

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



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YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Administrative Offices of the Catholic Diocese of Richmond, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Administrative Offices of the Catholic Diocese of Richmond as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Administrative Offices of the Catholic Diocese of Richmond's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Administrative Offices of the Catholic Diocese of Richmond's ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Arlington, Virginia
October 27, 2022

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 901,190	\$ 882,063
Short-Term Investments	4,430,680	3,906,350
Accounts Receivable	3,224,178	4,130,821
Pledges Receivable - Current Portion, Net	1,541,810	772,342
Prepaid Expense and Other Current Assets	1,352,749	1,146,185
Total Current Assets	11,450,607	10,837,761
NONCURRENT ASSETS		
Pledges Receivable - Noncurrent Portion, Net	2,384,977	553,559
Investments	69,680,773	80,764,690
Beneficial Interest in Perpetual Trust	600,256	744,395
Notes Receivable	6,809,691	-
Interest Rate Swap Agreement	421,587	(342,125)
Property Held for Sale	-	3,500,000
Land, Buildings and Equipment, Less Accumulated Depreciation	10,579,800	16,303,927
Total Noncurrent Assets	90,477,084	101,524,446
Total Assets	\$ 101,927,691	\$ 112,362,207
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 3,401,109	\$ 4,014,111
Parish Share Liability	1,555,390	903,980
Collections Payable	383,824	265,091
Insurance Claims Reserve	1,507,203	1,682,403
Notes Payable	15,217,642	19,128,730
Other Current Liabilities	895,923	914,132
Total Current Liabilities	22,961,091	26,908,447
NONCURRENT LIABILITIES		
Net Unfunded Priest Pension Liability	2,724,093	2,239,311
Net Unfunded Priest Other Postretirement Employee Benefits Liability	7,124,991	8,198,119
Other Noncurrent Liabilities	32,162	55,100
Total Noncurrent Liabilities	9,881,246	10,492,530
Total Liabilities	32,842,337	37,400,977
NET ASSETS		
Without Donor Restrictions:		
Operating Fund	4,919,321	(6,011,464)
Designated Net Assets:		
Programs	70,666	418,186
Priest Auto Fund	1,600,625	1,568,998
Insurance Fund	9,185,880	10,738,071
Tuition Assistance Fund	(3,273,677)	(3,534,835)
Retirement Fund	(8,900,908)	(9,489,254)
Investments Operating as Endowments	7,992,195	9,523,771
Invested in Property, Plant, and Equipment	10,579,800	19,803,927
Total Without Donor Restrictions	22,173,902	23,017,400
With Donor Restrictions:		
To be Spent for Specific Purpose	39,284,079	44,186,190
Maintained in Perpetuity	7,627,373	7,757,640
Total Net Assets	69,085,354	74,961,230
Total Liabilities and Net Assets	\$ 101,927,691	\$ 112,362,207

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES (LOSSES)						
Diocesan Assessments	\$ 9,126,300	\$ 1,003,356	\$ 10,129,656	\$ 8,805,255	\$ 1,009,743	\$ 9,814,998
Contributions and Collections	1,684,642	419,183	2,103,825	4,040,364	294,722	4,335,086
Contributions from Elderly Housing Facilities	3,597,000	-	3,597,000	3,938,514	-	3,938,514
Realized/Unrealized Gain (Loss) on Investments	(3,650,167)	(6,452,229)	(10,102,396)	7,304,053	10,502,489	17,806,542
Interest and Dividend Income	528,146	614,391	1,142,537	455,762	525,896	981,658
Program and Fee Revenue	2,193,076	37,932	2,231,008	1,508,253	38,681	1,546,934
Gain on Property Sales	988,237	-	988,237	1,360,942	-	1,360,942
Other Income (Loss)	767,468	(2,235)	765,233	1,001,526	231,575	1,233,101
Total Operating Revenues (Losses)	<u>15,234,702</u>	<u>(4,379,602)</u>	<u>10,855,100</u>	<u>28,414,669</u>	<u>12,603,106</u>	<u>41,017,775</u>
OTHER REVENUES						
Insurance Assessments	15,847,198	-	15,847,198	15,412,177	-	15,412,177
Campaign Contributions, Net	-	8,916,798	8,916,798	-	4,987,890	4,987,890
Tuition Assistance Assessments	4,768,032	-	4,768,032	4,515,459	-	4,515,459
PPP Loan Forgiveness	-	-	-	1,999,000	-	1,999,000
Total Other Revenues	<u>20,615,230</u>	<u>8,916,798</u>	<u>29,532,028</u>	<u>21,926,636</u>	<u>4,987,890</u>	<u>26,914,526</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
Change in Purpose Restriction	18,112	(18,112)	-	13,446	(13,446)	-
Satisfaction of Purpose Restrictions	9,215,956	(9,215,956)	-	5,532,599	(5,532,599)	-
Total Revenues (Losses)	<u>45,084,000</u>	<u>(4,696,872)</u>	<u>40,387,128</u>	<u>55,887,350</u>	<u>12,044,951</u>	<u>67,932,301</u>

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PROGRAM EXPENSES	\$ 14,404,793	\$ -	\$ 14,404,793	\$ 12,735,019	\$ -	\$ 12,735,019
AUXILIARY PROGRAMS AND SERVICES						
Campaign Case Distributions	3,009,218	-	3,009,218	913,535	-	913,535
Tuition Assistance Program	4,527,046	-	4,527,046	3,961,115	-	3,961,115
Insurance Expenses	14,708,232	-	14,708,232	16,070,475	-	16,070,475
Change in Unfunded Priest Pension Liability	484,782	-	484,782	(8,360,562)	-	(8,360,562)
Change in Unfunded Priest Other Postretirement						
Employee Benefits Liability	(1,073,128)	-	(1,073,128)	(2,218,682)	-	(2,218,682)
Total Auxiliary Programs and Services	<u>21,656,150</u>	<u>-</u>	<u>21,656,150</u>	<u>10,365,881</u>	<u>-</u>	<u>10,365,881</u>
ADMINISTRATIVE AND FINANCIAL SERVICES						
General Administration	8,604,914	-	8,604,914	8,781,980	-	8,781,980
Depreciation	833,655	-	833,655	988,892	-	988,892
Interest	407,641	-	407,641	420,065	-	420,065
Bad Debt Expense	20,345	335,506	355,851	232	1,264,838	1,265,070
Total Administrative and Financial Services	<u>9,866,555</u>	<u>335,506</u>	<u>10,202,061</u>	<u>10,191,169</u>	<u>1,264,838</u>	<u>11,456,007</u>
Total Expenses	<u>45,927,498</u>	<u>335,506</u>	<u>46,263,004</u>	<u>33,292,069</u>	<u>1,264,838</u>	<u>34,556,907</u>
CHANGE IN NET ASSETS	(843,498)	(5,032,378)	(5,875,876)	22,595,281	10,780,113	33,375,394
Net Assets - Beginning of Year	<u>23,017,400</u>	<u>51,943,830</u>	<u>74,961,230</u>	<u>422,119</u>	<u>41,163,717</u>	<u>41,585,836</u>
NET ASSETS - END OF YEAR	<u>\$ 22,173,902</u>	<u>\$ 46,911,452</u>	<u>\$ 69,085,354</u>	<u>\$ 23,017,400</u>	<u>\$ 51,943,830</u>	<u>\$ 74,961,230</u>

