,434	\$ -	\$ 3,980,930
Parish Share Liability	-	-	-	-	-	-	-	968,459	-	162,339	-	-	-	1,130,798
Collections Payable	-	-	-	-	-	-	-	-	358,466	-	-	-	-	358,466
Due to Other Fund	-	-	6,173,302	-	-	-	813,368	-	-	-	751,921	2,348,638	(10,087,229)	-
Insurance Claims Reserve	-	-	-	1,446,013	484,133	-	-	-	-	-	-	-	-	1,930,146
Notes Payable	-	-	7,092,101	-	4,037,869	-	2,236,192	-	-	-	-	975,189	-	14,341,351
Other Current Liabilities	172,044	-	65,031	1,702	-	-	-	-	134,447	-	-	736,942	-	1,110,166
Total Current Liabilities	<u>1,598,525</u>	<u>-</u>	<u>13,330,434</u>	<u>1,676,799</u>	<u>4,543,650</u>	<u>-</u>	<u>3,107,318</u>	<u>968,459</u>	<u>492,913</u>	<u>187,443</u>	<u>2,924,342</u>	<u>4,109,203</u>	<u>(10,087,229)</u>	<u>22,851,857</u>
NONCURRENT LIABILITIES														
Net Priest Pension Liability (Asset)	-	-	-	-	-	(1,829,391)	-	-	-	-	-	-	-	(1,829,391)
Net Priest Other Postretirement	-	-	-	-	-	6,638,812	-	-	-	-	-	-	-	6,638,812
Employee Benefits Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Noncurrent Liabilities	-	-	43,325	-	-	-	-	-	-	-	-	-	-	43,325
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>43,325</u>	<u>-</u>	<u>-</u>	<u>4,809,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,852,746</u>
Total Liabilities	<u>1,598,525</u>	<u>-</u>	<u>13,373,759</u>	<u>1,676,799</u>	<u>4,543,650</u>	<u>4,809,421</u>	<u>3,107,318</u>	<u>968,459</u>	<u>492,913</u>	<u>187,443</u>	<u>2,924,342</u>	<u>4,109,203</u>	<u>(10,087,229)</u>	<u>27,704,603</u>
NET ASSETS														
Without Donor Restrictions:														
Operating Fund	5,289,113	-	712,385	-	-	-	-	-	-	-	(454,975)	-	-	5,546,523
Designated Net Assets:														
Programs	773,574	-	-	-	-	-	-	-	-	-	106,127	(1,149,955)	-	(270,254)
Priest Auto Fund	1,745,097	-	-	-	-	-	-	-	-	-	-	-	-	1,745,097
Insurance Fund	-	-	-	12,807,903	(809,708)	-	-	-	-	-	-	-	-	11,998,195
Tuition Assistance Fund	-	-	-	-	-	-	(2,895,682)	-	-	-	-	-	-	(2,895,682)
Retirement Fund	-	-	-	-	-	(3,761,245)	-	-	-	-	-	-	-	(3,761,245)
Investments Operating as Endowments	7,911,569	1,198,318	-	-	-	-	-	-	-	-	-	-	-	9,109,887
Invested in Property, Plant, and Equipment	-	-	9,831,473	-	-	-	-	-	-	-	-	1,847,515	-	11,678,988
With Donor Restrictions:														
To be Spent for Specific Purpose	774,669	22,995,972	3,334,004	-	-	10,030,418	23,875	3,795,297	-	32,995	736,228	365,723	-	42,089,181
Maintained in Perpetuity	-	7,641,410	-	-	-	-	-	-	-	-	-	-	-	7,641,410
Total Net Assets	<u>16,494,022</u>	<u>31,835,700</u>	<u>13,877,862</u>	<u>12,807,903</u>	<u>(809,708)</u>	<u>6,269,173</u>	<u>(2,871,807)</u>	<u>3,795,297</u>	<u>-</u>	<u>32,995</u>	<u>387,380</u>	<u>1,063,283</u>	<u>-</u>	<u>82,882,100</u>
Total Liabilities and Net Assets	<u>\$ 18,092,547</u>	<u>\$ 31,835,700</u>	<u>\$ 27,251,621</u>	<u>\$ 14,484,702</u>	<u>\$ 3,733,942</u>	<u>\$ 11,078,594</u>	<u>\$ 235,511</u>	<u>\$ 4,763,756</u>	<u>\$ 492,913</u>	<u>\$ 220,438</u>	<u>\$ 3,311,722</u>	<u>\$ 5,172,486</u>	<u>\$ (10,087,229)</u>	<u>\$ 110,586,703</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	General Operating Fund	Endowments Fund	Plant Fund	Health Insurance Fund	Property and Casualty Insurance Fund	Pension and Retirement Accounting Fund	Tuition Assistance Fund	Annual Diocesan Appeal Fund	Custodial Fund	Living Our Mission Fund	Learn to Lead Campaign Fund	Cemeteries Fund	Eliminating Entries	Combined
CURRENT ASSETS														
