

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2020 AND 2019



CLAconnect.com

WEALTH ADVISORY

OUTSOURCING

**AUDIT, TAX, AND
CONSULTING**

**ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
COMBINING STATEMENTS OF FINANCIAL POSITION	36
COMBINING STATEMENTS OF ACTIVITIES	38
GENERAL OPERATING FUND STATEMENTS OF ACTIVITIES	40
ENDOWMENT FUND STATEMENTS OF ACTIVITIES	41
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	42
SUPPLEMENTARY INFORMATION	
DISCLOSURES FOR RETIREMENT PLAN FOR LAY EMPLOYEES	43
ANALYSIS OF COLLECTIONS PAYABLE	44
OPERATING FUND PROGRAM AND ADMINISTRATIVE EXPENSES	45



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

We have audited the accompanying financial statements of the Administrative Offices of the Catholic Diocese of Richmond (the Diocese), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted 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 is presented for purposes of additional analysis and is 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 audit 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

Arlington, Virginia
October 16, 2020

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 554,242	\$ 1,461,256
Short-Term Investments	3,795,235	6,303,156
Accounts Receivable, Net	5,301,835	4,516,598
Pledges Receivable - Current Portion, Net	5,686,649	11,620,360
Inventory	758,127	688,108
Prepaid Expense and Other Current Assets	479,847	460,461
Total Current Assets	16,575,935	25,049,939
NONCURRENT ASSETS		
Pledges Receivable - Non Current Portion, Net	677,166	2,695,843
Investments	61,632,322	60,151,647
Beneficial Interest in Perpetual Trust	615,392	630,190
Notes Receivable and Other Noncurrent Assets	-	102,763
Land for Future Parish Sites	247,351	297,079
Land, Buildings and Equipment, Net	15,868,409	14,075,769
Total Noncurrent Assets	79,040,640	77,953,291
Total Assets	\$ 95,616,575	\$ 103,003,230
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 5,221,213	\$ 5,649,152
Independent Reconciliation Program Payable	6,300,000	-
Parish Share Liability	5,145,091	11,358,407
Collections Payable	266,707	401,436
Insurance Claims Reserve	1,391,823	1,638,423
Notes Payable	13,373,398	12,009,912
Other Current Liabilities	480,496	306,614
Total Current Liabilities	32,178,728	31,363,944
NONCURRENT LIABILITIES		
Net Unfunded Priest Pension Liability	10,599,873	7,533,423
Net Unfunded Priest Other Postretirement Employee Benefits Liability	10,416,801	8,495,364
Interest Rate Swap Agreement	751,595	81,168
Other Noncurrent Liabilities	83,742	37,638
Total Noncurrent Liabilities	21,852,011	16,147,593
Total Liabilities	54,030,739	47,511,537
NET ASSETS		
Without Donor Restrictions:		
Operating Fund	(4,260,919)	(939,143)
Designated Net Assets:		
Programs	352,285	294,982
Cemetery Operations	13,961	267,170
Cemetery Perpetual Care	-	124,204
Priest Auto Fund	1,258,707	1,353,729
Insurance Fund	4,866,983	11,519,990
Tuition Assistance Fund	(3,989,361)	(3,262,070)
Retirement Fund	(20,693,498)	(15,746,882)
Investments Operating as Endowments	6,758,201	6,863,014
Invested in Property, Plant, and Equipment	16,115,760	14,372,848
Total Without Donor Restrictions	422,119	14,847,842
With Donor Restrictions:		
To be Spent for Specific Purpose	33,536,444	33,002,022
Maintained in Perpetuity	7,627,273	7,641,829
Total Net Assets	41,585,836	55,491,693
Total Liabilities and Net Assets	\$ 95,616,575	\$ 103,003,230

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES						
Diocesan Assessments	\$ 8,286,573	\$ 819,024	\$ 9,105,597	\$ 9,889,928	\$ 718,592	\$ 10,608,520
Contributions and Collections	1,472,846	769,695	2,242,541	1,043,524	400,915	1,444,439
Contributions from Elderly Housing Facilities	4,150,000	-	4,150,000	3,925,000	-	3,925,000
Realized/Unrealized Gain on Investments	198,670	320,134	518,804	607,743	1,001,364	1,609,107
Interest and Dividend Income	572,572	583,253	1,155,825	680,682	626,833	1,307,515
Change in Beneficial Interest in Perpetual Trust Program and Fee Revenue	-	4,750	4,750	-	15,724	15,724
Rental Income	1,673,505	9,513	1,683,018	1,719,237	8,550	1,727,787
Cemetery Income	215,562	-	215,562	208,546	-	208,546
Fair Value Loss on Interest Rate Swap	374,642	22,784	397,426	248,139	-	248,139
Other Income	(670,427)	-	(670,427)	(104,651)	-	(104,651)
	725,516	76,326	801,842	484,432	100,223	584,655
Total Operating Revenues	<u>16,999,459</u>	<u>2,605,479</u>	<u>19,604,938</u>	<u>18,702,580</u>	<u>2,872,201</u>	<u>21,574,781</u>
OTHER REVENUES						
Insurance Assessments	13,625,275	-	13,625,275	15,063,189	-	15,063,189
Campaign Contributions, Net	-	3,966,821	3,966,821	-	9,626,239	9,626,239
Tuition Assistance Assessments	3,899,951	-	3,899,951	4,771,644	-	4,771,644
Total Other Revenues	<u>17,525,226</u>	<u>3,966,821</u>	<u>21,492,047</u>	<u>19,834,833</u>	<u>9,626,239</u>	<u>29,461,072</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
Change in Purpose Restriction	19,546	(19,546)	-	7,855	(7,855)	-
Satisfaction of Purpose Restrictions	5,854,953	(5,854,953)	-	10,888,417	(10,888,417)	-
Total Revenues and Reclassifications	<u>\$ 40,399,184</u>	<u>\$ 697,801</u>	<u>\$ 41,096,985</u>	<u>\$ 49,433,685</u>	<u>\$ 1,602,168</u>	<u>\$ 51,035,853</u>

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PROGRAM EXPENSES	14,057,014	-	14,057,014	14,835,307	-	14,835,307
AUXILIARY PROGRAMS AND SERVICES						
Campaign Case Distributions	1,367,600	-	1,367,600	6,292,574	-	6,292,574
Tuition Assistance Program	4,349,040	-	4,349,040	5,161,235	-	5,161,235
Insurance Expenses	13,898,533	-	13,898,533	14,161,738	-	14,161,738
Change in Unfunded Priest Pension Liability	3,066,450	-	3,066,450	1,232,283	-	1,232,283
Change in Unfunded Priest Other Postretirement Health Obligations	1,921,437	-	1,921,437	241,779	-	241,779
Total Auxiliary Programs and Services	<u>24,603,060</u>	<u>-</u>	<u>24,603,060</u>	<u>27,089,609</u>	<u>-</u>	<u>27,089,609</u>
ADMINISTRATIVE AND FINANCIAL SERVICES						
General Administration	8,367,595	-	8,367,595	8,964,374	-	8,964,374
Independent Reconciliation Program	6,300,000	-	6,300,000	-	-	-
Depreciation	1,088,132	-	1,088,132	1,046,834	-	1,046,834
Interest	358,642	-	358,642	426,037	-	426,037
Bad Debt Expense	50,464	177,935	228,399	46,636	773,120	819,756
Total Administrative and Financial Services	<u>16,164,833</u>	<u>177,935</u>	<u>16,342,768</u>	<u>10,483,881</u>	<u>773,120</u>	<u>11,257,001</u>
Total Expenses	<u>54,824,907</u>	<u>177,935</u>	<u>55,002,842</u>	<u>52,408,797</u>	<u>773,120</u>	<u>53,181,917</u>
CHANGE IN NET ASSETS	(14,425,723)	519,866	(13,905,857)	(2,975,112)	829,048	(2,146,064)
Net Assets - Beginning of Year	14,847,842	40,643,851	55,491,693	17,663,817	39,814,803	57,478,620
Cemeteries Beginning Balances	-	-	-	159,137	-	159,137
NET ASSETS - END OF YEAR	<u>\$ 422,119</u>	<u>\$ 41,163,717</u>	<u>\$ 41,585,836</u>	<u>\$ 14,847,842</u>	<u>\$ 40,643,851</u>	<u>\$ 55,491,693</u>

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Program Expenses		
Salary and Benefits Expense	\$ 6,403,868	\$ 6,495,289
Professional Services and Legal Fees	2,029,590	1,685,866
Travel and Meetings	431,534	586,258
Workshops and Conferences Given	945,217	1,107,626
Tuition, Room & Board	848,151	1,003,762
Newspaper Printing	493,666	495,129
Supplies and Office Expenses	194,824	205,361
Cemetery Cost of Goods Sold	123,509	77,738
Insurance Premiums and Claims	12,207,586	13,389,542
Insurance Administration	291,846	270,666
Contributions, Grants, and Donations	6,099,229	11,789,070
Settlements	413,750	125,000
Subsidies	2,095,100	2,095,100
Priest Long-Term Care	532,826	492,411
Change in Unfunded Pension Liability, Priests	3,066,450	1,232,283
Change in Unfunded Postretirement Health Obligation, Priests	1,921,437	241,779
Fees and Other Miscellaneous Expenses	112,357	188,520
Property Costs for Programs	449,134	443,516
Total Program Expenses	38,660,074	41,924,916
Management and Administrative Expenses		
Salary and Benefits Expense	3,591,392	3,402,501
Professional Services and Legal Fees	947,089	1,371,923
Travel and Meetings	103,717	113,317
Workshops and Conferences Given	33,784	27,269
Supplies and Office Expenses	108,679	229,815
Technology Support and Software Expense	276,330	394,005
Contributions, Grants, and Donations	334,344	171,159
Virginia Catholic Conference and USCCB Dues	441,354	334,319
Fees and Other Miscellaneous Expenses	33,223	55,647
Insurance Premiums and Claims	80,399	163,822
Property Costs	585,803	740,662
Independent Reconciliation Program	6,300,000	-
Depreciation Expense	1,088,132	1,046,834
Interest Expense	358,642	426,037
Bad Debt Expense	228,399	819,756
Total Management and Administrative Expenses	14,511,287	9,297,066
Fundraising Expenses		
Salary and Benefits Expense	1,083,303	1,028,651
Professional Services and Legal Fees	200,204	213,186
Travel and Meetings	57,879	64,336
Supplies and Office Expenses	146,298	233,598
Technology Support and Software Expense	35,602	39,857
Fees and Other Miscellaneous Expenses	183,633	252,506
Contributions, Grants, and Donations	124,562	127,801
Total Fundraising Expenses	1,831,481	1,959,935
Total Expenses	\$ 55,002,842	\$ 53,181,917