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
PROGRAM AND AUXILIARY PROGRAM AND SERVICES EXPENSES		
Salary and Benefits Expense	\$ 6,193,103	\$ 6,005,443
Professional Services and Legal Fees	2,153,808	1,422,354
Travel and Meetings	312,824	142,223
Workshops and Conferences Given	617,302	138,764
Tuition, Room, and Board	887,464	774,922
Newspaper Printing	455,604	488,581
Cemetery Cost of Goods Sold	187,778	161,588
Insurance Premiums and Claims	13,423,224	14,446,347
Insurance Administration	452,124	112,047
Contributions, Grants, and Donations	8,389,421	5,773,265
Settlements	100,000	925,000
Subsidies	2,095,100	2,017,504
Priest Long-Term Care	549,693	529,397
Change in Unfunded Priest Pension Liability	484,782	(8,360,562)
Change In Unfunded Priest Other Postretirement Employee Benefits Liability	(1,073,128)	(2,218,682)
Supplies and Other Miscellaneous Expenses	416,528	311,623
Property Costs for Programs	415,316	431,086
Total Program and Auxiliary Program and Services Expenses	36,060,943	23,100,900
MANAGEMENT AND ADMINISTRATIVE EXPENSES		
Salary and Benefits Expense	3,611,862	3,559,264
Professional Services and Legal Fees	1,042,120	1,086,754
Travel and Meetings	86,579	28,770
Workshops and Conferences Given	8,258	44,192
Technology Support and Software Expense	208,277	199,522
Contributions, Grants, and Donations	332,687	1,174,099
Virginia Catholic Conference and USCCB Dues	380,866	281,836
Supplies and Other Miscellaneous Expenses	244,962	129,493
Insurance Premiums and Claims	85,900	102,936
Property Costs	413,508	430,348
Depreciation Expense	833,655	988,892
Interest Expense	407,641	420,065
Bad Debt Expense	355,851	1,265,070
Total Management and Administrative Expenses	8,012,166	9,711,241
FUNDRAISING EXPENSES		
Salary and Benefits Expense	962,630	962,469
Professional Services and Legal Fees	673,541	305,521
Travel and Meetings	93,640	16,740
Technology Support and Software Expense	42,064	84,562
Supplies and Other Miscellaneous Expenses	278,960	259,531
Contributions, Grants, and Donations	139,060	115,943
Total Fundraising Expenses	2,189,895	1,744,766
TOTAL EXPENSES	\$ 46,263,004	\$ 34,556,907

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (5,875,876)	\$ 33,375,394
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	833,655	988,892
Forgiveness of PPP Loan	-	(1,999,000)
Gain on Property Sales	(988,237)	(1,360,942)
Gain on Interest Rate Swap	(763,712)	(409,470)
Net Realized and Unrealized (Gain) Loss on Investments	11,977,712	(17,397,072)
Net Realized and Unrealized (Gain) Loss on Beneficial Interest in Perpetual Trust	169,109	(138,941)
Land Converted to Inventory	23,256	4,080
Change in Unfunded Priest Pension Liability	484,782	(8,360,562)
Change in Unfunded Priest Other Postretirement Employee Benefits Liability	(1,073,128)	(2,218,682)
Change in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts and Pledges Receivable	(1,694,243)	6,224,710
Notes Receivable	(6,809,691)	-
Prepaid Expenses and Other Current Assets	(206,564)	101,830
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(613,002)	(1,207,102)
Independent Reconciliation Program Payable	-	(6,300,000)
Parish Share Liability	651,410	(4,241,111)
Other Liabilities	(12,505)	453,303
Collections Payable	118,733	(1,616)
Insurance Claims Reserve	(175,200)	290,580
Net Cash Used by Operating Activities	(3,953,501)	(2,195,709)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Building and Equipment	(1,078,670)	(1,621,302)
Proceeds on Sale of Fixed Assets	10,434,123	1,543,282
Purchase of Investments	(8,767,581)	(9,025,182)
Proceeds from Sale of Investments	7,324,486	7,188,709
Net Cash Provided (Used) by Investing Activities	7,912,358	(1,914,493)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	-	9,800,000
Payments on Notes Payable	(3,911,088)	(5,313,668)
Principal Payments on Capital Lease Obligations	(28,642)	(48,309)
Net Cash Provided (Used) by Financing Activities	(3,939,730)	4,438,023
 INCREASE IN CASH AND CASH EQUIVALENTS	19,127	327,821
Cash and Cash Equivalents - Beginning of Year	882,063	554,242
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 901,190	\$ 882,063
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 405,240	\$ 410,381
Purchase of Land, Buildings, and Equipment Included in Accounts Payable	\$ 98,985	\$ 30,990
Note Payable Assumed from Holy Cross Regional School	\$ -	\$ 3,268,000
Sale of Cristo Rey through Issuance of Note Receivable	\$ 6,809,691	\$ -

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 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, 2022 AND 2021

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, 2022 AND 2021

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.

Property held for sale is recorded at the fair market value as of the date of the financial statements.

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, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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

Revenue

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

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

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

Expenditures

Program expenses are separated into various categories. Office of Bishop and Vicars includes the offices of the Bishop, Vicar General, and Vicar for Clergy. Pastoral ministries include priest support, seminarian support, continuing education for religious personnel, and retreat centers, as well as the offices of Vocations, Tribunal, Chancellor, Diaconate, Worship, Ecumenical Officer, and the Executive Director of the Diocese of Richmond Housing Corporation. Social and cultural ministries include the offices of Social Ministries, Ethnic Ministries, Black Catholics, and the Fuel and Hunger and Home Missions Programs. Catholic education ministries include the offices of Catholic Schools and Christian Formation along with all related programs and conferences. Evangelization includes Campus field operations, Youth programs and events, Young Adult programs and events, Marriage and Family programs and events, Campus programs and events and the Evangelization Pastoral Plan. Communications includes the Office of Communications and the Catholic Virginian. Administrative and financial services include the offices of Finance, Information Technology, Human Resources, Development, Facilities Management, Copy Services, Archives, Payroll Processing, 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, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Insurance Fund

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

Claims are paid to the contracted insurance providers as they are incurred by the insured participants. Based on calculations provided by USI Consulting, the Administrative Offices records a provision for claims that have been incurred but not yet reported by the insured. As of June 30, 2022 and 2021, the reserve for incurred but not reported claims was \$1,370,365 and \$1,340,692, 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, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Living Our Mission (Continued)

Management estimates that \$809,957 and \$2,421,793 of the pledges are uncollectible as of June 30, 2022 and 2021, 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.

Subsequent Events

In preparing these financial statements, the Administrative Offices has evaluated events and transactions for potential recognition or disclosure through October 27, 2022, the date the financial statements were available for issuance.

Reclassifications

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

NOTE 2 CONCENTRATION OF CREDIT AND MARKET RISK

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

NOTE 3 INVESTMENTS

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

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Equity Method Investments	\$ 4,886,816	\$ 3,932,511	\$ 4,846,488	\$ 4,178,650
Catholic Community Foundation	47,159,803	65,748,262	46,324,667	76,586,040
Total Investments	<u>\$ 52,046,619</u>	<u>\$ 69,680,773</u>	<u>\$ 51,171,155</u>	<u>\$ 80,764,690</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 INVESTMENTS (CONTINUED)

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

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

	2022		2021	
	Fair Value	Percent	Fair Value	Percent
Cash Equivalents	\$ 10,554,106	5.62%	\$ 7,956,248	3.70%
U.S. Government	23,186,964	12.35%	19,638,973	9.12%
Corporate Obligations	12,499,421	6.66%	15,786,840	7.34%
Equity Securities:				
Energy	6,138,386	3.27%	5,310,012	2.47%
Materials	6,168,069	3.28%	7,510,855	3.49%
Industrials	14,005,744	7.46%	18,090,812	8.40%
Consumer Discretionary	14,720,420	7.84%	21,575,604	10.02%
Consumer Staples	9,041,105	4.81%	9,793,679	4.55%
Health Care	16,666,525	8.88%	19,410,797	9.02%
Financials	23,652,770	12.60%	29,170,191	13.55%
Information Technology	26,604,326	14.17%	37,053,619	17.21%
Communications Services	8,892,350	4.74%	12,861,814	5.98%
Utilities	4,137,822	2.20%	4,369,667	2.03%
Preferred Equity Securities	45,688	0.02%	-	0.00%
Total Equity Securities	<u>130,073,205</u>	<u>69.27%</u>	<u>165,147,050</u>	<u>76.72%</u>
Preferred Securities	4,519	0.01%	24,494	0.01%
Mutual Funds:				
Equity	11,435,290	6.09%	6,697,516	3.11%
Total	<u>\$ 187,753,505</u>	<u>100.00%</u>	<u>\$ 215,251,121</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, 2022:

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

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	\$ 455,762	\$ 525,896	\$ 981,658
Realized Gain	\$ 244,489	\$ 393,068	\$ 637,557
Unrealized Gain	7,059,564	10,109,421	17,168,985
Total	<u>\$ 7,304,053</u>	<u>\$ 10,502,489</u>	<u>\$ 17,806,542</u>

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and 2021, by level within the fair value hierarchy:

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

	2021			
	Level 1	Level 2	Level 3	Total
Equity-Method Investments	\$ -	\$ -	\$ 4,178,650	\$ 4,178,650
Other Investments - Catholic Community Foundation	-	-	76,586,040	76,586,040
Beneficial Interest in Perpetual Trusts	-	-	744,395	744,395
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,509,085</u>	<u>\$ 81,509,085</u>

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

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2022	2021		
Catholic Umbrella Pool	\$ 743,962	\$ 1,010,965	Pro Rata Share of Contributions	Value of Underlying Assets
Catholic School Properties LLC	\$ 2,936,586	\$ 2,936,586	Investment in Entity	Time Period of Agreement
National Catholic Risk Retention	\$ 251,963	\$ 231,099	Net Asset Value	Value of Underlying Assets
Beneficial Interest in Perpetual Trusts	\$ 600,256	\$ 744,395	FMV of Trust Investments	Time Period of Trust
Catholic Community Foundation Holdings	\$ 65,748,262	\$ 76,586,040	Net Asset Value	Value of Underlying Assets

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 INVESTMENTS (CONTINUED)

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

2022	Catholic Umbrella Pool	Catholic School Properties LLC	National Catholic Risk Retention Group	Beneficial Interest in Perpetual Trusts	Catholic Community Foundation Holdings
Purchases	\$ 134,637	\$ -	\$ -	\$ -	\$ 411,542
Distributions	-	(87,871)	-	(18,112)	(203,680)
<hr/>					
2021					
Purchases	\$ 99,530	\$ -	\$ -	\$ -	\$ 2,473,581
Distributions	-	(90,816)	-	(13,446)	(1,712,180)

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

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

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

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

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 INVESTMENTS (CONTINUED)

ensure perpetuity of those investments; however, this is not a requirement and investors can withdraw any amount of their investment upon request.

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

	2022		2021	
	Notional Amount	Fair Value Asset	Notional Amount	Fair Value Asset
Interest Rate Swap Agreement, 3/11/20	\$ 2,539,066	\$ 186,832	\$ 2,835,059	\$ (2,296)
Interest Rate Swap Agreement, 6/19/20	5,225,884	234,755	5,424,281	(339,829)
Total	<u>\$ 7,764,950</u>	<u>\$ 421,587</u>	<u>\$ 8,259,340</u>	<u>\$ (342,125)</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, 2022 and 2021, the charitable remainder trusts had a value of \$600,256 and \$744,395, respectively, which is reported in the statements of financial position as Beneficial Interest in Perpetual Trust. Changes in the fair value of the trust have been reported with other income in the statements of activities.

NOTE 5 LAND, BUILDINGS, AND EQUIPMENT

Operating property consists of the following at June 30:

	2022	2021
Land and Building	\$ 23,884,277	\$ 29,746,839
Equipment	2,142,826	2,141,415
Subtotal	26,027,103	31,888,254
Less: Accumulated Depreciation	(15,447,303)	(15,584,327)
Total	<u>\$ 10,579,800</u>	<u>\$ 16,303,927</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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>2022</u>	<u>2021</u>
Contributions Received, Net	\$ 4,955,814	\$ 4,681,224
Less Contributions, Parish Share, and Expenses Paid	<u>(4,720,258)</u>	<u>(3,950,261)</u>
Net Increase	235,556	730,963
Balance, Beginning of Year	<u>3,936,160</u>	<u>3,205,197</u>
Balance, End of Year	<u><u>\$ 4,171,716</u></u>	<u><u>\$ 3,936,160</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, 2022 and 2021, this liability was \$1,220,371 and \$126,469, respectively, and is reported as a component of the Parish Share Liability on the Statements of Financial Position.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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:

	2022	2021
Contributions Pledged, Net	\$ 48,389	\$ 113,181
Bad Debt Expense	-	(1,071,353)
Parish Share Portion	(45,476)	459,065
Interfund Transfers to Case Elements:		
Diocesan Capital Fund	(2,868)	122,805
Distance Learning and Ministry Training Network	(1,974)	61,942
Priest Pension, Healthcare and Long-Term Care Fund	10,189	159,435
New Evangelization Ministry Fund	(1,813)	61,781
Contributions to Case Elements:		
Youth, Young Adult and Campus Ministry Endowment	1,763	148,157
McMahon Parater Foundation for Education	(10,900)	(51,538)
Seminarian Education and Advanced Education		
Endowment	(4,061)	46,478
Social Ministry Outreach and Mission Parish		
Endowment	6,747	113,190
Administrative Expenses	(28,895)	(88,142)
Net Change	(28,899)	75,001
Balance, Beginning of Year	75,001	-
Balance, Ending of Year	\$ 46,102	\$ 75,001

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, 2022 and 2021, this liability was \$335,019 and \$777,511, respectively, and is reported as a component of the Parish Share Liability on the statements of financial position.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021, and consist of the following:

	<u>2022</u>	<u>2021</u>
Living Our Mission Pledges Due in Less Than One Year	\$ 1,218,442	\$ 3,159,792
Living Our Mission Pledges Due in One to Five Years	72,102	256,011
Living Our Mission Pledges Due in More than Five Years	<u>39,736</u>	<u>31,701</u>
Subtotal	1,330,280	3,447,504
Less: Discount on Pledges Receivable	(4,105)	(12,819)
Less: Allowance for Doubtful Accounts	<u>(809,957)</u>	<u>(2,421,793)</u>
Total Living Our Mission Pledges Receivable	516,218	1,012,892
Learn to Lead Pledges Due in Less Than One Year	668,500	-
Learn to Lead Pledges Due in One to Five Years	2,794,292	-
Learn to Lead Pledges Due in More than Five Years	<u>100,000</u>	<u>-</u>
Subtotal	3,562,792	-
Less: Discount on Pledges Receivable	(171,699)	-
Less: Allowance for Doubtful Accounts	<u>(445,349)</u>	<u>-</u>
Total Learn to Lead Pledges Receivable	2,945,744	-
Annual Diocese Appeal Pledges Due in Less than One Year	505,352	511,836
Less: Allowance on Pledges Receivable	<u>(40,527)</u>	<u>(198,827)</u>
Total Annual Diocesan Appeal Pledges Receivable	<u>464,825</u>	<u>313,009</u>
Total Pledges Receivable	<u>\$ 3,926,787</u>	<u>\$ 1,325,901</u>

NOTE 9 NOTES PAYABLE

The Administrative Offices has entered into a line of credit with a commercial bank totaling \$120,000,000 for both the years ended June 30, 2022 and 2021. 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, 2022, the Administrative Offices recognized \$15,217,642 of borrowings under the line of credit of a total available limit of \$32,205,317. As of June 30, 2021, the Administrative Offices recognized \$19,128,730 of borrowings under this line of credit of a total available limit of \$36,036,501. Interest, which is based on 30-day LIBOR plus 95 basis points, is adjusted monthly and payable on a monthly basis.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 NOTES PAYABLE (CONTINUED)

As described further in Note 15, additional borrowings under the line of credit of \$62,489,563 and \$62,222,239 at June 30, 2022 and 2021, respectively, by parishes and other Diocesan organizations have been endorsed by the Bishop and his successors in office. As of June 30, 2022 and 2021, respectively, the line of credit has an unfunded commitment of \$23,683,786 and \$24,369,722. As of June 30, 2022 and 2021, respectively, the remaining amount of uncommitted line of credit available is \$18,609,009 and \$14,279,309.

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

NOTE 10 PENSION PLANS

Pension Plan – Lay Employees

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

The lay employees' plan is administered by the Administrative Offices but is considered a multi-employer plan. Information as to vested and nonvested benefits, as well as plan assets and unfunded liabilities, related solely to the Administrative Offices is not readily determinable. In accordance with ASC Paragraph 715-30-55-63, the Administrative Offices accounts for its participation in the plan as a multiemployer plan. The plan covers employees from other diocesan organizations, such as parishes and schools, which as noted in Note 1, are not combined with the Administrative Offices for financial reporting purposes. Annual premiums are actuarially calculated based on eligible participant salaries (7% for the years ended June 30, 2022 and 2021), and are used toward the annual funding of the plan. The cost of the plan for the Administrative Office and charged to expense was \$487,973 and \$472,920 for the years ended June 30, 2022 and 2021, 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 \$4,599,018 and \$3,450,432 for the years ended December 31, 2021 and 2020, respectively.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 PENSION PLANS (CONTINUED)

Pension Plan – Priests

The Diocese also has a noncontributory defined benefit plan which covers diocesan priests incardinated in the Diocese and provides a standard annual benefit once a priest meets the retirement age of 70. For the years ended June 30, 2022 and 2021, the annual retiree benefit was \$31,200 and \$30,000, respectively. As required by GAAP, the full funding status of the defined benefit pension plan, as of the statement of financial position date, has been recognized as an asset (overfunded plan) or as a liability (underfunded plan). The pension benefit obligation for retired priests has been actuarially determined.