Cash and Cash Equivalents	\$ 872,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,022	\$ -	\$ 901,190
Short-Term Investments	4,430,680	-	-	-	-	-	-	-	-	-	-	-	-	4,430,680
Accounts Receivable	2,823,200	-	13,306	11,754	15,514	-	-	-	1,695	-	3,906	354,803	-	3,224,178
Pledges Receivable - Current Portion, Net	-	-	-	-	-	-	-	464,825	-	408,485	668,500	-	-	1,541,810
Due From Other Fund	488,204	-	-	1,325,433	-	6,235	-	4,927,262	507,141	87,579	-	-	(7,341,854)	-
Prepaid Expenses and Other Current Assets	427,901	-	2,900	23,701	135,340	-	-	-	-	-	22,242	740,665	-	1,352,749
Total Current Assets	9,042,153	-	16,206	1,360,888	150,854	6,235	-	5,392,087	508,836	496,064	694,648	1,124,490	(7,341,854)	11,450,607
NONCURRENT ASSETS														
Pledges Receivable - Noncurrent Portion, Net	-	-	-	-	-	-	-	-	-	107,733	2,277,244	-	-	2,384,977
Investments	7,127,467	28,493,715	9,574,964	11,397,494	3,054,665	9,348,068	-	-	-	-	-	684,400	-	69,680,773
Beneficial Interest in Perpetual Trust	-	600,256	-	-	-	-	-	-	-	-	-	-	-	600,256
Notes Receivable	-	-	6,809,691	-	-	-	-	-	-	-	-	-	-	6,809,691
Interest Rate Swap Agreement	-	-	234,755	-	-	-	186,832	-	-	-	-	-	-	421,587
Land, Buildings and Equipment, Less Accumulated Depreciation	-	-	8,651,139	-	-	-	-	-	-	-	-	1,928,661	-	10,579,800
Total Noncurrent Assets	7,127,467	29,093,971	25,270,549	11,397,494	3,054,665	9,348,068	186,832	-	-	107,733	2,277,244	2,613,061	-	90,477,084
Total Assets	\$ 16,169,620	\$ 29,093,971	\$ 25,286,755	\$ 12,758,382	\$ 3,205,519	\$ 9,354,303	\$ 186,832	\$ 5,392,087	\$ 508,836	\$ 603,797	\$ 2,971,892	\$ 3,737,551	\$ (7,341,854)	\$ 101,927,691
LIABILITIES AND NET ASSETS														
CURRENT LIABILITIES														
Accounts Payable and Accrued Expenses	\$ 1,911,750	\$ -	\$ 25,464	\$ 137,598	\$ 27,478	\$ -	\$ 60,885	\$ -	\$ 500	\$ 222,676	\$ 1,003,035	\$ 11,723	\$ -	\$ 3,401,109
Parish Share Liability	-	-	-	-	-	-	-	1,220,371	-	335,019	-	-	-	1,555,390
Collections Payable	-	-	-	-	-	-	-	-	383,824	-	-	-	-	383,824
Due to Other Fund	-	2,070	5,002,892	-	161,331	-	836,684	-	-	-	69,655	1,269,222	(7,341,854)	-
Insurance Claims Reserve	-	-	-	1,370,365	136,838	-	-	-	-	-	-	-	-	1,507,203
Notes Payable	-	-	7,298,067	-	4,937,869	-	2,539,065	-	-	-	-	442,641	-	15,217,642
Other Current Liabilities	152,477	-	22,938	6,542	-	-	-	-	124,512	-	-	589,454	-	895,923
Total Current Liabilities	2,064,227	2,070	12,349,361	1,514,505	5,263,516	-	3,436,634	1,220,371	508,836	557,695	1,072,690	2,313,040	(7,341,854)	22,961,091
NONCURRENT LIABILITIES														
Net Priest Pension Liability	-	-	-	-	-	2,724,093	-	-	-	-	-	-	-	2,724,093
Net Priest Other Postretirement Employee Benefits Liability	-	-	-	-	-	7,124,991	-	-	-	-	-	-	-	7,124,991
Other Noncurrent Liabilities	-	-	32,162	-	-	-	-	-	-	-	-	-	-	32,162
Total Noncurrent Liabilities	-	-	32,162	-	-	9,849,084	-	-	-	-	-	-	-	9,881,246
Total Liabilities	2,064,227	2,070	12,381,523	1,514,505	5,263,516	9,849,084	3,436,634	1,220,371	508,836	557,695	1,072,690	2,313,040	(7,341,854)	32,842,337
NET ASSETS														
Without Donor Restrictions:														
Operating Fund	3,739,648	-	1,179,673	-	-	-	-	-	-	-	-	-	-	\$ 4,919,321
Designated Net Assets:														
Programs	767,814	-	75,900	-	-	-	-	-	-	-	-	(773,048)	-	70,666
Priest Auto Fund	1,600,625	-	-	-	-	-	-	-	-	-	-	-	-	1,600,625
Insurance Fund	-	-	-	11,243,877	(2,057,997)	-	-	-	-	-	-	-	-	9,185,880