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (13,905,857)	\$ (2,146,064)
Cemeteries Beginning Balance	-	159,137
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	1,088,132	1,046,834
Gain on Sale of Fixed Assets	-	(47,309)
Loss on Interest Rate Swap	670,427	104,651
Net Realized and Unrealized Gain on Investments	(518,804)	(1,609,107)
Net Realized and Unrealized Gain on Beneficial Interest in Perpetual Trust	(5,530)	(14,299)
Loss on Donated Property	-	13,112
Land Converted to Inventory	4,896	5,984
Change in Unfunded Priest Pension Liability	3,066,450	1,232,283
Change in Unfunded Priest Other Postretirement Employee Benefits Liability	1,921,437	241,779
Change in Operating Assets and Liabilities:		
Increase (Decrease) in:		
Accounts and Pledges Receivable, Net	7,167,151	6,433,376
Inventory	(70,019)	13,541
Notes Receivable and Other Noncurrent Assets	102,763	39,709
Prepaid Expense and Other Current Assets	(19,386)	84,441
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(1,408,911)	(431,403)
Independent Reconciliation Program Payable	6,300,000	-
Parish Share Liability	(6,213,316)	(2,902,825)
Other Liabilities	264,661	68,538
Collections Payable	(134,729)	(12,815)
Insurance Claims Reserve	(246,600)	142,155
Net Cash Provided (Used) by Operating Activities	(1,937,235)	2,421,718
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings and Equipment	(1,854,968)	(1,219,308)
Proceeds on Sale of Land, Buildings and Equipment	-	527,458
Proceeds from Sale of Donated Property	-	53,888
Payments on Notes Receivable and Other Noncurrent Assets	-	167,000
Purchase of Investments	(9,223,774)	(5,570,556)
Proceeds from Sale of Investments	10,790,152	2,795,396
Net Cash Used in Investing Activities	(288,590)	(3,246,122)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	1,999,000	-
Payments on Notes Payable	(635,514)	(373,600)
Principal Payments on Capital Lease Obligations	(44,675)	(48,288)
Net Cash Provided (Used) in Financing Activities	1,318,811	(421,888)
DECREASE IN CASH AND CASH EQUIVALENTS	(907,014)	(1,246,292)
Cash and Cash Equivalents - Beginning of Year	1,461,256	2,707,548
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 554,242	\$ 1,461,256
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 375,104	\$ 423,005
Purchase of Land, Buildings, and Equipment Included in Accounts Payable	\$ 980,972	\$ -

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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 houses 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 and future parish sites 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 are 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, 2020 AND 2019

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 have 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, 2020 AND 2019

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 have 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 15-70 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.

Future parish sites are stated at the lower of cost or fair market value at the date of acquisition.

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, 2020 AND 2019

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 in the General Operating Fund.

Revenue

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

Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Diocese. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Diocese 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, Vicar for Clergy, and Chancellor. Pastoral ministries includes priest support, seminarian support, continuing education for religious personnel, and retreat centers, as well as the offices of Vocations, Tribunal, Diaconate, Worship, the 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, and the Home Missions Program. 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, Youth Adult programs and events, the Center for Marriage and Family, and Life, Campus programs and events and the Evangelization Pastoral Plan. Communications includes the Office of Communications and the Catholic Virginian. Administrative and financial services includes the offices of Finance, Information Technology, Human Resources, Development, Facilities Management, Copy Services, Archives, Payroll Processing, Bicentennial Celebration, 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, 2020 AND 2019

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 Aon 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 Aon Consulting, the Administrative Offices records a provision for claims that have been incurred but not yet reported by the insured. As of June 30, 2020 and 2019, the reserve for incurred but not reported claims was \$1,250,608 and \$1,312,959, 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, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Living Our Mission (Continued)

Management estimates that \$5,718,797 and \$7,973,831 of the pledges are uncollectible as of June 30, 2020 and 2019, respectively. The bad debt expense 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. See the Summary of Functional expenses on page 6 for additional information on how natural expenses are categorized based on function.

Changes in Accounting Principles

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The financial statements reflect the application of ASC 606 guidance beginning in fiscal year 2019. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Diocese's reported historical revenue.

Additionally in June 2018, FASB issued ASU 2018-08, Accounting Guidance for Contributions Received and Made. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated.

Subsequent Events

In preparing these financial statements, the Administrative Offices has evaluated events and transactions for potential recognition or disclosure through October 16, 2020, the date the financial statements were available for issuance.

**ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events (Continued)

Holy Cross Regional School closed its operations after the end of the 2019-2020 school year. The Administrative Offices serve as guarantor of the school's note payable of \$3.2 million. During fiscal year 2021, after all operating expenses of the school had been satisfied, the Administrative Offices assumed ownership of the school building and related note payable. A sale / purchase agreement has been proposed to a potential buyer in an amount that approximates the balance on the note payable.

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:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Equity Method Investments	\$ 4,746,958	\$ 4,002,410	4,681,867	3,966,522
Catholic Community Foundation	44,017,672	57,629,912	42,487,861	56,185,125
Total Investments	<u>\$ 48,764,630</u>	<u>\$ 61,632,322</u>	<u>\$ 47,169,728</u>	<u>\$ 60,151,647</u>

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 Catholic Community Foundation was established in the fiscal year ended June 30, 2016, and includes all assets previously invested in the Diocesan pooled investment fund.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 INVESTMENTS (CONTINUED)

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

	2020		2019	
	Fair Value	Percent	Fair Value	Percent
Cash Equivalents	\$ 8,360,648	5.14%	\$ 8,111,472	5.07%
US Government	16,946,333	10.42%	18,298,860	11.44%
Corporate Obligations	15,283,381	9.40%	11,567,537	7.23%
Common Stocks:				
Energy	3,536,420	2.17%	5,932,365	3.71%
Materials	5,042,561	3.10%	5,478,326	3.43%
Industrials	12,332,228	7.58%	13,721,135	8.58%
Consumer Discretionary	14,144,429	8.70%	12,852,469	8.04%
Consumer Staples	8,155,866	5.02%	8,025,243	5.02%
Health Care	15,579,087	9.58%	13,648,832	8.53%
Financials	19,858,865	12.21%	23,384,392	14.62%
Information Technology	27,134,262	16.68%	21,080,932	13.18%
Telecommunications Services	9,388,059	5.77%	8,633,811	5.40%
Utilities	3,942,164	2.42%	4,173,965	2.61%
Total Common Stocks	119,113,941	73.23%	116,931,470	73.12%
Preferred Securities	23,707	0.02%	26,700	0.02%
Mutual Funds:				
Equity	2,916,343	1.79%	4,989,905	3.12%
Total	<u>\$ 162,644,353</u>	<u>100.00%</u>	<u>\$ 159,925,944</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, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	<u>\$ 572,572</u>	<u>\$ 583,253</u>	<u>\$ 1,155,825</u>
Realized Gain	\$ 168,505	\$ 376,601	\$ 545,106
Unrealized Gain	30,165	(56,467)	(26,302)
Total	<u>\$ 198,670</u>	<u>\$ 320,134</u>	<u>\$ 518,804</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	<u>\$ 680,682</u>	<u>\$ 626,833</u>	<u>\$ 1,307,515</u>
Realized Gain	\$ 238,541	\$ 359,726	\$ 598,267
Unrealized Gain	369,202	641,638	1,010,840
Total	<u>\$ 607,743</u>	<u>\$ 1,001,364</u>	<u>\$ 1,609,107</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 INVESTMENTS (CONTINUED)

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2020 and 2019, by level within the fair value hierarchy:

	2020			Total
	Level 1	Level 2	Level 3	
Equity-Method Investments	\$ -	\$ -	\$ 4,002,410	\$ 4,002,410
Other Investments - Catholic Community Foundation	57,629,912	-	-	57,629,912
Beneficial Interest in Perpetual Trusts	-	-	615,392	615,392
	<u>\$ 57,629,912</u>	<u>\$ -</u>	<u>\$ 4,617,802</u>	<u>\$ 62,247,714</u>

	2019			Total
	Level 1	Level 2	Level 3	
Equity-Method Investments	\$ -	\$ -	\$ 3,966,522	\$ 3,966,522
Other Investments - Catholic Community Foundation	56,185,125	-	-	56,185,125
Beneficial Interest in Perpetual Trusts	-	-	630,190	630,190
	<u>\$ 56,185,125</u>	<u>\$ -</u>	<u>\$ 4,596,712</u>	<u>\$ 60,781,837</u>

Changes in the fair value of assets using Level 3 inputs consisted of the following:

	Equity Method Investments				Total
	Catholic Umbrella Pool	St. John Neumann Academy	National Catholic Risk Retention Group	Beneficial Interest in Perpetual Trusts	
Balance - July 1, 2018	\$ 937,906	\$ 2,936,586	\$ 138,785	\$ 622,321	\$ 4,635,598
Net (Loss) Gain on Investments	(118,506)	90,806	10,235	15,724	(1,741)
Purchases/(Distributions)	61,516	(90,806)	-	(7,855)	(37,145)
Balance - June 30, 2019	<u>\$ 880,916</u>	<u>\$ 2,936,586</u>	<u>\$ 149,020</u>	<u>\$ 630,190</u>	<u>\$ 4,596,712</u>
Balance - July 1, 2019	\$ 880,916	\$ 2,936,586	\$ 149,020	\$ 630,190	\$ 4,596,712
Net (Loss) Gain on Investments	(91,402)	90,934	62,199	4,750	66,481
Purchases/(Distributions)	65,091	(90,934)	-	(19,548)	(45,391)
Balance - June 30, 2020	<u>\$ 854,605</u>	<u>\$ 2,936,586</u>	<u>\$ 211,219</u>	<u>\$ 615,392</u>	<u>\$ 4,617,802</u>

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.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 INVESTMENTS (CONTINUED)

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

	2020		2019	
	Notional Amount	Fair Value Asset	Notional Amount	Fair Value Asset
Interest Rate Swap Agreement, 7/24/15	\$ -	\$ -	\$ 4,729,888	\$ (81,168)
Interest Rate Swap Agreement, 3/11/20	3,124,328	(91,576)	-	-
Interest Rate Swap Agreement, 6/19/20	5,600,000	(660,019)	-	-
	<u>\$ 8,724,328</u>	<u>\$ (751,595)</u>	<u>\$ 4,729,888</u>	<u>\$ (81,168)</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, 2020 and 2019, the charitable remainder trusts had a value of \$615,392 and \$630,190, 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 in the statements of activities.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 LAND, BUILDINGS, AND EQUIPMENT

Future parish sites consist of land not currently devoted to operating or parish activities and totaled \$247,351 and \$297,079 for the years ending June 30, 2020 and 2019, respectively. These sites are generally held for future development of a church in particular locations. Until that time, taxes are paid on the properties as required by local jurisdictions.

Operating property consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land and Building	\$ 30,719,508	\$ 28,061,267
Equipment	<u>2,139,743</u>	<u>2,226,604</u>
Total	32,859,251	30,287,871
Less: Accumulated Depreciation	<u>(16,990,842)</u>	<u>(16,212,102)</u>
Total Land, Buildings, and Equipment	<u>\$ 15,868,409</u>	<u>\$ 14,075,769</u>

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:

	<u>2020</u>	<u>2019</u>
Contributions Received, Net	\$ 3,626,606	\$ 4,010,531
Less Contributions, Parish Share, and Expenses Paid	<u>(3,369,919)</u>	<u>(3,553,341)</u>
Net Increase	256,687	457,190
Balance - Beginning of Year	<u>2,948,510</u>	<u>2,491,320</u>
Balance - End of Year	<u>\$ 3,205,197</u>	<u>\$ 2,948,510</u>

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, 2020 and 2019, this liability was \$150,043 and \$307,476, respectively.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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:

	<u>2020</u>	<u>2019</u>
Contributions Pledged, Net	\$ 162,701	\$ 4,842,589
Parish Share Portion	(212,237)	(4,711,968)
Investment Activity	-	3,859
Interfund Transfers to Case Elements:		
Diocesan Capital Fund	51,298	16,595
Distance Learning and Ministry Training Network	25,648	8,298
Priest Pension, Healthcare and Long-Term Care Fund	102,594	33,191
New Evangelization Ministry Fund	25,648	8,298
Contributions to Case Elements:		
Youth, Young Adult and Campus Ministry Endowment	64,122	20,745
McMahon Parater Foundation for Education Endowment	(136,183)	29,043
Seminarian Education and Advanced Education Endowment	64,122	20,745
Social Ministry Outreach and Mission Parish Endowment	51,298	16,595
Administrative Expenses	<u>(199,011)</u>	<u>(287,990)</u>
Net Change	-	-
Balance - Beginning of Year	-	-
Balance - Ending of Year	<u>\$ -</u>	<u>\$ -</u>

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, 2020 and 2019, this liability was \$4,995,048 and \$11,050,931, respectively.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020 and 2019, and consist of the following:

	<u>2020</u>	<u>2019</u>
Living Our Mission Pledges Due in Less than One Year	\$ 10,956,209	\$ 10,836,743
Living Our Mission Pledges Due in One to Five Years	672,778	10,836,743
Living Our Mission Pledges Due in More than Five Years	61,978	-
	<u>11,690,965</u>	<u>21,673,486</u>
Less: Discount on Pledges Receivable	(57,590)	(167,069)
Less: Allowance for Doubtful Accounts	<u>(5,718,797)</u>	<u>(7,973,831)</u>
Total Living Our Mission Pledges Receivable	<u>5,914,578</u>	<u>13,532,586</u>
Annual Diocese Appeal Pledges Due in Less than One Year	<u>619,147</u>	<u>984,981</u>
Less: Allowance on Pledges Receivable	<u>(169,910)</u>	<u>(201,364)</u>
Total Annual Diocesan Appeal Pledges Receivable	<u>449,237</u>	<u>783,617</u>
Total Pledges Receivable	<u>\$ 6,363,815</u>	<u>\$ 14,316,203</u>

NOTE 9 NOTES PAYABLE

The Diocese has entered into a line of credit with a commercial bank totaling \$120,000,000 for both the years ended June 30, 2020 and 2019. 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, 2020, the Administrative Offices recognized \$13,373,398 of borrowings under the line of credit of a total available limit of \$23,105,193. Included in this balance is the Paycheck Protection Program loan for \$1,999,000. See Note 19 for additional information. As of June 30, 2019, the Administrative Offices recognized \$12,009,912 of borrowings under this line of credit of a total available limit of \$24,500,000. Interest, which is based on 30-day LIBOR plus 95 basis points, is adjusted monthly and payable on a monthly basis.

As described further in Note 15, additional borrowings under the line of credit of \$63,536,404 and \$63,587,508 at June 30, 2020 and 2019, respectively, by parishes and other Diocesan organizations have been endorsed by the Bishop and his successors in office. As of June 30, 2020 and 2019, respectively, the line of credit has an unfunded commitment of \$20,912,920 and \$26,519,322. As of June 30, 2020 and 2019, respectively, the remaining amount of uncommitted line of credit available is \$22,177,278 and \$17,883,286.

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

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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 takes into account 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. 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 (6% for both the years ended June 30, 2020 and 2019), and are used toward the annual funding of the plan. The cost of the plan for the Administrative Office and charged to expense was \$370,677 and \$428,931 for the years ended June 30, 2020 and 2019, 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 \$4,321,486 and \$3,845,728 for the years ended December 31, 2019 and 2018, respectively.

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 both the years ended June 30, 2020 and 2019, the annual retiree benefit was \$30,000 each year. 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.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 PENSION PLANS (CONTINUED)

Pension Plan – Priests (Continued)

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

	<u>2020</u>	<u>2019</u>
Change in Benefit Obligation:		
Accumulated Benefit Obligation - Beginning of Year	\$ 28,548,725	\$ 26,630,492
Service Cost	685,568	600,364
Interest Cost	958,523	1,070,478
Actuarial Loss	2,874,155	1,765,690
Benefits Paid	<u>(1,570,799)</u>	<u>(1,518,299)</u>
Accumulated Benefit Obligation - End of Year	31,496,172	28,548,725
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	21,015,302	20,329,352
Return on Plan Assets	534,243	1,098,403
Employer Contributions	917,553	1,105,846
Benefits Paid	<u>(1,570,799)</u>	<u>(1,518,299)</u>
Fair Value of Plan Assets - End of Year	<u>20,896,299</u>	<u>21,015,302</u>
Accrued Pension Liability, Priests	<u>\$ 10,599,873</u>	<u>\$ 7,533,423</u>
	<u>2020</u>	<u>2019</u>
Discount Rate on the Benefit Obligation	2.65%	3.45%
Rate of Expected Return on Plan Assets	6.50%	6.50%

The benefit obligation increased by \$2.9 million between June 30, 2019 and June 30, 2020, and the unfunded obligation increased by \$3 million between June 30, 2019 and June 30, 2020, due to numerous factors including:

1. The discount rate decreased 80 basis points from 3.45% to 2.65%. This increased the benefit obligation by \$2.7 million.
2. The assets decreased by \$0.1 million, which increased the unfunded obligation.
3. The actuaries incorporated new census data into their valuation. This increased the benefit obligation by \$0.2 million.