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

	2022	2021
Change in Benefit Obligation:		
Accumulated Benefit Obligation at Beginning of Year	\$ 28,981,758	\$ 31,496,172
Service Cost	715,093	770,652
Interest Cost	788,771	813,890
Plan Amendment	1,000,510	-
Actuarial Loss (Gain)	(4,716,382)	(2,540,657)
Benefits Paid	(1,585,799)	(1,558,299)
Accumulated Benefit Obligation at End of Year	25,183,951	28,981,758
Change in Plan Assets:		
Fair Value of Plan Assets at Beginning of Year	26,742,447	20,896,299
Return on Plan Assets	(3,392,255)	6,536,874
Employer Contributions	695,465	867,573
Benefits Paid	(1,585,799)	(1,558,299)
Fair Value of Plan Assets at End of Year	22,459,858	26,742,447
Net Unfunded Priest Pension Liability	\$ 2,724,093	\$ 2,239,311
	2022	2021
Discount Rate on the Benefit Obligation	4.50%	2.80%
Rate of Expected Return on Plan Assets	6.50%	6.50%

The unfunded obligation increased by \$0.5 million between June 30, 2021 and June 30, 2022. The benefit obligation decreased by \$3.8 million between June 30, 2021 and June 30, 2022, due to numerous factors including:

1. The discount rate increased 170 basis points from 2.80% to 4.50%. This decreased the benefit obligation by \$4.5 million.
2. The actuaries incorporated new census data into their valuation. This decreased the benefit obligation by \$0.3 million. This gain comes mostly from mortality experience.
3. New mortality tables were adopted, which increased the benefit obligation by \$0.1 million.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 PENSION PLANS (CONTINUED)

Pension Plan – Priests (Continued)

4. Plan amendment to increase priest benefit from \$30,000 per year to \$31,200 per year increased the benefit obligation by \$1 million.
5. The remaining \$0.1 million decrease in the benefit obligation is the result of benefits paid, service cost, and interest cost resulting from the passage of time.

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

Fair values of the plan's assets, all of which are classified as Level 1 investments as of June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Cash Equivalents	\$ 53,841	\$ 47,176
Short-Term Investments	707,526	735,550
Domestic Bonds	1,521,882	2,019,908
U.S. Government and Agency Bonds	2,834,616	2,584,272
Equity Securities:		
Energy	519,126	428,974
Materials	403,757	482,991
Industrials	1,239,974	1,607,258
Consumer Discretionary	1,363,655	2,027,247
Consumer Staples	772,516	828,228
Health Care	1,537,337	1,796,567
Financials	1,436,509	1,909,292
Information Technology	2,767,226	3,724,346
Communication Services	847,580	1,384,700
Utilities	393,275	400,282
Foreign	4,132,385	5,049,190
Real Estate Investment Trusts	536,773	674,000
Rights and Warrants	-	70
Preferred Securities	514	6,270
Mutual Funds - Alternative Funds	1,391,366	1,036,126
Total	<u>\$ 22,459,858</u>	<u>\$ 26,742,447</u>

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

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

The Administrative Office expects to contribute approximately \$428,840 to the plan in fiscal year 2023. This contribution will be funded by collecting \$5,500 per active priest from the parishes.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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>
2023	\$ 1,748,000
2024	1,866,000
2025	1,924,000
2026	1,910,000
2027	1,898,000
2028 and Thereafter	9,042,000

NOTE 11 POSTRETIREMENT BENEFITS

The Administrative Offices sponsors a postretirement health insurance plan for retired priests. The Administrative Offices purchases a Medicare Advantage plan insurance policy for retired priests. The plan is noncontributory for diocesan priests. The plan is funded on a cash basis as benefits are paid. The postretirement obligation for priest retirees has been actuarially determined. The Administrative Offices has taken several steps to fund this liability. During fiscal year 2016, the Future Retired Priest Health Insurance Assessment was established, and each parish pays an assessment per priest per year to fund this liability. For the years ended June 30, 2022 and 2021, the assessment was \$5,200 and \$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:

	2022	2021
Change in Benefit Obligation:		
Accumulated Benefit Obligation at Beginning of Year	\$ 8,198,119	\$ 10,416,801
Service Cost	269,744	379,047
Interest Cost	215,355	258,991
Actuarial Loss (Gain)	(1,354,001)	(2,665,790)
Benefits Paid	(204,226)	(190,930)
Accumulated Benefit Obligation at End of Year	7,124,991	8,198,119
Change in Plan Assets:		
Fair Value of Plan Assets at Beginning of Year	-	-
Employer Contributions	204,226	190,930
Benefits Paid	(204,226)	(190,930)
Fair Value of Plan Assets at End of Year	-	-
Net Unfunded Priest Other Postretirement Employee Benefits Liability	\$ 7,124,991	\$ 8,198,119

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11 POSTRETIREMENT BENEFITS (CONTINUED)

The unfunded obligation decreased by approximately \$1.1 million between June 30, 2021 and June 30, 2022, 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 \$0.7 million.
2. The discount rate increased from 2.67% to 4.50%. This decreased the benefit obligation by \$2.2 million.
3. Changes in the plan census produced an experience gain which decreased the benefit obligation by \$0.2 million. This gain is due to demographic changes during the year that differed from assumed.
4. The trend table was updated, increasing the plan obligation by \$0.3 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 follows:

	2022	2021
Discount Rate on the Benefit Obligation	4.50%	2.67%

The Administrative Offices expect to contribute approximately \$274,936 to the plan in fiscal year 2023. Additionally, the Administrative Offices intends to collect \$5,850 per active priest during fiscal year 2023 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
2023	\$ 274,936
2024	311,874
2025	339,799
2026	362,332
2027	379,643
2028 and Thereafter	2,160,237

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 NET ASSETS WITH RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Retired Priest Health Insurance Fund	\$ 5,547,984	\$ 6,085,607
Vocations	3,442,068	3,925,610
Bishop's Education Fund	3,353,051	3,977,828
Diocesan Capital Fund	2,922,889	3,438,265
Priest Long-Term Care Fund	2,858,143	3,196,521
Learn to Lead Campaign	1,899,202	-
New Evangelization Ministry Fund	1,452,365	1,662,852
Priest Support	993,078	905,450
Office of Christian Formation	875,524	867,331
Office for Evangelization	857,449	856,607
Fuel & Hunger Fund	504,500	484,878
Cemeteries	293,898	266,095
Other Annual Diocesan Appeal Case Items	290,672	340,403
Respect Life Fund	279,193	482,868
Black Catholics and Ethnic Ministries	248,942	308,043
Haiti Ministry	248,377	326,292
Distance Learning and Ministry Training Network	168,309	208,559
Office of Social Ministries	165,818	179,198
Segura Initiative	159,430	173,872
Diocesan Home Missions	145,459	135,887
Saint Francis Home	100,000	100,000
Reengaging with the Eucharist	100,000	100,000
General Administration and Other Miscellaneous		
Restrictions	69,756	103,826
Living Our Mission Campaign	46,102	75,001
Total	<u>27,022,209</u>	<u>28,200,993</u>
 Expendable Income of Investments in Perpetuity:		
Lawler Trust Fund B - Educational Purposes	8,642,378	10,932,926
Lawler Trust Fund C - Missionary Purposes	3,376,267	4,648,325
College Tuition Assistance	214,755	330,624
Haitian Education Fund	16,087	41,876
Seminary Education	12,383	31,446
Total	<u>12,261,870</u>	<u>15,985,197</u>
 Total Net Assets With Donor Restriction to be Spent for Specific Purpose	 <u>\$ 39,284,079</u>	 <u>\$ 44,186,190</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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>2022</u>	<u>2021</u>
Annual Diocesan Appeal	\$ 4,640,258	\$ 3,950,261
Learn to Lead Campaign	1,677,888	-
Contributions and Grants	1,447,440	1,126,217
Endowment Fund Income	1,098,991	809,407
Living Our Mission Campaign	222,078	(477,645)
Tuition Assistance	129,301	124,359
Total	<u>\$ 9,215,956</u>	<u>\$ 5,532,599</u>