Tuition Assistance Fund	-	-	-	-	-	-	(3,273,677)	-	-	-	-	-	-	(3,273,677)
Retirement Fund	-	-	-	-	-	(8,900,908)	-	-	-	-	-	-	-	(8,900,908)
Investments Operating as Endowments	7,091,943	900,252	-	-	-	-	-	-	-	-	-	-	-	7,992,195
Invested in Property, Plant, and Equipment	-	-	8,651,139	-	-	-	-	-	-	-	-	1,928,661	-	10,579,800
With Donor Restrictions:														
To be Spent for Specific Purpose	905,363	20,564,276	2,998,520	-	-	8,406,127	23,875	4,171,716	-	46,102	1,899,202	268,898	-	39,284,079
Maintained in Perpetuity	-	7,627,373	-	-	-	-	-	-	-	-	-	-	-	7,627,373
Total Net Assets	14,105,393	29,091,901	12,905,232	11,243,877	(2,057,997)	(494,781)	(3,249,802)	4,171,716	-	46,102	1,899,202	1,424,511	-	69,085,354
Total Liabilities and Net Assets	\$ 16,169,620	\$ 29,093,971	\$ 25,286,755	\$ 12,758,382	\$ 3,205,519	\$ 9,354,303	\$ 186,832	\$ 5,392,087	\$ 508,836	\$ 603,797	\$ 2,971,892	\$ 3,737,551	\$ (7,341,854)	\$ 101,927,691

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	General Operating Fund	Endowments Fund	Plant Fund	Health Insurance Fund	Property and Casualty Insurance Fund	Pension and Retirement Accounting Fund	Tuition Assistance Fund	Annual Diocesan Appeal Fund	Custodial Fund	Living Our Mission Fund	Learn to Lead Campaign Fund	Cemeteries Fund	Eliminating Entries	Combined
OPERATING REVENUES (LOSSES)														
Diocesan Assessments	\$ 10,467,350	\$ -	\$ -	\$ -	\$ -	\$ 1,064,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,522	\$ -	\$ 11,626,373
Contributions and Collections	2,178,667	43,847	347,200	-	-	100	-	-	143,263	-	-	17,514	-	2,730,591
Contributions from Elderly Housing Facilities	5,375,000	-	-	-	-	-	-	-	-	-	-	-	-	5,375,000
Realized/Unrealized Gain (Loss) on Investments	720,936	2,896,169	908,326	1,189,993	211,798	993,869	48,679	-	-	-	-	87,829	-	7,057,599
Interest and Dividend Income	204,205	487,011	336,214	213,031	33,910	169,373	-	-	-	-	48	11,578	-	1,455,370
Program and Fee Revenue	1,614,397	-	-	-	1,590	-	-	-	-	-	-	600,241	-	2,216,228
Loss on Property Sales	-	-	(82,867)	-	-	-	-	-	-	-	-	-	-	(82,867)
Other Income	813,927	31,512	36,170	35,255	-	-	-	-	-	-	244,294	3,074	-	1,164,232
Transfers From Other Funds	(971,953)	201,697	336,594	(37,076)	811,402	(256,191)	(94,908)	(90,000)	-	(30,692)	106,127	25,000	-	-
Total Operating Revenues (Losses)	20,402,529	3,660,236	1,881,637	1,401,203	1,058,700	1,971,652	(46,229)	(90,000)	143,263	(30,692)	350,469	839,758	-	31,542,526
OTHER REVENUES														
Insurance Assessments	-	-	-	14,640,084	3,373,041	-	-	-	-	-	-	-	(1,437,973)	16,575,152
Campaign Contributions, Net	-	-	-	-	-	-	-	4,528,497	-	25,351	1,286,174	-	-	5,840,022
Tuition Assistance Assessments	-	-	-	-	-	-	4,729,469	-	-	-	-	-	-	4,729,469
Total Other Revenues	-	-	-	14,640,084	3,373,041	-	4,729,469	4,528,497	-	25,351	1,286,174	-	(1,437,973)	27,144,643
NET ASSETS RELEASED FROM RESTRICTIONS														
Satisfaction of Purpose Restrictions	4,384,119	(726,785)	-	-	-	(247,359)	-	(3,409,975)	-	-	-	-	-	-
Total Revenues	24,786,648	2,933,451	1,881,637	16,041,287	4,431,741	1,724,293	4,683,240	1,028,522	143,263	(5,341)	1,636,643	839,758	(1,437,973)	58,687,169
PROGRAM EXPENSES														
(See Operating Fund Detail on Page 47)	13,961,775	188,334	-	-	-	-	-	-	143,263	-	-	1,114,244	-	15,407,616
AUXILIARY PROGRAMS AND SERVICES														
Campaign Case Distributions	-	-	-	-	-	-	-	1,380,200	-	(247,556)	2,451,698	-	-	3,584,342