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

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 PENSION PLANS (CONTINUED)

Pension Plan – Priests (Continued)

Fair values of the plan's assets, all of which are classified as Level 1 investments as of June 30, 2020 and 2019, are as follows:

	2020	2019
Cash Equivalents	\$ 46,990	\$ 36,364
Short-Term Investments	613,923	1,102,836
Fixed Income Investments	1,902,642	1,436,956
US Government & Agency Bonds	2,144,286	2,320,382
Equity Securities:		
Energy	310,054	506,297
Materials	353,715	381,032
Industrials	1,179,711	1,295,299
Consumer Discretionary	1,444,797	1,282,146
Consumer Staples	770,908	729,223
Health Care	1,612,899	1,433,114
Financials	1,335,545	1,603,863
Information Technology	3,056,437	2,356,552
Communication Services	1,089,937	980,876
Utilities	400,512	430,283
Real Estate	-	8,019
Foreign	3,685,559	3,923,202
Real Estate Investment Trusts	533,319	558,287
Rights & Warrants	23	-
Preferred Securities	5,317	6,834
Mutual Funds - Alternative Funds	409,725	623,737
Total	<u>\$ 20,896,299</u>	<u>\$ 21,015,302</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 ranges:

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

The Administrative Office expects to contribute approximately \$494,600 to the plan in fiscal year 2021. This contribution will be funded by collecting \$6,550 per active priest from the parishes.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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</u>	<u>Amount</u>
2021	\$ 1,577,000
2022	1,627,000
2023	1,692,000
2024	1,801,000
2025	1,950,000
2026 and Thereafter	9,694,000

NOTE 11 POSTRETIREMENT BENEFITS

The Administrative Offices sponsors a postretirement health insurance plan for retired priests. The Diocese 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 both years ended June 30, 2020 and 2019, the assessment was \$4,770 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:

	2020	2019
Change in Benefit Obligation:		
Accumulated Benefit Obligation - Beginning of Year	\$ 8,495,364	\$ 8,253,585
Service Cost	294,874	279,642
Interest Cost	283,050	341,328
Actuarial Loss (Gain)	1,545,470	(781,232)
Plan Amendments	-	594,882
Benefits Paid	(201,957)	(192,841)
Accumulated Benefit Obligation - End of Year	10,416,801	8,495,364
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	-	-
Employer Contributions	201,957	192,841
Benefits Paid	(201,957)	(192,841)
Fair Value of Plan Assets - End of Year	-	-
Accrued Benefit Liability, Priests	\$ 10,416,801	\$ 8,495,364

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 POSTRETIREMENT BENEFITS (CONTINUED)

The unfunded obligation increased by approximately \$1.9 million between June 30, 2019 and June 30, 2020, due to numerous factors including:

1. The plan's health care costs increased more than assumed, producing an experience loss which increased the benefit obligation by \$0.1 million.
2. The discount rate decreased from 3.38% to 2.52%. This increased the benefit obligation by \$1.3 million.
3. Changes in the plan census produced an experience loss of \$0.9 million. This gain is due to demographic changes during the year that differed from assumed.
4. The mortality table was updated to reflect the most recent Society of Actuaries mortality study. The change reduced the plan obligation by \$0.7 million.
5. 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 follow:

	2020	2019
Discount Rate on the Benefit Obligation	2.52%	3.38%

The Administrative Offices expect to contribute approximately \$278,724 to the plan in fiscal year 2021. Additionally, the Administrative Offices intends to collect \$4,770 per active priest during fiscal year 2021 to contribute to the related investment account. These funds will not be netted against the unfunded 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	Amount
2021	\$ 278,724
2022	307,115
2023	339,115
2024	377,090
2025	406,241
2026 and Thereafter	2,319,248

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 12 NET ASSETS WITH RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Bishop's Education Fund	\$ 3,148,839	\$ 3,212,114
Retired Priest Health Insurance Fund	4,305,861	3,879,818
Vocations	3,134,679	3,096,738
Diocesan Capital Fund	2,764,082	2,754,500
Priest Long-Term Care Fund	2,238,598	2,042,679
New Evangelization Ministry Fund	1,340,699	1,376,976
Priest Pension Plan	186,718	486,015
Priest Support	781,730	805,299
Distance Learning and Ministry Training Network	267,330	356,364
Center for Marriage, Family and Life	695,633	570,190
Office for Evangelization	621,299	539,749
Ethnic Ministries	322,625	289,178
Office of Christian Formation	820,564	771,556
Segura Initiative	183,837	212,698
Fuel & Hunger Fund	385,847	325,200
Diocesan Home Missions	288,311	144,997
Haiti Ministry	265,132	215,941
Other Annual Diocesan Appeal Case Items	19,486	64,777
Saint Francis Home	94,856	100,000
Office of Social Ministries	190,845	144,659
Bicentennial Celebration	209,055	133,427
Cemeteries	175,599	21,941
General Administration and Other Miscellaneous Restrictions	13,884	9,400
Total	<u>\$ 22,455,509</u>	<u>\$ 21,554,216</u>

Expendable Income of Investments in Perpetuity:

	<u>2020</u>	<u>2019</u>
Lawler Trust Fund B - Educational Purposes	\$ 7,930,505	\$ 8,165,895
Lawler Trust Fund C - Missionary Purposes	2,986,275	3,119,547
Seminary Education	7,179	9,457
College Tuition Assistance	145,885	140,514
Haitian Education Fund	11,091	12,393
Total	<u>11,080,935</u>	<u>11,447,806</u>
Total Net Assets With Donor Restriction To be Spent for Specific Purpose	<u>\$ 33,536,444</u>	<u>\$ 33,002,022</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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>2020</u>	<u>2019</u>
Annual Diocesan Appeal	\$ 3,369,919	\$ 3,553,341
Living Our Mission Campaign	757,217	5,520,913
Endowment Fund Income	1,006,265	1,006,891
Tuition Assistance	152,570	155,042
Contributions and Grants	568,982	652,230
Total	<u>\$ 5,854,953</u>	<u>\$ 10,888,417</u>

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

	<u>2020</u>	<u>2019</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
Seminary Education	83,956	83,956
College Tuition Assistance	486,070	486,070
Haitian Education Fund	104,340	104,098
Total	<u>\$ 7,011,881</u>	<u>\$ 7,011,639</u>

Beneficial Interests in Perpetual Trusts:

	<u>2020</u>	<u>2019</u>
Seminary Education	<u>\$ 615,392</u>	<u>\$ 630,190</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, 2020 and 2019, the loss reserve for open claims was \$141,215 and \$325,464, respectively.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 14 ENDOWMENTS

The Administrative Offices endowments consist of six 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 Diocese 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, 2020 AND 2019

NOTE 14 ENDOWMENTS (CONTINUED)

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

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment Net Assets - June 30, 2018	\$ -	\$ 18,427,129	\$ 18,427,129
Investment Return:			
Investment Income	-	367,381	367,381
Net Appreciation	-	520,689	520,689
Total Return	-	888,070	888,070
Contributions	-	5,664	5,664
Appropriation of Endowment Assets for Expenditure	-	(861,418)	(861,418)
Endowment Net Assets - June 30, 2019	-	18,459,445	18,459,445
Investment Return:			
Investment Income	-	320,080	320,080
Net Appreciation	-	172,755	172,755
Total Return	-	492,835	492,835
Contributions	-	240	240
Appropriation of Endowment Assets for Expenditure	-	(859,706)	(859,706)
Endowment Net Assets - June 30, 2020	<u>\$ -</u>	<u>\$ 18,092,814</u>	<u>\$ 18,092,814</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, 2020 and 2019 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 seven percent 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
JUNE 30, 2020 AND 2019

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 \$63,536,460 and \$63,587,508 at June 30, 2020 and 2019, 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, 2020 and 2019, the Diocese had \$22,177,278 and \$19,633,286, respectively, available under the line of credit. Included in the total borrowings are unfunded swap exposure commitments to parishes and other Diocesan organizations of \$6,798,241 and \$8,909,762 at June 30, 2020 and 2019, respectively.

The following are some details of the more significant guarantees:

Under a Guaranty Agreement dated June 7, 2012, the Diocese 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, 2020 and 2019, the amount outstanding was \$2,669,559 and \$2,953,897, respectively.

Under the guaranty, upon default of the Diocese of Richmond Housing Corporation, and demand by the Bond Trustee, the Diocese 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.

Under an Agreement to Commercial Note dated July 16, 2012, the Diocese will serve as guarantor of a Commercial Note to SunTrust Bank on behalf of the Diocese of Richmond Housing Corporation. Under the guaranty, upon default of the Diocese of Richmond Housing Corporation, the Diocese 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 SunTrust 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%.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 15 CONTINGENT LIABILITIES (CONTINUED)

Financial Guarantees and Endorsements (Continued)

This note is guaranteed by the Catholic Diocese of Richmond Administrative Offices. As of June 30, 2020 and 2019, the amount outstanding was \$201,561 and \$221,411, respectively.

Under an agreement dated August 24, 2012, with SunTrust Bank, the Diocese 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 Diocese 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 Diocese 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.

Under a Guaranty Agreement dated December 1, 2000, the Diocese will serve as guarantor of Residential Care Facility Mortgage Note (Series 2000 Note) of \$3,000,000 issued by the City of Salem, Virginia Development Authority, on behalf of Our Lady of the Valley, Inc., a corporation formed to meet the housing needs of the elderly through construction and operation of a residential facility in the City of Roanoke, Virginia. As of June 30, 2020 and 2019, the Facility Mortgage Note carried a balance of \$0 and \$1,807,333, respectively.

Under the guaranty, upon default of Our Lady of the Valley, Inc., and demand by the Bond Trustee, the Diocese is obligated to pay principal and interest as such become due and all other payments of Our Lady of the Valley, Inc., related to the Series 2000 Note and related swap agreement and all other such payments on the bonds and note until the note is paid in full.

Unasserted Claims

From time to time, the Diocese may become subject to legal proceedings in the conduct of its operations. The Diocese'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, 2020 AND 2019

NOTE 15 CONTINGENT LIABILITIES (CONTINUED)

Unasserted Claims (Continued)

Currently, the Diocese is the subject of certain asserted and unasserted claims seeking damages. At June 30, 2020 and 2019, no accruals have been made other than those described in Note 22 Independent Reconciliation Program. Management is unable to estimate the effect of the ultimate resolution of any additional claims, but believes such claims will not have a material adverse effect on the financial position of the Diocese.

NOTE 16 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2020 and 2019, the Administrative Offices, at the request of the Bishop of Richmond, contributed \$152,570 and \$155,042, 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 \$50,242 and \$449,577 for the years ended June 30, 2020 and 2019, respectively for administrative expenses incurred on behalf of the McMahon Parater Scholarship Foundation. Total administrative expenses incurred for the years ended June 30, 2020 and 2019 were \$444,086 and \$449,577, respectively.

During the years ended June 30, 2020 and 2019, the Administrative Offices received a contribution from the Diocese of Richmond Housing Corporation of \$4,150,000 and \$3,925,000, 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, 2020 and 2019, the Administrative Offices contributed \$340,000 and \$240,000, 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, 2020 and 2019, the Administrative Offices had a payable to the Catholic Community Foundation of \$982,221 and \$1,907,580, respectively, related to cases included in the Living Our Mission Campaign. In addition, management fee revenue related to the Catholic Community Foundation totaled \$426,210 and \$358,625 for the years ended June 30, 2020 and 2019, respectively.