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

	<u>2022</u>	<u>2021</u>
Lawler Trust Fund B - Educational Purposes	\$ 3,168,758	\$ 3,168,758
Lawler Trust Fund C - Missionary Purposes	3,168,757	3,168,757
College Tuition Assistance	486,070	486,070
Haitian Education Fund	119,576	105,704
Seminary Education	83,956	83,956
Total	<u>\$ 7,027,117</u>	<u>\$ 7,013,245</u>

Beneficial Interests in Perpetual Trusts:		
Seminary Education	<u>\$ 600,256</u>	<u>\$ 744,395</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, 2022 and 2021, the loss reserve for open claims was \$136,838 and \$341,711, respectively, and is a component of the Insurance Claims Reserve on the Statements of Financial Position.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 ENDOWMENTS

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

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

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

In accordance with the Act, the Administrative Offices considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Administrative Offices and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Administrative Offices
7. The investment policies of the Administrative Offices

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 ENDOWMENTS (CONTINUED)

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

	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets - June 30, 2020	\$ 6,758,201	\$ 18,092,814	\$ 24,851,015
Investment Return:			
Investment Income	106,540	275,705	382,245
Net Appreciation	2,119,029	5,304,907	7,423,936
Total Return	2,225,569	5,580,612	7,806,181
Contributions	793,650	1,365	795,015
Appropriation of Endowment Assets for Expenditure	(253,649)	(676,349)	(929,998)
Endowment Net Assets - June 30, 2021	9,523,771	22,998,442	32,522,213
Investment Return:			
Investment Income	121,874	311,651	433,525
Net Depreciation	(1,273,686)	(3,107,435)	(4,381,121)
Total Return	(1,151,812)	(2,795,784)	(3,947,596)
Contributions	-	13,871	13,871
Appropriation of Endowment Assets for Expenditure	(379,764)	(927,542)	(1,307,306)
Endowment Net Assets - June 30, 2022	\$ 7,992,195	\$ 19,288,987	\$ 27,281,182

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, 2022 and 2021 no endowments had deficiencies.

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

To satisfy its long-term rate-of-return objectives, the Administrative Offices relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Administrative Offices targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objective within prudent risk constraints.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 \$62,489,563 and \$62,222,239 at June 30, 2022 and 2021, 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, 2022 and 2021, the Administrative Offices had \$18,609,009 and \$14,279,309, respectively, available under the line of credit.

The total borrowings endorsed by the Bishop and his successors in office includes a letter of credit for the Administrative Offices as required by our payroll vendor. The letter of credit is for \$4 million with the ability for partial draw down requests per the letter of credit agreement. Should dollars be drawn from this letter of credit, a floating interest rate equal to one-month LIBOR plus 0.95 with a floor of 2% would be applicable. Interest only payments would be due. There were no draws outstanding on the letter of credit as of June 30, 2022 and 2021.

Also included in the total borrowings are unfunded swap exposure commitments to parishes and other Diocesan organizations of \$6,923,769 and \$6,639,015 at June 30, 2022 and 2021, respectively.

The following are some details of the more significant guarantees:

Under a Guaranty Agreement dated June 7, 2012, the Administrative Offices will serve as guarantor of Revenue Bonds (Diocese of Richmond Housing Corporation Project) Series 2012 of \$4,446,000 issued by the Commonwealth of Virginia Small Business Financing Authority, on behalf of the Diocese of Richmond Housing Corporation, a corporation formed to oversee the elderly housing facilities owned by the Diocese. As of June 30, 2022 and 2021, the amount outstanding was \$2,076,816 and \$2,377,272, respectively.

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

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
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JUNE 30, 2022 AND 2021

NOTE 15 CONTINGENT LIABILITIES (CONTINUED)

Financial Guarantees and Endorsements (Continued)

Under an Agreement to Commercial Note dated July 16, 2012, the Administrative Offices will serve as guarantor of a Commercial Note to SunTrust Bank on behalf of the Diocese of Richmond Housing Corporation. Under the guaranty, upon default of the Diocese of Richmond Housing Corporation, the Administrative Offices is obligated to pay principal and interest as such become due until the note is paid in full. The commercial note expired on September 1, 2013 at which time the note was refinanced as a term loan based on a 15-year amortization and term. The Diocese of Richmond Housing Corporation entered into a commercial note for nontax financing for the chapel dated September 16, 2013 with 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%. This note is guaranteed by the Administrative Offices. As of June 30, 2022 and 2021, the amount outstanding was \$159,142 and \$180,823, respectively.

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

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

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

Litigation and Claims

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

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 15 CONTINGENT LIABILITIES (CONTINUED)

Litigation and Claims (Continued)

Currently the Administrative Office is the subject of certain asserted and unasserted claims seeking damages. As of June 30, 2022, no accruals had been made. As of June 30, 2021, the Administrative Office has accrued \$400,000 related to two legal proceedings where it is both probable that a material liability has been incurred and the amount can be reasonably estimated. Those liabilities were paid in full during the fiscal year ended June 30, 2022.

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

NOTE 16 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2022 and 2021, the Administrative Offices, at the request of the Bishop of Richmond, contributed \$129,301 and \$124,359, 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 \$118,353 and \$28,816 for the years ended June 30, 2022 and 2021, respectively for administrative expenses incurred on behalf of the McMahon Parater Scholarship Foundation. Total administrative expenses incurred for the years ended June 30, 2022 and 2021 were \$476,728 and \$367,828, respectively. During the fiscal year ended June 30, 2021 the Administrative Offices contributed \$70,552 to the McMahon Parater Scholarship Foundation for administrative expenses related to Paycheck Protection Program loan forgiveness.

During the years ended June 30, 2022 and 2021, the Administrative Offices received a contribution from the Diocese of Richmond Housing Corporation of \$3,597,000 and \$3,938,514, 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, 2022 and 2021, the Administrative Offices contributed \$270,000 and \$180,000, 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, 2022 and 2021, the Administrative Offices had a payable to the Catholic Community Foundation of \$222,676 and \$319,506, respectively, related to cases included in the Living Our Mission Campaign. In addition, the Administrative Offices incurred administrative expenses on behalf of the Catholic Community Foundation for \$520,251 and \$491,953 for the years ended June 30, 2022 and 2021, respectively.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 16 RELATED PARTY TRANSACTIONS (CONTINUED)

During the fiscal year ended June 30, 2021 the Administrative Offices contributed \$69,503 to the Catholic Community Foundation for administrative expenses related to Paycheck Protection Program loan forgiveness.

During the years ended June 30, 2022 and 2021, the Catholic Community Foundation contributed \$394,671 and \$232,551, respectively, to the Administrative Offices to fund programs as specified by donors through restricted endowments held by the Catholic Community Foundation.

NOTE 17 COMMITMENTS

The Administrative Offices has entered into several agreements with conference centers and vendors providing for room accommodations and services for its meetings and conferences in the future. Some of these agreements contain clauses whereby the Administrative Offices is liable for liquidated damages in the event of cancellation. At June 30, 2022, the commitment is \$519,297.

NOTE 18 PAYCHECK PROTECTION PROGRAM

On May 4, 2020, the Administrative Offices received a loan from SunTrust Bank totaling \$1,999,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). During the year ended June 30, 2021, the Administrative Offices was notified that the PPP Loan was forgiven in its entirety. Therefore, the Administrative Offices was legally released from the debt and the loan forgiveness was recorded as a gain on extinguishment of debt, which is included in revenue within the Statement of Activities for the year ended June 30, 2021.