Tuition Assistance Program	-	-	-	-	-	-	4,248,049	-	-	-	-	-	-	4,248,049
Insurance Expenses	-	-	-	14,477,261	2,946,475	-	-	-	-	-	-	-	(1,437,973)	15,985,763
Change in Priest Pension Liability	-	-	-	-	-	(4,553,484)	-	-	-	-	-	-	-	(4,553,484)
Change in Priest Other Postretirement Employee Benefits Liability	-	-	-	-	-	(486,179)	-	-	-	-	-	-	-	(486,179)
Total Auxiliary Programs and Services	-	-	-	14,477,261	2,946,475	(5,039,663)	4,248,049	1,380,200	-	(247,556)	2,451,698	-	(1,437,973)	18,778,491
ADMINISTRATIVE AND FINANCIAL SERVICES														
General Administration	8,436,244	1,318	166,099	-	-	2	-	-	-	13,107	682,838	-	-	9,299,608
Depreciation	-	-	478,466	-	-	-	-	-	-	-	-	55,549	-	534,015
Interest	-	-	264,442	-	236,977	-	57,196	-	-	-	-	28,722	-	587,337
Loss on Uncollectible Pledges	-	-	-	-	-	-	-	24,741	-	242,215	13,929	2,471	-	283,356
Total Administrative and Financial Services	8,436,244	1,318	909,007	-	236,977	2	57,196	24,741	-	255,322	696,767	86,742	-	10,704,316
Total Expenses	22,398,019	189,652	909,007	14,477,261	3,183,452	(5,039,661)	4,305,245	1,404,941	143,263	7,766	3,148,465	1,200,986	(1,437,973)	44,890,423
CHANGE IN NET ASSETS														
	2,388,629	2,743,799	972,630	1,564,026	1,248,289	6,763,954	377,995	(376,419)	-	(13,107)	(1,511,822)	(361,228)	-	13,796,746
Net Assets - Beginning of Year	14,105,393	29,091,901	12,905,232	11,243,877	(2,057,997)	(494,781)	(3,249,802)	4,171,716	-	46,102	1,899,202	1,424,511	-	69,085,354
NET ASSETS - END OF YEAR	<u>\$ 16,494,022</u>	<u>\$ 31,835,700</u>	<u>\$ 13,877,862</u>	<u>\$ 12,807,903</u>	<u>\$ (809,708)</u>	<u>\$ 6,269,173</u>	<u>\$ (2,871,807)</u>	<u>\$ 3,795,297</u>	<u>\$ -</u>	<u>\$ 32,995</u>	<u>\$ 387,380</u>	<u>\$ 1,063,283</u>	<u>\$ -</u>	<u>\$ 82,882,100</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	General Operating Fund	Endowments Fund	Plant Fund	Health Insurance Fund	Property and Casualty Insurance Fund	Pension and Retirement Accounting Fund	Tuition Assistance Fund	Annual Diocesan Appeal Fund	Custodial Fund	Living Our Mission Fund	Learn to Lead Campaign Fund	Cemeteries Fund	Eliminating Entries	Combined
OPERATING REVENUES														
Diocesan Assessments	\$ 9,022,915	\$ -	\$ -	\$ -	\$ -	\$ 1,003,356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,385	\$ -	\$ 10,129,656
Contributions and Collections	1,746,559	17,122	333	-	13	-	-	-	336,773	-	-	3,025	-	2,103,825
Contributions from Elderly Housing Facilities	3,597,000	-	-	-	-	-	-	-	-	-	-	-	-	3,597,000
Realized/Unrealized Gain (Loss) on Investments	(1,166,390)	(4,590,233)	(495,375)	(1,831,584)	(617,377)	(1,480,244)	189,128	-	-	-	-	(110,321)	-	(10,102,396)
Interest and Dividend Income	135,530	440,143	204,101	185,206	29,175	140,276	-	-	-	-	-	8,106	-	1,142,537
Program and Fee Revenue	1,598,151	-	-	-	1,035	-	-	-	-	-	-	631,822	-	2,231,008
Gain on Property Sales	-	-	988,237	-	-	-	-	-	-	-	-	-	-	988,237
Other Income (Loss)	649,446	(126,027)	201,410	3,190	33,206	-	-	-	-	-	3,906	102	-	765,233
Transfers From Other Funds	746,404	(11,182)	52,971	(20,126)	(373,140)	(223,061)	(95,400)	(80,000)	-	3,534	-	-	-	-
Total Operating Revenues	16,329,615	(4,270,177)	951,677	(1,663,314)	(927,088)	(559,673)	93,728	(80,000)	336,773	3,534	3,906	636,119	-	10,855,100
OTHER REVENUES														
Insurance Assessments	-	-	-	13,973,591	3,210,259	-	-	-	-	-	-	-	(1,336,652)	15,847,198
Campaign Contributions, Net	-	-	-	-	-	-	-	4,845,970	-	48,389	4,022,439	-	-	8,916,798