NOTE 17 COMMITMENTS

The Diocese 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 Diocese is liable for liquidated damages in the event of cancellation. At June 30, 2020, the commitment is \$175,643.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 18 RISKS AND UNCERTAINTIES

During the fiscal year ended June 30, 2020 the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Administrative Offices, COVID-19 may impact various parts of its 2021 operations and financial results, including investment performance and potential loss of revenue due to a reduction in contributions. Management believes the Administrative Offices is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 19 PAYCHECK PROTECTION PROGRAM

On May 4, 2020, the Diocese received a loan from SunTrust Bank in the amount of \$1,999,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Diocese fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from May 4, 2020 to October 18, 2020, is the time that a business has to spend their PPP Loan funds. The Diocese has accounted for its PPP Loan in accordance with Accounting Standards Codification 470, Debt and reports the outstanding balance as a liability as of June 30, 2020.

NOTE 20 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 footnote 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 footnote 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, 2020 AND 2019

NOTE 20 AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

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

	2020	2019
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 554,242	\$ 1,461,256
Short Term Investments	3,795,235	6,303,156
Accounts Receivable	5,301,835	4,516,598
Current Pledges Receivable, Net	5,686,649	11,620,360
Beneficial Interest in Perpetual Trust Investments	615,392	630,190
	61,632,322	60,151,647
Total Financial Assets	77,585,675	84,683,207
Less: Parish Share Liability (Corresponding Asset Shown Above)		
Pledges Receivable - Current Portion, Net	(5,145,091)	(11,358,407)
Less Amounts Not Available to be Used Within One Year:		
Investments Designated for Insurance Obligations	(11,707,721)	(10,892,441)
Net Assets With Donor Restrictions	(41,163,717)	(40,643,851)
Net Assets Designated by Board for Programs	(352,285)	(294,982)
Investments with Board Designations	(471,690)	(402,627)
Designated Investments Operating as Endowments	(6,758,201)	(6,863,014)
Net Assets Designated for Cemetery Perpetual Care	-	(124,204)
Level 3 Equity Method Investments	(4,002,410)	(3,966,522)
Financial Assets Not Available to be Used Within One Year	(69,601,115)	(63,187,641)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 7,984,560	\$ 10,137,159

NOTE 21 INTEREST RATE SWAP AGREEMENT

The Administrative Offices entered into an interest rate swap agreement dated March 11, 2020 with SunTrust 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, 2020 the notional amount outstanding was \$3,124,328.

The Administrative Offices entered into an interest rate swap agreement dated June 19, 2020 with SunTrust 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, 2020 the notional amount outstanding was \$5,600,000.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 21 INTEREST RATE SWAP AGREEMENT (CONTINUED)

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.

NOTE 22 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 is scheduled to conclude as of October 15, 2020; although, the IRP may be extended in order to provide all claimants adequate time for a complete evaluation. It is anticipated that approximately 50 claimants will accept monetary payments and \$6,300,000 has been accrued for the IRP as of June 30, 2020. To fund these claims, the Diocese obtained a \$6,500,000 line of credit with SunTrust in August 2020.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(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	Cemeteries Fund	Eliminating Entries	Combined
CURRENT ASSETS													
Cash and Cash Equivalents	\$ 546,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,392	\$ -	\$ 554,242
Short-Term Investments	3,795,235	-	-	-	-	-	-	-	-	-	-	-	3,795,235
Accounts Receivable, Net	3,589,515	-	954,677	8,310	11,640	-	403,492	-	3,056	-	331,145	-	5,301,835
Pledges Receivable - Current Portion, Net	-	-	-	-	-	-	-	449,237	-	5,237,412	-	-	5,686,649
Inventory	-	-	-	-	-	-	-	-	-	-	758,127	-	758,127
Due From Other Fund	2,060,258	126,111	-	788,838	-	438,295	-	2,906,003	373,045	57,691	-	(6,750,241)	-
Prepaid Expenses and Other Current Assets	233,255	-	2,920	13,854	99,664	-	124,478	-	-	-	5,676	-	479,847
Total Current Assets	10,225,113	126,111	957,597	811,002	111,304	438,295	527,970	3,355,240	376,101	5,295,103	1,102,340	(6,750,241)	16,575,935
NONCURRENT ASSETS													
Pledges Receivable - Non Current Portion, Net	-	-	-	-	-	-	-	-	-	677,166	-	-	677,166
Investments	6,700,225	25,850,373	9,339,015	9,910,756	2,862,789	6,616,058	-	-	-	-	353,106	-	61,632,322
Beneficial Interest in Perpetual Trust	-	615,392	-	-	-	-	-	-	-	-	-	-	615,392
Land for Future Parish Sites	-	-	247,351	-	-	-	-	-	-	-	-	-	247,351
Land, Buildings and Equipment, Net	-	-	14,466,622	-	-	-	-	-	-	-	1,401,787	-	15,868,409
Total Noncurrent Assets	6,700,225	26,465,765	24,052,988	9,910,756	2,862,789	6,616,058	-	-	-	677,166	1,754,893	-	79,040,640
Total Assets	\$ 16,925,338	\$ 26,591,876	\$ 25,010,585	\$ 10,721,758	\$ 2,974,093	\$ 7,054,353	\$ 527,970	\$ 3,355,240	\$ 376,101	\$ 5,972,269	\$ 2,857,233	\$ (6,750,241)	\$ 95,616,575
CURRENT LIABILITIES													
Accounts Payable and Accrued Expenses	\$ 2,563,459	\$ -	\$ 639,109	\$ -	\$ 647,821	\$ -	\$ 382,228	\$ -	\$ 5,132	\$ 977,221	\$ 6,243	\$ -	\$ 5,221,213
Independent Reconciliation Program Payable	-	-	-	-	6,300,000	-	-	-	-	-	-	-	6,300,000
Parish Share Liability	-	-	-	-	-	-	-	150,043	-	4,995,048	-	-	5,145,091
Collections Payable	-	-	-	-	-	-	-	-	266,707	-	-	-	266,707
Due to Other Fund	-	-	4,867,503	-	478,686	-	894,974	-	-	-	509,078	(6,750,241)	-
Insurance Claims Reserve	-	-	-	1,250,608	141,215	-	-	-	-	-	-	-	1,391,823
Notes Payable	1,999,000	-	7,770,035	-	-	-	3,124,328	-	-	-	480,035	-	13,373,398
Other Current Liabilities	46,858	-	48,309	10,538	-	-	-	-	104,262	-	270,529	-	480,496
Total Current Liabilities	4,609,317	-	13,324,956	1,261,146	7,567,722	-	4,401,530	150,043	376,101	5,972,269	1,265,885	(6,750,241)	32,178,728
NONCURRENT LIABILITIES													
Net Unfunded Priest Pension Liability	-	-	-	-	-	10,599,873	-	-	-	-	-	-	10,599,873
Net Unfunded Priest Other Postretirement Employee Benefits Liability	-	-	-	-	-	10,416,801	-	-	-	-	-	-	10,416,801
Interest Rate Swap Agreement	-	-	660,019	-	-	-	91,576	-	-	-	-	-	751,595
Other Noncurrent Liabilities	-	-	83,742	-	-	-	-	-	-	-	-	-	83,742
Total Current Liabilities	-	-	743,761	-	-	21,016,674	91,576	-	-	-	-	-	21,852,011
Total Liabilities	4,609,317	-	14,068,717	1,261,146	7,567,722	21,016,674	4,493,106	150,043	376,101	5,972,269	1,265,885	(6,750,241)	54,030,739
NET ASSETS													
Without Donor Restrictions:													
Operating Fund	2,484,656	-	(6,745,575)	-	-	-	-	-	-	-	-	-	(4,260,919)
Designated Net Assets:													
Programs	352,285	-	-	-	-	-	-	-	-	-	-	-	352,285
Cemetery Operations	-	-	-	-	-	-	-	-	-	-	13,961	-	13,961
Priest Auto Fund	1,258,707	-	-	-	-	-	-	-	-	-	-	-	1,258,707
Insurance Fund	-	-	-	9,460,612	(4,593,629)	-	-	-	-	-	-	-	4,866,983
Tuition Assistance Fund	-	-	-	-	-	-	(3,989,361)	-	-	-	-	-	(3,989,361)
Retirement Fund	-	-	-	-	-	(20,693,498)	-	-	-	-	-	-	(20,693,498)
Investments Operating as Endowments	6,659,638	98,563	-	-	-	-	-	-	-	-	-	-	6,758,201
Invested in Property, Plant, and Equipment	-	-	14,713,973	-	-	-	-	-	-	-	1,401,787	-	16,115,760
Total Without Donor Restrictions	10,755,286	98,563	7,968,398	9,460,612	(4,593,629)	(20,693,498)	(3,989,361)	-	-	-	1,415,748	-	422,119
With Donor Restrictions:													
To be Spent for Specific Purpose	1,560,735	18,866,040	2,973,470	-	-	6,731,177	24,225	3,205,197	-	-	175,600	-	33,536,444
Maintained in Perpetuity	-	7,627,273	-	-	-	-	-	-	-	-	-	-	7,627,273
Total Net Assets	12,316,021	26,591,876	10,941,868	9,460,612	(4,593,629)	(13,962,321)	(3,965,136)	3,205,197	-	-	1,591,348	-	41,585,836
Total Liabilities and Net Assets	\$ 16,925,338	\$ 26,591,876	\$ 25,010,585	\$ 10,721,758	\$ 2,974,093	\$ 7,054,353	\$ 527,970	\$ 3,355,240	\$ 376,101	\$ 5,972,269	\$ 2,857,233	\$ (6,750,241)	\$ 95,616,575