NOTE 19 INDEPENDENT RECONCILIATION PROGRAM

The Diocese announced the establishment of an Independent Reconciliation Program (IRP) in February 2020 to assist victim survivors who were sexually abused as minors by Clergy. The IRP is part of an ongoing reconciliation process to assist victim survivors on their path toward healing. The IRP was designed and administered by BrownGreer PLC, a nationally recognized firm headquartered in Richmond, Virginia, specializing in claims administration. Claims were submitted directly to BrownGreer PLC, who then evaluated the claims and independently decided the monetary payment amount of each claim. The IRP concluded in October 2020 and paid out \$6,300,000 to claimants during the fiscal year ended June 30, 2021. To fund these claims, the Administrative Offices opened a line of credit within the overall diocesan line of credit described in footnote 9. As of June 30, 2022 and 2021 the outstanding line of credit related to the IRP was \$4,937,869 and \$5,055,000, respectively.

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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.

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

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 901,190	\$ 882,063
Short-Term Investments	4,430,680	3,906,350
Accounts Receivable	3,224,178	4,130,821
Current Pledges Receivable, Net	1,541,810	772,342
Beneficial Interest in Perpetual Trust Investments	600,256	744,395
Total Financial Assets	80,378,887	91,200,661
Less: Parish Share Liability	(1,555,390)	(903,980)
Less Amounts Not Available to be Used Within One Year:		
Investments Designated for Insurance Obligations	(13,456,234)	(15,404,347)
Net Assets With Donor Restrictions	(46,911,452)	(51,943,830)
Net Assets Designated by Board for Programs	(70,666)	(418,186)
Investments With Board Designations	(1,383,761)	(685,851)
Designated Investments Operating as Endowments	(7,992,195)	(9,523,771)
Level 3 Equity Method Investments	(3,932,511)	(4,178,650)
Financial Assets Not Available to be Used Within One Year	(75,302,209)	(83,058,615)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 5,076,678	\$ 8,142,046

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021 the notional amount outstanding was \$2,539,066 and \$2,835,059, respectively.

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, 2022 and 2021, the notional amount outstanding was \$5,225,884 and \$5,424,281, respectively. The Administrative Offices is exposed to a credit loss in the event of nonperformance by the other parties to the interest rate swap agreement. However, the Administrative Offices does not anticipate nonperformance by the counterparties.

NOTE 22 LEARN TO LEAD

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

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

	<u>2022</u>
Contributions Pledged, Net	\$ 4,022,439
Bad Debt Expense	(445,349)
School Portion of Restricted Contributions	(1,037,162)
Reimbursement of Campaign Expenses	3,906
Contributions to Case Elements:	
Marketing & Development	(230,079)
Other Donor Restricted Spending	(3,879)
Administrative Expenses	(410,674)
Net Change	<u>1,899,202</u>
Balance, Beginning of Year	-
Balance, Ending of Year	<u>\$ 1,899,202</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, 2022, and have issued our report thereon dated October 27, 2022 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Combining Statements of Financial Position, Combining Statements of Activities, General Operating Fund Statements of Activities, and Endowment Fund Statements of Activities are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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

CliftonLarsonAllen LLP

Arlington, Virginia
October 27, 2022

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

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

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	General Operating Fund	Endowments Fund	Plant Fund	Health Insurance Fund	Property and Casualty Insurance Fund	Pension and Retirement Accounting Fund	Tuition Assistance Fund	Annual Diocesan Appeal Fund	Custodial Fund	Living Our Mission Fund	Cemeteries Fund	Eliminating Entries	Combined
CURRENT ASSETS													
Cash and Cash Equivalents	\$ 870,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,426	\$ -	\$ 882,063
Short-term Investments	3,906,350	-	-	-	-	-	-	-	-	-	-	-	3,906,350
Accounts Receivable	2,249,363	-	1,383,738	21,696	138,086	-	-	-	20	-	337,918	-	4,130,821
Pledges Receivable - Current Portion, Net	-	-	-	-	-	-	-	313,009	-	459,333	-	-	772,342
Due From Other Fund	1,338,448	48,980	-	1,399,712	129,138	165,859	-	3,749,620	379,510	149,554	-	(7,360,821)	-
Prepaid Expenses and Other Current Assets	245,745	-	3,004	34,843	127,408	-	-	-	-	-	735,185	-	1,146,185
Total Current Assets	8,610,543	48,980	1,386,742	1,456,251	394,632	165,859	-	4,062,629	379,530	608,887	1,084,529	(7,360,821)	10,837,761
NONCURRENT ASSETS													
Pledges Receivable - Noncurrent Portion, Net	-	-	-	-	-	-	-	-	-	553,559	-	-	553,559
Investments	8,528,338	33,833,320	11,041,479	13,043,872	3,602,539	10,064,445	-	-	-	-	650,697	-	80,764,690
Beneficial Interest in Perpetual Trust	-	744,395	-	-	-	-	-	-	-	-	-	-	744,395
Interest Rate Swap Agreement	-	-	(339,829)	-	-	-	(2,296)	-	-	-	-	-	(342,125)
Property Held for Sale	-	-	3,500,000	-	-	-	-	-	-	-	-	-	3,500,000
Land, Buildings and Equipment, Less Accumulated Depreciation	-	-	14,862,307	-	-	-	-	-	-	-	1,441,620	-	16,303,927
Total Noncurrent Assets	8,528,338	34,577,715	29,063,957	13,043,872	3,602,539	10,064,445	(2,296)	-	-	553,559	2,092,317	-	101,524,446
Total Assets	\$ 17,138,881	\$ 34,626,695	\$ 30,450,699	\$ 14,500,123	\$ 3,997,171	\$ 10,230,304	\$ (2,296)	\$ 4,062,629	\$ 379,530	\$ 1,162,446	\$ 3,176,846	\$ (7,360,821)	\$ 112,362,207
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES													
Accounts Payable and Accrued Expenses	\$ 2,477,572	\$ 1,208	\$ 45,764	\$ 572,967	\$ 441,409	\$ -	\$ 158,143	\$ -	\$ -	\$ 309,934	\$ 7,114	\$ -	\$ 4,014,111
Parish Share Liability	-	-	-	-	-	-	-	126,469	-	777,511	-	-	903,980
Collections Payable	-	-	-	-	-	-	-	-	265,091	-	-	-	265,091
Due to Other Fund	-	-	6,246,912	-	-	-	515,463	-	-	-	598,446	(7,360,821)	-
Insurance Claims Reserve	-	-	-	1,340,692	341,711	-	-	-	-	-	-	-	1,682,403
Notes Payable	-	-	10,771,511	-	5,055,000	-	2,835,058	-	-	-	467,161	-	19,128,730
Other Current Liabilities	286,104	-	28,642	7,444	-	-	-	-	114,439	-	477,503	-	914,132
Total Current Liabilities	2,763,676	1,208	17,092,829	1,921,103	5,838,120	-	3,508,664	126,469	379,530	1,087,445	1,550,224	(7,360,821)	26,908,447
NONCURRENT LIABILITIES													
Net Unfunded Priest Pension Liability	-	-	-	-	-	2,239,311	-	-	-	-	-	-	2,239,311
Net Unfunded Priest Other Postretirement Employee Benefits Liability	-	-	-	-	-	8,198,119	-	-	-	-	-	-	8,198,119
Other Noncurrent Liabilities	-	-	55,100	-	-	-	-	-	-	-	-	-	55,100
Total Noncurrent Liabilities	-	-	55,100	-	-	10,437,430	-	-	-	-	-	-	10,492,530
Total Liabilities	2,763,676	1,208	17,147,929	1,921,103	5,838,120	10,437,430	3,508,664	126,469	379,530	1,087,445	1,550,224	(7,360,821)	37,400,977
NET ASSETS													
Without Donor Restrictions:													
Operating Fund	2,657,219	-	(8,668,683)	-	-	-	-	-	-	-	-	-	\$ (6,011,464)
Designated Net Assets:													
Programs	464,279	-	35,000	-	-	-	-	-	-	-	(81,093)	-	418,186
Priest Auto Fund	1,568,998	-	-	-	-	-	-	-	-	-	-	-	1,568,998
Insurance Fund	-	-	-	12,579,020	(1,840,949)	-	-	-	-	-	-	-	10,738,071
Tuition Assistance Fund	-	-	-	-	-	-	(3,534,835)	-	-	-	-	-	(3,534,835)
Retirement Fund	-	-	-	-	-	(9,489,254)	-	-	-	-	-	-	(9,489,254)
Investments Operating as Endowments	8,475,140	1,048,631	-	-	-	-	-	-	-	-	-	-	9,523,771
Invested in Property, Plant, and Equipment	-	-	18,362,307	-	-	-	-	-	-	-	1,441,620	-	19,803,927
With Donor Restrictions:													
To be Spent for Specific Purpose	1,209,569	25,819,216	3,574,146	-	-	9,282,128	23,875	3,936,160	-	75,001	266,095	-	44,186,190
Maintained in Perpetuity	-	7,757,640	-	-	-	-	-	-	-	-	-	-	7,757,640
Total Net Assets	14,375,205	34,625,487	13,302,770	12,579,020	(1,840,949)	(207,126)	(3,510,960)	3,936,160	-	75,001	1,626,622	-	74,961,230
Total Liabilities and Net Assets	\$ 17,138,881	\$ 34,626,695	\$ 30,450,699	\$ 14,500,123	\$ 3,997,171	\$ 10,230,304	\$ (2,296)	\$ 4,062,629	\$ 379,530	\$ 1,162,446	\$ 3,176,846	\$ (7,360,821)	\$ 112,362,207