Tuition Assistance Assessments	-	-	-	-	-	-	4,768,032	-	-	-	-	-	-	4,768,032
Total Other Revenues	-	-	-	13,973,591	3,210,259	-	4,768,032	4,845,970	-	48,389	4,022,439	-	(1,336,652)	29,532,028
NET ASSETS RELEASED FROM RESTRICTIONS														
Satisfaction of Purpose Restrictions	4,357,249	(1,092,400)	5,566	-	-	(311,328)	-	(2,959,087)	-	-	-	-	-	-
Total Revenues	20,686,864	(5,362,577)	957,243	12,310,277	2,283,171	(871,001)	4,861,760	1,806,883	336,773	51,923	4,026,345	636,119	(1,336,652)	40,387,128
PROGRAM EXPENSES														
(See Operating Fund Detail on Page 47)	13,115,752	169,801	-	-	-	-	-	-	336,773	-	-	782,467	-	14,404,793
AUXILIARY PROGRAMS AND SERVICES														
Campaign Case Distributions	-	-	-	-	-	5,000	-	1,681,171	-	51,927	1,271,120	-	-	3,009,218
Tuition Assistance Program	-	-	-	-	-	-	4,527,046	-	-	-	-	-	-	4,527,046
Insurance Expenses	-	-	-	13,645,420	2,399,464	-	-	-	-	-	-	-	(1,336,652)	14,708,232
Change in Priest Pension Liability	-	-	-	-	-	484,782	-	-	-	-	-	-	-	484,782
Change in Priest Other Postretirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Benefits Liability	-	-	-	-	-	(1,073,128)	-	-	-	-	-	-	-	(1,073,128)
Total Auxiliary Programs and Services	-	-	-	13,645,420	2,399,464	(583,346)	4,527,046	1,681,171	-	51,927	1,271,120	-	(1,336,652)	21,656,150
ADMINISTRATIVE AND FINANCIAL SERVICES														
General Administration	7,840,924	1,208	323,213	-	-	-	-	-	-	28,895	410,674	-	-	8,604,914
Depreciation	-	-	789,934	-	-	-	-	-	-	-	-	43,721	-	833,655
Interest	-	-	221,289	-	100,755	-	73,556	-	-	-	-	12,041	-	407,641
Loss on Uncollectible Pledges	-	-	20,345	-	-	-	-	(109,844)	-	-	445,349	-	-	355,851
Total Administrative and Financial Services	7,840,924	1,208	1,354,781	-	100,755	-	73,556	(109,844)	-	28,895	856,023	55,763	-	10,202,061
Total Expenses	20,956,676	171,009	1,354,781	13,645,420	2,500,219	(583,346)	4,600,602	1,571,327	336,773	80,822	2,127,143	838,230	(1,336,652)	46,263,004
CHANGE IN NET ASSETS	(269,812)	(5,533,586)	(397,538)	(1,335,143)	(217,048)	(287,655)	261,158	235,556	-	(28,899)	1,899,202	(202,111)	-	(5,875,876)
Net Assets - Beginning of Year	14,375,205	34,625,487	13,302,770	12,579,020	(1,840,949)	(207,126)	(3,510,960)	3,936,160	-	75,001	-	1,626,622	-	74,961,230
NET ASSETS - END OF YEAR	\$ 14,105,393	\$ 29,091,901	\$ 12,905,232	\$ 11,243,877	\$ (2,057,997)	\$ (494,781)	\$ (3,249,802)	\$ 4,171,716	\$ -	\$ 46,102	\$ 1,899,202	\$ 1,424,511	\$ -	\$ 69,085,354

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
GENERAL OPERATING FUND STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	2023				2022			
	Without Donor Restrictions	Without Donor Restrictions - Designated	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions - Designated	With Donor Restrictions	Total
OPERATING REVENUES (LOSSES)								
Diocesan Assessments	\$ 9,854,536	\$ 612,814	\$ -	\$ 10,467,350	\$ 8,444,172	\$ 578,743	\$ -	\$ 9,022,915
Contributions and Collections	1,867,731	18,975	291,961	2,178,667	1,243,778	103,745	399,036	1,746,559
Contributions from Elderly Housing Facilities	5,375,000	-	-	5,375,000	3,597,000	-	-	3,597,000
Realized/Unrealized Gain (Loss) on Investments	(9,799)	727,037	3,698	720,936	(18,329)	(1,142,428)	(5,633)	(1,166,390)
Interest and Dividend Income	82,152	121,586	467	204,205	26,075	108,996	459	135,530
Program and Fee Revenue	1,606,697	7,700	-	1,614,397	1,594,191	3,960	-	1,598,151