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(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	Cemeteries Fund	Eliminating Entries	Combined
CURRENT ASSETS													
Cash and Cash Equivalents	\$ 1,452,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,334	\$ -	\$ 1,461,256
Short-Term Investments	6,303,156	-	-	-	-	-	-	-	-	-	-	-	6,303,156
Accounts Receivable, Net	4,150,037	-	15,874	60,674	8,049	-	-	-	145,593	-	136,371	-	4,516,598
Pledges Receivable - Current Portion, Net	-	-	-	-	-	-	-	783,617	-	10,836,743	-	-	11,620,360
Inventory	-	-	-	-	-	-	-	-	-	-	688,108	-	688,108
Due From Other Fund	-	289,798	-	1,171,978	-	1,023,290	969,066	2,472,369	351,458	-	35,799	(6,313,758)	-
Prepaid Expenses and Other Current Assets	369,719	-	30,921	20,195	39,626	-	-	-	-	-	-	-	460,461
Total Current Assets	12,275,834	289,798	46,795	1,252,847	47,675	1,023,290	969,066	3,255,986	497,051	10,836,743	868,612	(6,313,758)	25,049,939
NONCURRENT ASSETS													
Pledges Receivable - Non Current Portion, Net	-	-	-	-	-	-	-	-	-	2,695,843	-	-	2,695,843
Investments	6,846,788	26,166,856	9,299,147	9,141,341	2,781,036	5,667,127	-	-	-	-	249,352	-	60,151,647
Beneficial Interest in Perpetual Trust	-	630,190	-	-	-	-	-	-	-	-	-	-	630,190
Notes Receivable and Other Noncurrent Assets	60,000	-	42,763	-	-	-	-	-	-	-	-	-	102,763
Land for Future Parish Sites	-	-	297,079	-	-	-	-	-	-	-	-	-	297,079
Land, Buildings and Equipment, Net	-	-	12,749,962	-	-	-	-	-	-	-	1,325,807	-	14,075,769
Total Noncurrent Assets	6,906,788	26,797,046	22,388,951	9,141,341	2,781,036	5,667,127	-	-	-	2,695,843	1,575,159	-	77,953,291
Total Assets	\$ 19,182,622	\$ 27,086,844	\$ 22,435,746	\$ 10,394,188	\$ 2,828,711	\$ 6,690,417	\$ 969,066	\$ 3,255,986	\$ 497,051	\$ 13,532,586	\$ 2,443,771	\$ (6,313,758)	\$ 103,003,230
CURRENT LIABILITIES													
Accounts Payable and Accrued Expenses	\$ 2,795,197	\$ -	\$ 116,516	\$ -	\$ 33,573	\$ -	\$ 794,569	\$ -	\$ 1,667	\$ 1,907,580	\$ 50	\$ -	\$ 5,649,152
Parish Share Liability	-	-	-	-	-	-	-	307,476	-	11,050,931	-	-	11,358,407
Collections Payable	-	-	-	-	-	-	-	-	401,436	-	-	-	401,436
Due to Other Fund	4,500,757	-	1,152,897	-	30,913	-	-	-	-	574,075	-	(6,313,758)	-
Insurance Claims Reserve	-	-	-	1,312,959	325,464	-	-	-	-	-	-	-	1,638,423
Notes Payable	-	-	8,118,130	-	-	-	3,411,747	-	-	-	480,035	-	12,009,912
Other Current Liabilities	11,628	-	31,590	-	-	-	-	-	93,948	-	169,448	-	306,614
Total Current Liabilities	7,307,582	-	9,419,133	1,312,959	389,950	-	4,206,316	307,476	497,051	13,532,586	704,649	(6,313,758)	31,363,944
NONCURRENT LIABILITIES													
Net Unfunded Priest Pension Liability	-	-	-	-	-	7,533,423	-	-	-	-	-	-	7,533,423
Net Unfunded Priest Other Postretirement Employee Benefits Liability	-	-	-	-	-	8,495,364	-	-	-	-	-	-	8,495,364
Interest Rate Swap Agreement	-	-	81,168	-	-	-	-	-	-	-	-	-	81,168
Other Noncurrent Liabilities	-	-	37,638	-	-	-	-	-	-	-	-	-	37,638
Total Noncurrent Liabilities	-	-	118,806	-	-	16,028,787	-	-	-	-	-	-	16,147,593
Total Liabilities	7,307,582	-	9,537,939	1,312,959	389,950	16,028,787	4,206,316	307,476	497,051	13,532,586	704,649	(6,313,758)	47,511,537
NET ASSETS													
Without Donor Restrictions:													
Operating Fund	2,300,954	-	(3,240,097)	-	-	-	-	-	-	-	-	-	(939,143)
Designated Net Assets:													
Programs	294,982	-	-	-	-	-	-	-	-	-	-	-	294,982
Cemetery Operations	-	-	-	-	-	-	-	-	-	-	267,170	-	267,170
Cemetery Perpetual Care	-	-	-	-	-	-	-	-	-	-	124,204	-	124,204
Priest Auto Fund	1,353,729	-	-	-	-	-	-	-	-	-	-	-	1,353,729
Insurance Fund	-	-	-	9,081,229	2,438,761	-	-	-	-	-	-	-	11,519,990
Tuition Assistance Fund	-	-	-	-	-	-	(3,262,070)	-	-	-	-	-	(3,262,070)
Retirement Fund	-	-	-	-	-	(15,746,882)	-	-	-	-	-	-	(15,746,882)
Investments Operating as Endowments	6,807,118	55,896	-	-	-	-	-	-	-	-	-	-	6,863,014
Invested in Property, Plant, and Equipment	-	-	13,047,041	-	-	-	-	-	-	-	1,325,807	-	14,372,848
Total Without Donor Restrictions	10,756,783	55,896	9,806,944	9,081,229	2,438,761	(15,746,882)	(3,262,070)	-	-	-	1,717,181	-	14,847,842
With Donor Restrictions:													
To be Spent for Specific Purpose	1,118,257	19,389,119	3,090,863	-	-	6,408,512	24,820	2,948,510	-	-	21,941	-	33,002,022
Maintained in Perpetuity	-	7,641,829	-	-	-	-	-	-	-	-	-	-	7,641,829
Total Net Assets	11,875,040	27,086,844	12,897,807	9,081,229	2,438,761	(9,338,370)	(3,237,250)	2,948,510	-	-	1,739,122	-	55,491,693
Total Liabilities and Net Assets	\$ 19,182,622	\$ 27,086,844	\$ 22,435,746	\$ 10,394,188	\$ 2,828,711	\$ 6,690,417	\$ 969,066	\$ 3,255,986	\$ 497,051	\$ 13,532,586	\$ 2,443,771	\$ (6,313,758)	\$ 103,003,230