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

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

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(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	\$ 8,740,407	\$ -	\$ -	\$ -	\$ -	\$ 1,009,743	\$ -	\$ -	\$ -	\$ -	\$ 64,848	\$ -	\$ 9,814,998
Contributions and Collections	1,429,461	806,169	140,156	-	954,704	500,000	-	-	492,994	-	11,602	-	4,335,086
Contributions from Elderly Housing Facilities	3,938,514	-	-	-	-	-	-	-	-	-	-	-	3,938,514
Realized/Unrealized Gain on Investments	1,966,994	7,727,631	2,196,203	2,973,269	615,360	2,116,650	89,280	-	-	-	121,155	-	17,806,542
Interest and Dividend Income	111,244	386,356	183,103	159,846	24,860	110,237	-	-	-	-	6,012	-	981,658
Program and Fee Revenue	990,583	-	-	-	180	-	-	-	-	-	556,171	-	1,546,934
Gain on Property Sales	-	-	1,360,942	-	-	-	-	-	-	-	-	-	1,360,942
Other Income	385,934	142,449	166,627	10,527	523,170	-	-	-	-	-	4,394	-	1,233,101
Transfers From Other Funds	(1,347,929)	(61,781)	3,317	(16,198)	1,373,219	(304,691)	(110,084)	-	-	409,473	54,674	-	-
Total Operating Revenues	16,215,208	9,000,824	4,050,348	3,127,444	3,491,493	3,431,939	(20,804)	-	492,994	409,473	818,856	-	41,017,775
OTHER REVENUES													
Insurance Assessments	-	-	-	13,652,674	3,005,899	-	-	-	-	-	-	(1,246,396)	15,412,177
Campaign Contributions, Net	-	-	-	-	-	-	-	4,874,709	-	113,181	-	-	4,987,890
Tuition Assistance Assessments	-	-	-	-	-	-	4,515,459	-	-	-	-	-	4,515,459
PPP Loan Forgiveness	1,999,000	-	-	-	-	-	-	-	-	-	-	-	1,999,000
Total Other Revenues	1,999,000	-	-	13,652,674	3,005,899	-	4,515,459	4,874,709	-	113,181	-	(1,246,396)	26,914,526
NET ASSETS RELEASED FROM RESTRICTIONS													
Satisfaction of Purpose Restrictions	3,354,302	(794,263)	17,323	-	-	(137,988)	-	(2,439,374)	-	-	-	-	-
Total Revenues	21,568,510	8,206,561	4,067,671	16,780,118	6,497,392	3,293,951	4,494,655	2,435,335	492,994	522,654	818,856	(1,246,396)	67,932,301
PROGRAM EXPENSES (See Operating Fund Detail on Page 40)	11,325,550	171,742	-	-	-	-	-	-	492,994	-	744,733	-	12,735,019
AUXILIARY PROGRAMS AND SERVICES													
Campaign Case Distributions	-	-	-	-	-	118,000	-	1,510,887	-	(715,352)	-	-	913,535
Tuition Assistance Program	-	-	-	-	-	-	3,961,115	-	-	-	-	-	3,961,115
Insurance Expenses	-	-	-	13,661,710	3,655,161	-	-	-	-	-	-	(1,246,396)	16,070,475
Change in Unfunded Priest Pension Liability	-	-	-	-	-	(8,360,562)	-	-	-	-	-	-	(8,360,562)
Change in Unfunded Priest Other Postretirement Employee Benefits Liability	-	-	-	-	-	(2,218,682)	-	-	-	-	-	-	(2,218,682)
Total Auxiliary Programs and Services	-	-	-	13,661,710	3,655,161	(10,461,244)	3,961,115	1,510,887	-	(715,352)	-	(1,246,396)	10,365,881
ADMINISTRATIVE AND FINANCIAL SERVICES													
General Administration	8,183,021	1,208	506,099	-	-	-	-	-	-	91,652	-	-	8,781,980
Depreciation	-	-	961,459	-	-	-	-	-	-	-	27,433	-	988,892
Interest	755	-	239,211	-	89,551	-	79,364	-	-	-	11,184	-	420,065
Bad Debt Expense	-	-	-	-	-	-	-	193,485	-	1,071,353	232	-	1,265,070
Total Administrative and Financial Services	8,183,776	1,208	1,706,769	-	89,551	-	79,364	193,485	-	1,163,005	38,849	-	11,456,007
Total Expenses	19,509,326	172,950	1,706,769	13,661,710	3,744,712	(10,461,244)	4,040,479	1,704,372	492,994	447,653	783,582	(1,246,396)	34,556,907
CHANGE IN NET ASSETS	2,059,184	8,033,611	2,360,902	3,118,408	2,752,680	13,755,195	454,176	730,963	-	75,001	35,274	-	33,375,394
Net Assets - Beginning of Year	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
NET ASSETS - END OF YEAR	\$ 14,375,205	\$ 34,625,487	\$ 13,302,770	\$ 12,579,020	\$ (1,840,949)	\$ (207,126)	\$ (3,510,960)	\$ 3,936,160	\$ -	\$ 75,001	\$ 1,626,622	\$ -	\$ 74,961,230

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
GENERAL OPERATING FUND STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	2022				2021			
	Without Donor Restrictions	Without Donor Restrictions - Designated	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions - Designated	With Donor Restrictions	Total
OPERATING REVENUES (LOSSES)								
Diocesan Assessments	\$ 8,444,172	\$ 578,743	\$ -	\$ 9,022,915	\$ 8,141,467	\$ 598,940	\$ -	\$ 8,740,407
Contributions and Collections	1,243,778	103,745	399,036	1,746,559	873,429	279,300	276,732	1,429,461
Contributions from Elderly Housing Facilities	3,597,000	-	-	3,597,000	3,938,514	-	-	3,938,514
Realized/Unrealized Gain (Loss) on Investments	(18,329)	(1,142,428)	(5,633)	(1,166,390)	1,476	1,953,363	12,155	1,966,994
Interest and Dividend Income	26,075	108,996	459	135,530	14,999	95,788	457	111,244
Program and Fee Revenue	1,594,191	3,960	-	1,598,151	840,437	142,157	7,989	990,583
Other Income	525,655	-	123,791	649,446	316,808	-	69,126	385,934
Transfers From Other Funds	571,404	175,000	-	746,404	(1,347,929)	-	-	(1,347,929)
Total Operating Revenues	<u>15,983,946</u>	<u>(171,984)</u>	<u>517,653</u>	<u>16,329,615</u>	<u>12,779,201</u>	<u>3,069,548</u>	<u>366,459</u>	<u>16,215,208</u>
OTHER REVENUES								
PPP Loan Forgiveness	-	-	-	-	1,999,000	-	-	1,999,000
NET ASSETS RELEASED FROM RESTRICTIONS								
Satisfaction of Purpose Restrictions	6,059,249	(880,141)	(821,859)	4,357,249	4,973,743	(901,816)	(717,625)	3,354,302
Total Revenues	<u>22,043,195</u>	<u>(1,052,125)</u>	<u>(304,206)</u>	<u>20,686,864</u>	<u>19,751,944</u>	<u>2,167,732</u>	<u>(351,166)</u>	<u>21,568,510</u>
PROGRAM EXPENSES (See Detail on Page 44)	13,119,842	(4,090)	-	13,115,752	11,395,605	(70,055)	-	11,325,550
ADMINISTRATIVE AND FINANCIAL SERVICES								
General Administration	7,840,924	-	-	7,840,924	8,183,021	-	-	8,183,021
Interest	-	-	-	-	755	-	-	755
Total Administrative and Financial Services	<u>7,840,924</u>	<u>-</u>	<u>-</u>	<u>7,840,924</u>	<u>8,183,776</u>	<u>-</u>	<u>-</u>	<u>8,183,776</u>
Total Expenses	<u>20,960,766</u>	<u>(4,090)</u>	<u>-</u>	<u>20,956,676</u>	<u>19,579,381</u>	<u>(70,055)</u>	<u>-</u>	<u>19,509,326</u>
CHANGE IN NET ASSETS	1,082,429	(1,048,035)	(304,206)	(269,812)	172,563	2,237,787	(351,166)	2,059,184
Net Assets - Beginning of Year	2,657,219	10,508,417	1,209,569	14,375,205	2,484,656	8,270,630	1,560,735	12,316,021
NET ASSETS - END OF YEAR	<u>\$ 3,739,648</u>	<u>\$ 9,460,382</u>	<u>\$ 905,363</u>	<u>\$ 14,105,393</u>	<u>\$ 2,657,219</u>	<u>\$ 10,508,417</u>	<u>\$ 1,209,569</u>	<u>\$ 14,375,205</u>