Other Income	744,119	-	69,808	813,927	525,655	-	123,791	649,446
Transfers From Other Funds	(930,826)	(106,127)	65,000	(971,953)	571,404	175,000	-	746,404
Total Operating Revenues	18,589,610	1,381,985	430,934	20,402,529	15,983,946	(171,984)	517,653	16,329,615
NET ASSETS RELEASED FROM RESTRICTIONS								
Satisfaction of Purpose Restrictions	5,454,842	(509,095)	(561,628)	4,384,119	6,059,249	(880,141)	(821,859)	4,357,249
Total Revenues	24,044,452	872,890	(130,694)	24,786,648	22,043,195	(1,052,125)	(304,206)	20,686,864
PROGRAM EXPENSES (See Detail on Page 47)	14,058,743	(96,968)	-	13,961,775	13,119,842	(4,090)	-	13,115,752
ADMINISTRATIVE AND FINANCIAL SERVICES								
General Administration	8,436,244	-	-	8,436,244	7,840,924	-	-	7,840,924
Total Administrative and Financial Services	8,436,244	-	-	8,436,244	7,840,924	-	-	7,840,924
Total Expenses	22,494,987	(96,968)	-	22,398,019	20,960,766	(4,090)	-	20,956,676
CHANGE IN NET ASSETS	1,549,465	969,858	(130,694)	2,388,629	1,082,429	(1,048,035)	(304,206)	(269,812)
Net Assets - Beginning of Year	3,739,648	9,460,382	905,363	14,105,393	2,657,219	10,508,417	1,209,569	14,375,205
NET ASSETS - END OF YEAR	\$ 5,289,113	\$ 10,430,240	\$ 774,669	\$ 16,494,022	\$ 3,739,648	\$ 9,460,382	\$ 905,363	\$ 14,105,393

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
ENDOWMENT FUND STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES (LOSSES)						
Contributions and Collections	\$ 32,940	\$ 10,907	\$ 43,847	\$ -	\$ 17,122	\$ 17,122
Realized/Unrealized Gain (Loss) on Investments	82,847	2,813,322	2,896,169	(131,257)	(4,458,976)	(4,590,233)
Interest and Dividend Income	12,279	474,732	487,011	12,878	427,265	440,143
Other Income (Loss)	-	31,512	31,512	-	(126,027)	(126,027)
Transfers From Other Funds	194,024	7,673	201,697	(12,995)	1,813	(11,182)
Total Operating Revenues (Losses)	<u>322,090</u>	<u>3,338,146</u>	<u>3,660,236</u>	<u>(131,374)</u>	<u>(4,138,803)</u>	<u>(4,270,177)</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
Change in Purpose Restriction	22,550	(22,550)	-	18,112	(18,112)	-
Satisfaction of Purpose Restrictions	143,078	(869,863)	(726,785)	135,892	(1,228,292)	(1,092,400)
Total Revenues	<u>487,718</u>	<u>2,445,733</u>	<u>2,933,451</u>	<u>22,630</u>	<u>(5,385,207)</u>	<u>(5,362,577)</u>
PROGRAM EXPENSES	188,334	-	188,334	169,801	-	169,801
ADMINISTRATIVE AND FINANCIAL SERVICES						
General Administration	1,318	-	1,318	1,208	-	1,208
Total Administrative and Financial Services	<u>1,318</u>	<u>-</u>	<u>1,318</u>	<u>1,208</u>	<u>-</u>	<u>1,208</u>
Total Expenses	<u>189,652</u>	<u>-</u>	<u>189,652</u>	<u>171,009</u>	<u>-</u>	<u>171,009</u>
CHANGE IN NET ASSETS	298,066	2,445,733	2,743,799	(148,379)	(5,385,207)	(5,533,586)
Net Assets - Beginning of Year	<u>900,252</u>	<u>28,191,649</u>	<u>29,091,901</u>	<u>1,048,631</u>	<u>33,576,856</u>	<u>34,625,487</u>
NET ASSETS - END OF YEAR	<u>\$ 1,198,318</u>	<u>\$ 30,637,382</u>	<u>\$ 31,835,700</u>	<u>\$ 900,252</u>	<u>\$ 28,191,649</u>	<u>\$ 29,091,901</u>



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Most Reverend Barry C. Knestout
Bishop of the Catholic Diocese of Richmond
Administrative Offices of the Catholic Diocese of Richmond
Richmond, Virginia