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(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	Cemeteries Fund	Eliminating Entries	Combined
OPERATING REVENUES													
Diocesan Assessments	\$ 8,210,282	\$ -	\$ -	\$ -	\$ -	\$ 819,023	\$ -	\$ -	\$ -	\$ -	\$ 76,292	\$ -	\$ 9,105,597
Contributions and Collections	1,775,377	60,129	-	-	-	41,371	-	-	355,024	-	10,640	-	2,242,541
Contributions from Elderly Housing Facilities	4,150,000	-	-	-	-	-	-	-	-	-	-	-	4,150,000
Realized/Unrealized Gain (Loss) on Investments	71,697	245,736	58,287	100,769	(11,785)	51,533	-	-	-	-	2,567	-	518,804
Interest and Dividend Income	214,028	438,446	198,103	168,647	28,446	103,956	-	-	-	-	4,199	-	1,155,825
Change in Beneficial Interest in Perpetual Trust Program and Fee Revenue	1,681,913	4,750	-	-	1,105	-	-	-	-	-	-	-	1,683,018
Rental Income	13,800	-	201,762	-	-	-	-	-	-	-	-	-	215,562
Cemetery Income	-	-	-	-	-	-	-	-	-	-	397,426	-	397,426
Fair Value Loss on Interest Rate Swap	-	-	(578,851)	-	-	-	(91,576)	-	-	-	-	-	(670,427)
Other Income	673,133	-	40,338	44,447	34,228	-	-	-	9,445	-	251	-	801,842
Transfers From Other Funds	808,141	(70,084)	(53,220)	(24,769)	(420,837)	(403,947)	(90,200)	-	-	205,188	49,728	-	-
Total Operating Revenues	17,598,371	678,977	(133,581)	289,094	(368,843)	611,936	(181,776)	-	364,469	205,188	541,103	-	19,604,938
OTHER REVENUES													
Insurance Assessments	-	-	-	12,099,789	2,837,727	-	-	-	-	-	-	(1,312,241)	13,625,275
Campaign Contributions, Net	-	-	-	-	-	-	-	3,796,516	-	170,305	-	-	3,966,821
Tuition Assistance Assessments	-	-	-	-	-	-	3,899,951	-	-	-	-	-	3,899,951
Total Other Revenues	-	-	-	12,099,789	2,837,727	-	3,899,951	3,796,516	-	170,305	-	(1,312,241)	21,492,047
NET ASSETS RELEASED FROM RESTRICTIONS													
Satisfaction of Purpose Restrictions	3,416,012	(1,007,398)	10,583	-	-	-	-	(2,419,197)	-	-	-	-	-
Total Revenues and Reclassifications	21,014,383	(328,421)	(122,998)	12,388,883	2,468,884	611,936	3,718,175	1,377,319	364,469	375,493	541,103	(1,312,241)	41,096,985
PROGRAM EXPENSES (see detail on page 45)	12,878,348	165,341	-	-	-	-	-	-	364,469	-	648,856	-	14,057,014
AUXILIARY PROGRAMS AND SERVICES													
Campaign Case Distributions	-	-	-	-	-	248,000	-	950,722	-	168,878	-	-	1,367,600
Tuition Assistance Program	-	-	-	-	-	-	4,349,040	-	-	-	-	-	4,349,040
Insurance Expenses	-	-	-	12,009,500	3,201,274	-	-	-	-	-	-	(1,312,241)	13,898,533
Change in Unfunded Priest Pension Liability	-	-	-	-	-	3,066,450	-	-	-	-	-	-	3,066,450
Change in Unfunded Priest Other Postretirement Health Obligations	-	-	-	-	-	1,921,437	-	-	-	-	-	-	1,921,437
Total Auxiliary Programs and Services	-	-	-	12,009,500	3,201,274	5,235,887	4,349,040	950,722	-	168,878	-	(1,312,241)	24,603,060
ADMINISTRATIVE AND FINANCIAL SERVICES													
General Administration	7,694,726	1,206	472,652	-	-	-	-	-	-	199,011	-	-	8,367,595
Independent Reconciliation Program	-	-	-	-	6,300,000	-	-	-	-	-	-	-	6,300,000
Depreciation	-	-	1,065,316	-	-	-	-	-	-	-	22,816	-	1,088,132
Interest	328	-	248,336	-	-	-	97,021	-	-	-	12,957	-	358,642
Bad Debt Expense	-	-	46,637	-	-	-	-	169,910	-	7,604	4,248	-	228,399
Total Administrative and Financial Services	7,695,054	1,206	1,832,941	-	6,300,000	-	97,021	169,910	-	206,615	40,021	-	16,342,768
Total Expenses	20,573,402	166,547	1,832,941	12,009,500	9,501,274	5,235,887	4,446,061	1,120,632	364,469	375,493	688,877	(1,312,241)	55,002,842
CHANGE IN NET ASSETS	440,981	(494,968)	(1,955,939)	379,383	(7,032,390)	(4,623,951)	(727,886)	256,687	-	-	(147,774)	-	(13,905,857)
Net Assets - Beginning of Year	11,875,040	27,086,844	12,897,807	9,081,229	2,438,761	(9,338,370)	(3,237,250)	2,948,510	-	-	1,739,122	-	55,491,693
NET ASSETS - END OF YEAR	<u>\$ 12,316,021</u>	<u>\$ 26,591,876</u>	<u>\$ 10,941,868</u>	<u>\$ 9,460,612</u>	<u>\$ (4,593,629)</u>	<u>\$(13,962,321)</u>	<u>\$ (3,965,136)</u>	<u>\$ 3,205,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,591,348</u>	<u>\$ -</u>	<u>\$ 41,585,836</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(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	Cemeteries Fund	Eliminating Entries	Combined
OPERATING REVENUES													
Diocesan Assessments	\$ 9,818,051	\$ -	\$ -	\$ -	\$ -	\$ 718,592	\$ -	\$ -	\$ -	\$ -	\$ 71,877	\$ -	\$ 10,608,520
Contributions and Collections	1,384,023	23,986	-	-	-	936	-	-	-	-	35,494	-	1,444,439
Contributions from Elderly Housing Facilities	3,925,000	-	-	-	-	-	-	-	-	-	-	-	3,925,000
Realized/Unrealized Gain (Loss) on Investments	242,667	746,674	187,159	289,985	(55,354)	184,326	-	-	-	3,743	9,907	-	1,609,107
Interest and Dividend Income	312,507	500,957	219,461	153,667	28,730	90,385	-	-	-	116	1,692	-	1,307,515
Change in Beneficial Interest in Perpetual Trust	-	15,724	-	-	-	-	-	-	-	-	-	-	15,724
Program and Fee Revenue	1,724,552	-	-	-	3,235	-	-	-	-	-	-	-	1,727,787
Rental Income	13,800	-	194,746	-	-	-	-	-	-	-	-	-	208,546
Cemetery Income	-	-	-	-	-	-	-	-	-	-	248,139	-	248,139
Fair Value Loss on Interest Rate Swap	-	-	(104,651)	-	-	-	-	-	-	-	-	-	(104,651)
Other Income	463,138	-	93,326	4,490	-	-	-	-	23,699	-	2	-	584,655
Transfers From Other Funds	411,489	(21,247)	20,294	-	(348,127)	(33,191)	(95,600)	-	-	66,382	-	-	-
Total Operating Revenues	18,295,227	1,266,094	610,335	448,142	(371,516)	961,048	(95,600)	-	23,699	70,241	367,111	-	21,574,781
OTHER REVENUES													
Insurance Assessments	-	-	-	13,793,274	2,610,020	-	-	-	-	-	-	(1,340,105)	15,063,189
Campaign Contributions, Net	-	-	-	-	-	-	-	4,134,945	-	5,491,294	-	-	9,626,239
Tuition Assistance Assessments	-	-	-	-	-	-	4,771,644	-	-	-	-	-	4,771,644
Total Other Revenues	-	-	-	13,793,274	2,610,020	-	4,771,644	4,134,945	-	5,491,294	-	(1,340,105)	29,461,072
NET ASSETS RELEASED FROM RESTRICTIONS													
Satisfaction of Purpose Restrictions	3,294,210	(985,603)	-	-	-	-	-	(2,308,607)	-	-	-	-	-
Total Revenues and Reclassifications	21,589,437	280,491	610,335	14,241,416	2,238,504	961,048	4,676,044	1,826,338	23,699	5,561,535	367,111	(1,340,105)	51,035,853
PROGRAM EXPENSES (see detail on page 45)	13,997,440	170,030	-	-	-	-	-	-	23,699	-	644,138	-	14,835,307
AUXILIARY PROGRAMS AND SERVICES													
Campaign Case Distributions	-	-	-	-	-	423,000	-	1,244,734	-	4,624,840	-	-	6,292,574
Tuition Assistance Program	-	-	-	-	-	-	5,161,235	-	-	-	-	-	5,161,235
Insurance Expenses	-	-	-	12,927,879	2,573,964	-	-	-	-	-	-	(1,340,105)	14,161,738
Change in Unfunded Priest Pension Liability	-	-	-	-	-	1,232,283	-	-	-	-	-	-	1,232,283
Change in Unfunded Priest Other Postretirement Health Obligations	-	-	-	-	-	241,779	-	-	-	-	-	-	241,779
Total Auxiliary Programs and Services	-	-	-	12,927,879	2,573,964	1,897,062	5,161,235	1,244,734	-	4,624,840	-	(1,340,105)	27,089,609
ADMINISTRATIVE AND FINANCIAL SERVICES													
General Administration	7,909,370	1,206	765,808	-	-	-	-	-	-	287,990	-	-	8,964,374
Depreciation	-	-	1,027,630	-	-	-	-	-	-	-	19,204	-	1,046,834
Interest	-	-	291,965	-	-	-	118,048	-	-	-	16,024	-	426,037
Bad Debt Expense	-	-	46,637	-	-	-	-	124,414	-	648,705	-	-	819,756
Total Administrative and Financial Services	7,909,370	1,206	2,132,040	-	-	-	118,048	124,414	-	936,695	35,228	-	11,257,001
Total Expenses	21,906,810	171,236	2,132,040	12,927,879	2,573,964	1,897,062	5,279,283	1,369,148	23,699	5,561,535	679,366	(1,340,105)	53,181,917
CHANGE IN NET ASSETS	(317,373)	109,255	(1,521,705)	1,313,537	(335,460)	(936,014)	(603,239)	457,190	-	-	(312,255)	-	(2,146,064)
Net Assets - Beginning of Year	12,192,413	26,977,589	14,419,512	7,767,692	2,774,221	(8,402,356)	(2,634,011)	2,491,320	-	-	1,892,240	-	57,478,620
Cemeteries Beginning Balances	-	-	-	-	-	-	-	-	-	-	159,137	-	159,137
NET ASSETS - END OF YEAR	<u>\$ 11,875,040</u>	<u>\$ 27,086,844</u>	<u>\$ 12,897,807</u>	<u>\$ 9,081,229</u>	<u>\$ 2,438,761</u>	<u>\$ (9,338,370)</u>	<u>\$ (3,237,250)</u>	<u>\$ 2,948,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,739,122</u>	<u>\$ -</u>	<u>\$ 55,491,693</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
GENERAL OPERATING FUND STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES						
Diocesan Assessments	\$ 8,210,282	\$ -	\$ 8,210,282	\$ 9,818,051	\$ -	\$ 9,818,051
Contributions and Collections	1,028,417	746,960	1,775,377	1,029,959	354,064	1,384,023
Contributions from Elderly Housing Facilities	4,150,000	-	4,150,000	3,925,000	-	3,925,000
Realized/Unrealized Gain on Investments	71,303	394	71,697	241,534	1,133	242,667
Interest and Dividend Income	213,505	523	214,028	311,917	590	312,507
Program and Fee Revenue	1,672,400	9,513	1,681,913	1,716,002	8,550	1,724,552
Rental Income	13,800	-	13,800	13,800	-	13,800
Other Income	596,807	76,326	673,133	362,915	100,223	463,138
Transfers From Other Funds	808,141	-	808,141	411,489	-	411,489
Total Operating Revenues	<u>16,764,655</u>	<u>833,716</u>	<u>17,598,371</u>	<u>17,830,667</u>	<u>464,560</u>	<u>18,295,227</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of Purpose Restrictions	3,807,250	(391,238)	3,416,012	3,944,681	(650,471)	3,294,210
Total Revenues and Reclassifications	<u>20,571,905</u>	<u>442,478</u>	<u>21,014,383</u>	<u>21,775,348</u>	<u>(185,911)</u>	<u>21,589,437</u>
PROGRAM EXPENSES (see detail on page 45)	12,878,348	-	12,878,348	13,997,440	-	13,997,440
ADMINISTRATIVE AND FINANCIAL SERVICES						
General Administration	7,694,726	-	7,694,726	7,909,370	-	7,909,370
Interest	328	-	328	-	-	-
Total Administrative and Financial Services	<u>7,695,054</u>	<u>-</u>	<u>7,695,054</u>	<u>7,909,370</u>	<u>-</u>	<u>7,909,370</u>
Total Expenses	<u>20,573,402</u>	<u>-</u>	<u>20,573,402</u>	<u>21,906,810</u>	<u>-</u>	<u>21,906,810</u>
CHANGE IN NET ASSETS	<u>(1,497)</u>	<u>442,478</u>	<u>440,981</u>	<u>(131,462)</u>	<u>(185,911)</u>	<u>(317,373)</u>
Net Assets - Beginning of Year	<u>10,756,783</u>	<u>1,118,257</u>	<u>11,875,040</u>	<u>10,888,245</u>	<u>1,304,168</u>	<u>12,192,413</u>
NET ASSETS - END OF YEAR	<u>\$ 10,755,286</u>	<u>\$ 1,560,735</u>	<u>\$ 12,316,021</u>	<u>\$ 10,756,783</u>	<u>\$ 1,118,257</u>	<u>\$ 11,875,040</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
ENDOWMENT FUND STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES						
Contributions and Collections	\$ 41,271	\$ 18,858	\$ 60,129	\$ -	\$ 23,986	\$ 23,986
Realized/Unrealized Gain on Investments	555	245,181	245,736	1,598	745,076	746,674
Interest and Dividend Income	840	437,606	438,446	933	500,024	500,957
Change in Beneficial Interest in Perpetual Trust	-	4,750	4,750	-	15,724	15,724
Transfers From Other Funds	(44,436)	(25,648)	(70,084)	(12,949)	(8,298)	(21,247)
Total Operating Revenues	(1,770)	680,747	678,977	(10,418)	1,276,512	1,266,094
NET ASSETS RELEASED FROM RESTRICTIONS						
Change in Purpose Restriction	19,546	(19,546)	-	7,855	(7,855)	-
Satisfaction of Purpose Restrictions	191,438	(1,198,836)	(1,007,398)	176,329	(1,161,932)	(985,603)
Total Revenues and Reclassifications	209,214	(537,635)	(328,421)	173,766	106,725	280,491
PROGRAM EXPENSES (see detail on page 45)	165,341	-	165,341	170,030	-	170,030
ADMINISTRATIVE AND FINANCIAL SERVICES						
General Administration	1,206	-	1,206	1,206	-	1,206
Total Administrative and Financial Services	1,206	-	1,206	1,206	-	1,206
Total Expenses	166,547	-	166,547	171,236	-	171,236
CHANGE IN NET ASSETS	42,667	(537,635)	(494,968)	2,530	106,725	109,255
Net Assets - Beginning of Year	55,896	27,030,948	27,086,844	53,366	26,924,223	26,977,589
NET ASSETS - END OF YEAR	<u>\$ 98,563</u>	<u>\$ 26,493,313</u>	<u>\$ 26,591,876</u>	<u>\$ 55,896</u>	<u>\$ 27,030,948</u>	<u>\$ 27,086,844</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, 2020, and our report thereon dated October 16, 2020, which expressed an unmodified opinion on those financial statements, appears on page 1. 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 purposes of additional analysis and is 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 16, 2020