We have audited the financial statements of the Administrative Offices of the Catholic Diocese of Richmond as of and for the year ended June 30, 2023, and our report thereon dated October 24, 2023, which expressed an unmodified opinion on those financial statements, appears on page two. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Disclosures for Retirement Plan for Lay Employees, Analysis of Collections Payable, and Operating Fund Program and Administrative Expenses, which is the responsibility of management, is presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
October 24, 2023

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
DISCLOSURES FOR RETIREMENT PLAN FOR LAY EMPLOYEES
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

The following disclosures relate to the Catholic Diocese of Richmond Retirement Plan for Lay Employees (as described in Note 10). The actuarial report used for these disclosures was based on data as of December 31, 2022 and 2021, and was calculated in accordance with accounting principles generally accepted in the United States of America for reporting by defined benefit pension plans and not in accordance with accounting principles generally accepted in the United States of America associated with reporting by plan sponsors.

	<u>12/31/2022</u>	<u>12/31/2021</u>
Change in Benefit Obligation:		
Accumulated Benefit Obligation at Beginning of Year	\$ 145,341,486	\$ 140,057,249
Benefits Accumulated and Losses	4,884,475	5,095,611
Interest Cost	9,122,927	8,813,164
Assumption Changes	-	458,681
Benefits Paid	(9,352,408)	(8,944,069)
Lump Sum Payouts to Deferred Vested Participants	<u>(784,703)</u>	<u>(139,150)</u>
Accumulated Benefit Obligation at End of Year	149,211,777	145,341,486
Change in Plan Assets:		
Fair Value of Plan Assets at Beginning of Year	163,194,748	143,850,289
Return on Plan Assets	(25,011,998)	24,354,246
Employer Contributions	4,845,124	4,599,018
Benefits Paid	(9,352,408)	(8,944,069)
Lump Sum Payouts to Deferred Vested Participants	(784,703)	(139,150)
Plan Expenses	<u>(508,538)</u>	<u>(525,586)</u>
Fair Value of Plan Assets at End of Year	132,382,225	163,194,748
Accrued Pension Asset, Lay Employees	<u>\$ (16,829,552)</u>	<u>\$ 17,853,262</u>
Percentage Funded	<u>88.7%</u>	<u>112.3%</u>
Discount Rate on the Benefit Obligation	<u>6.5%</u>	<u>6.5%</u>
Rate of Expected Return on Plan Assets	6.5%	6.5%

The Diocese as a whole expects to contribute approximately \$4,749,249 to the plan in 2024. This contribution will be funded by collecting 7% of eligible employee salary expense from each affiliated entity.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
ANALYSIS OF COLLECTIONS PAYABLE
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

Name of Collection	6/30/2021 Balance	Cash Received	Cash Forwarded	6/30/2022 Balance	Cash Received	Cash Forwarded	6/30/2023 Balance
Catholic Charities of Eastern Virginia	\$ 1,704	\$ 115,925	\$ 115,402	\$ 2,227	\$ 132,548	\$ 132,551	\$ 2,224
Commonwealth Catholic Charities	3,849	132,380	130,515	5,714	107,635	97,570	15,779
Campaign for Human Development	295	13,154	13,449	-	11,589	11,584	5
Retired Religious	48,115	220,878	256,396	12,597	198,966	184,139	27,424
Catholic Relief Services	84,363	192,193	111,216	165,340	224,840	227,487	162,693
Holy Land	5,925	28,942	24,548	10,319	27,832	28,550	9,601
Central and Eastern Europe	-	256,825	218,229	38,596	49,904	82,379	6,121
Peter's Pence	44,657	81,921	106,769	19,809	139,690	136,340	23,159
World Mission Sunday	26,972	121,621	100,982	47,611	129,853	119,351	58,113
Disaster Relief	3,419	279,051	264,008	18,462	23,494	41,956	-
Operation Rice Bowl	21,806	34,554	26,225	30,135	33,784	34,923	28,996
St. Mary's Health Wagon	14,224	12,826	-	27,050	12,747	27,050	12,747
Military Services	9,762	38,966	42,764	5,964	85,935	80,295	11,604
Total Collections Payable	\$ 265,091	\$ 1,529,236	\$ 1,410,503	\$ 383,824	\$ 1,178,817	\$ 1,204,175	\$ 358,466

**ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
OPERATING FUND PROGRAM AND ADMINISTRATIVE EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	2023	2022
PROGRAM EXPENSES		
Office of Bishop and Vicars:		
Bishop's Office	\$ 350,598	\$ 318,743
Vicar General	198,948	189,662
Vicar for Clergy	277,655	270,132
Total Office of Bishop and Vicars	827,201	778,537
Pastoral Ministries:		
Support for Priests:		
Diocesan Support for Priests	933,095	804,997
International Priests Enculturation and Mentorship	791,564	897,840
Priest Auto Fund Grants	468,150	572,224
Retired Priests Health Care and Support	431,637	253,253
Priests Long-Term Care	281,446	549,693
Priests Convocation and Formation	114,726	92,514
Vocations	1,600,288	1,582,720
Tribunal and Chancellor's Office	444,210	433,640
Retreat Centers	185,471	166,130
Permanent Diaconate	186,623	213,546
Diocese of Richmond Housing Corporation	28,350	32,876
Diocesan Theologian, Worship, Priests Council, and Other	110,219	102,693
Total Pastoral Ministries	5,575,779	5,702,126
Catholic Education Ministries:		
Office of Catholic Schools	1,115,340	853,914
Christian Formation	573,851	614,157
Total Catholic Education Ministries	1,689,191	1,468,071
Social and Cultural Ministries:		
Social Ministries	162,201	262,891
Ethnic Ministries	304,603	204,829
Fuel and Hunger Fund	509,040	519,328
Home Missions Program	202,948	155,106
Total Social and Cultural Ministries	1,178,792	1,142,154
Office for Evangelization:		
Campus Field Operations	1,725,108	1,463,310
Youth Programs and Events	527,709	391,981
Administration and Cross-Office Programs	637,227	509,730
Young Adult Programs and Events	24,696	21,002
Marriage and Family	91,862	63,960
Respect Life	287,567	328,086
Campus Programs and Events	221,524	146,233
Total Evangelization of Youth and Young Adult	3,515,693	2,924,302
Communications:		
Office of Communications	353,538	317,492
Catholic Virginian	821,581	783,070
Total Communications	1,175,119	1,100,562
TOTAL PROGRAM EXPENSES	\$ 13,961,775	\$ 13,115,752

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
OPERATING FUND PROGRAM AND ADMINISTRATIVE EXPENSES (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2023	2022
ADMINISTRATIVE AND FINANCIAL SERVICES		
Finance, Real Estate, and Risk Management	\$ 1,446,724	\$ 1,293,393
Human Resources and Safe Environment	1,021,256	1,048,419
Information Technology	1,085,213	953,543
Professional Fees and General Administration	663,623	866,273
Facility Operations, Repairs, and Maintenance	757,003	625,377
Development	1,478,475	1,141,279
Annual Diocesan Appeal	604,676	609,047
Payroll Processing	514,286	485,326
ParishSoft Accounting	209,734	195,354
USCCB and Virginia Catholic Conference Dues	406,632	380,866
Copy Services	133,376	132,064
Archives and Museum	115,246	109,983
	\$ 8,436,244	\$ 7,840,924
TOTAL ADMINISTRATIVE AND FINANCIAL SERVICES	\$ 8,436,244	\$ 7,840,924



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