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
DISCLOSURES FOR RETIREMENT PLAN FOR LAY EMPLOYEES
YEARS ENDED JUNE 30, 2020 AND 2019
(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, 2019 and 2018, 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>2020</u>	<u>2019</u>
Change in Benefit Obligation:		
Accumulated Benefit Obligation - Beginning of Year	\$ 143,129,722	\$ 137,260,979
Benefits Accumulated and Losses	4,284,294	4,831,754
Interest Cost	9,045,715	8,676,594
Plan Changes	-	30,999
Benefits Paid	<u>(8,056,576)</u>	<u>(7,670,604)</u>
Accumulated Benefit Obligation - End of Year	148,403,155	143,129,722
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning of Year	116,020,666	135,172,871
Return on Plan Assets	25,715,950	(7,956,532)
Employer Contributions	4,321,486	(2,908,662)
Benefits Paid	(8,056,576)	(7,670,604)
Plan Expenses	<u>(491,135)</u>	<u>(616,407)</u>
Fair Value of Plan Assets - End of Year	<u>137,510,391</u>	<u>116,020,666</u>
Accrued Pension Liability, Lay Employees	<u>\$ 10,892,764</u>	<u>\$ 27,109,056</u>
Percentage Funded	<u>92.66%</u>	<u>81.06%</u>
Discount Rate on the Benefit Obligation	<u>6.50%</u>	<u>6.50%</u>
Rate of Expected Return on Plan Assets	6.50%	6.50%

The Diocese as a whole expects to contribute approximately \$4,405,570 to the plan in 2021. 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, 2020 AND 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

Name of Collection	06/30/18 Balance	Cash Received	Cash Forwarded	06/30/19 Balance	Cash Received	Cash Forwarded	06/30/20 Balance
Catholic Charities of Eastern Virginia	\$ 205	\$ 182,031	\$ 180,080	\$ 2,156	\$ 164,191	\$ 153,639	\$ 12,708
Commonwealth Catholic Charities	6,876	148,077	145,903	9,050	172,822	175,087	6,785
Campaign for Human Development	1,253	22,637	23,062	828	16,878	17,582	124
Retired Religious	38,731	227,648	209,342	57,037	236,470	269,522	23,985
Catholic Relief Services	172,018	185,232	232,425	124,825	123,298	190,272	57,851
Holy Land	1,524	31,315	27,557	5,282	22,160	26,244	1,198
Peter's Pence	25,290	137,707	118,967	44,030	135,642	159,440	20,232
World Mission Sunday	48,029	139,326	125,648	61,707	147,929	163,167	46,469
Disaster Relief	574	164,000	161,620	2,954	22,105	-	25,059
Operation Rice Bowl	45,914	30,740	54,881	21,773	35,004	40,589	16,188
St. Mary's Health Wagon	67,251	31,672	30,000	68,923	26,274	47,000	48,197
Military Services	6,586	85,625	89,340	2,871	141,844	136,804	7,911
Total Collections Payable	<u>\$ 414,251</u>	<u>\$ 1,386,010</u>	<u>\$ 1,398,825</u>	<u>\$ 401,436</u>	<u>\$ 1,244,617</u>	<u>\$ 1,379,346</u>	<u>\$ 266,707</u>

**ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
OPERATING FUND PROGRAM AND ADMINISTRATIVE EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	<u>2020</u>	<u>2019</u>
Office of Bishop and Vicars		
Bishop's Office	\$ 385,241	\$ 390,031
Vicar General	255,572	279,141
Vicar for Clergy	166,645	173,147
Chancellor's Office	2,328	3,353
Total Office of Bishop and Vicars	<u>\$ 809,786</u>	<u>\$ 845,672</u>
Pastoral Ministries		
Support for Priests:		
Diocesan Support for Priests	960,825	1,117,165
International Priests Enculturation and Mentorship	703,062	660,193
Priest Auto Fund Grants	600,556	603,540
Retired Priests Health Care and Support	260,268	280,107
Priests Long-Term Care	532,826	492,411
Priests Convocation and Formation	73,069	39,645
Priests Council	1,418	2,515
Vocations	1,356,285	1,539,773
Tribunal	554,958	561,842
Retreat Centers	278,072	351,361
Permanent Diaconate	154,330	149,482
Diocese of Richmond Housing Corporation	41,586	60,344
Diocesan Theologian, Worship and Other	137,354	154,032
Total Pastoral Ministries	<u>\$ 5,654,609</u>	<u>\$ 6,012,410</u>
Catholic Education Ministries		
Office of Catholic Schools	877,100	939,988
Christian Formation	645,616	648,201
Total Catholic Education Ministries	<u>\$ 1,522,716</u>	<u>\$ 1,588,189</u>
Social and Cultural Ministries		
Social Ministries	280,946	249,156
Ethnic Ministries	464,804	636,958
Fuel and Hunger Fund	325,200	254,500
Home Missions Program	10,000	223,024
Total Social and Cultural Ministries	<u>\$ 1,080,950</u>	<u>\$ 1,363,638</u>
Office for Evangelization		
Campus Field Operations	1,379,040	1,441,980
Youth Programs and Events	540,580	646,434
Administration and Cross-Office Programs	406,463	445,801
Young Adult Programs and Events	15,883	26,675
Center for Marriage, Family and Life	217,866	380,258
Campus Programs and Events	114,326	105,032
Evangelization Pastoral Plan	667	28,524
Total Office for Evangelization	<u>\$ 2,674,825</u>	<u>\$ 3,074,704</u>
Communications		
Office of Communications	314,642	282,754
Catholic Virginian	820,820	830,073
Total Communications	<u>\$ 1,135,462</u>	<u>\$ 1,112,827</u>
Total Program Expenses	<u>\$ 12,878,348</u>	<u>\$ 13,997,440</u>

**ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
 OPERATING FUND PROGRAM AND ADMINISTRATIVE EXPENSES (CONTINUED)
 YEARS ENDED JUNE 30, 2020 AND 2019
 (SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	2020	2019
Administrative and Financial Services		
Finance and Real Estate	1,240,805	1,284,858
Human Resources	897,690	967,570
Information Technology	929,376	825,152
Professional Fees and General Administration	722,754	849,154
Facility Operations, Repairs and Maintenance	612,919	654,879
Development	1,167,416	1,110,422
Annual Diocesan Appeal	465,054	561,523
Bicentennial Celebration	129,964	4,376
Payroll Processing	508,146	690,773
ParishSoft Accounting	176,890	232,716
USCCB and Virginia Catholic Conference Dues	441,354	334,319
Copy Services	146,495	149,810
Archives and Museum	196,298	187,504
Risk Management	59,893	56,314
Total Administrative and Financial Services	\$ 7,695,054	\$ 7,909,370