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
ENDOWMENT FUND STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES (LOSSES)						
Contributions and Collections	\$ -	\$ 17,122	\$ 17,122	\$ 793,650	\$ 12,519	\$ 806,169
Realized/Unrealized Gain (Loss) on Investments	(131,257)	(4,458,976)	(4,590,233)	165,666	7,561,965	7,727,631
Interest and Dividend Income	12,878	427,265	440,143	10,753	375,603	386,356
Other Income (Loss)	-	(126,027)	(126,027)	-	142,449	142,449
Transfers From Other Funds	(12,995)	1,813	(11,182)	-	(61,781)	(61,781)
Total Operating Revenues (Losses)	<u>(131,374)</u>	<u>(4,138,803)</u>	<u>(4,270,177)</u>	<u>970,069</u>	<u>8,030,755</u>	<u>9,000,824</u>
NET ASSETS RELEASED FROM RESTRICTIONS						
Change in Purpose Restriction	18,112	(18,112)	-	13,446	(13,446)	-
Satisfaction of Purpose Restrictions	135,892	(1,228,292)	(1,092,400)	139,503	(933,766)	(794,263)
Total Revenues	<u>22,630</u>	<u>(5,385,207)</u>	<u>(5,362,577)</u>	<u>1,123,018</u>	<u>7,083,543</u>	<u>8,206,561</u>
PROGRAM EXPENSES	169,801	-	169,801	171,742	-	171,742
ADMINISTRATIVE AND FINANCIAL SERVICES						
General Administration	1,208	-	1,208	1,208	-	1,208
Total Administrative and Financial Services	<u>1,208</u>	<u>-</u>	<u>1,208</u>	<u>1,208</u>	<u>-</u>	<u>1,208</u>
Total Expenses	<u>171,009</u>	<u>-</u>	<u>171,009</u>	<u>172,950</u>	<u>-</u>	<u>172,950</u>
CHANGE IN NET ASSETS	(148,379)	(5,385,207)	(5,533,586)	950,068	7,083,543	8,033,611
NET ASSETS, BEGINNING OF YEAR	<u>1,048,631</u>	<u>33,576,856</u>	<u>34,625,487</u>	<u>98,563</u>	<u>26,493,313</u>	<u>26,591,876</u>
NET ASSETS, END OF YEAR	<u>\$ 900,252</u>	<u>\$ 28,191,649</u>	<u>\$ 29,091,901</u>	<u>\$ 1,048,631</u>	<u>\$ 33,576,856</u>	<u>\$ 34,625,487</u>



**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, 2022, and our report thereon dated October 27, 2022, which expressed an unmodified opinion on those financial statements, appears on page two. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Disclosures for Retirement Plan for Lay Employees, Analysis of Collections Payable, and Operating Fund Program and Administrative Expenses, which is the responsibility of management, is presented for the purpose of additional analysis and 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 27, 2022

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
DISCLOSURES FOR RETIREMENT PLAN FOR LAY EMPLOYEES
YEARS ENDED JUNE 30, 2022 AND 2021
(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, 2021 and 2020 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>2022</u>	<u>2021</u>
Change in Benefit Obligation:		
Accumulated Benefit Obligation at Beginning of Year	\$ 140,057,249	\$ 148,403,155
Benefits Accumulated and Losses	5,095,611	1,151,779
Interest Cost	8,813,164	9,371,419
Assumption Changes	458,681	(3,422,312)
Benefits Paid	(8,944,069)	(8,504,035)
Lump Sum Payouts to Deferred Vested Participants	(139,150)	(6,942,757)
Accumulated Benefit Obligation at End of Year	<u>145,341,486</u>	<u>140,057,249</u>
Change in Plan Assets:		
Fair Value of Plan Assets at Beginning of Year	143,850,289	137,510,391
Return on Plan Assets	24,354,246	18,951,117
Employer Contributions	4,599,018	3,450,432
Benefits Paid	(8,944,069)	(8,504,035)
Lump Sum Payouts to Deferred Vested Participants	(139,150)	(6,942,757)
Plan Expenses	(525,586)	(614,859)
Fair Value of Plan Assets at End of Year	<u>163,194,748</u>	<u>143,850,289</u>
Accrued Pension Asset, Lay Employees	<u>\$ 17,853,262</u>	<u>\$ 3,793,040</u>
Percentage Funded	<u>112.28%</u>	<u>102.71%</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 \$4,491,278 to the plan in 2023. 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, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

Name of Collection	6/30/2020 Balance	Cash Received	Cash Forwarded	6/30/2021 Balance	Cash Received	Cash Forwarded	6/30/2022 Balance
Catholic Charities of Eastern Virginia	\$ 12,708	\$ 103,840	\$ 114,844	\$ 1,704	\$ 115,925	\$ 115,402	\$ 2,227
Commonwealth Catholic Charities	6,785	97,395	100,331	3,849	132,380	130,515	5,714
Campaign for Human Development	124	10,681	10,510	295	13,154	13,449	-
Retired Religious	23,985	174,854	150,724	48,115	220,878	256,396	12,597
Catholic Relief Services	57,851	143,443	116,931	84,363	192,193	111,216	165,340
Holy Land	1,198	24,133	19,406	5,925	28,942	24,548	10,319
Central and Eastern Europe	-	-	-	-	256,825	218,229	38,596
Peter's Pence	20,232	106,990	82,565	44,657	81,921	106,769	19,809
World Mission Sunday	46,469	98,865	118,362	26,972	121,621	100,982	47,611
Disaster Relief	25,059	99,046	120,686	3,419	279,051	264,008	18,462
Operation Rice Bowl	16,188	27,146	21,528	21,806	34,554	26,225	30,135
St. Mary's Health Wagon	48,197	11,027	45,000	14,224	12,826	-	27,050
Military Services	7,911	53,422	51,571	9,762	38,966	42,764	5,964
Total Collections Payable	\$ 266,707	\$ 950,842	\$ 952,458	\$ 265,091	\$ 1,529,236	\$ 1,410,503	\$ 383,824

ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
OPERATING FUND PROGRAM AND ADMINISTRATIVE EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2022	2021
PROGRAM EXPENSES		
Office of Bishop and Vicars:		
Bishop's Office	\$ 318,743	\$ 276,328
Vicar General	189,662	207,620
Vicar for Clergy	270,132	171,723
Total Office of Bishop and Vicars	778,537	655,671
Pastoral Ministries:		
Support for Priests:		
Diocesan Support for Priests	804,997	959,428
International Priests Enculturation and Mentorship	897,840	599,145
Priest Auto Fund Grants	572,224	288,649
Retired Priests Health Care and Support	253,253	256,740
Priests Long-Term Care	549,693	529,397
Priests Convocation and Formation	92,514	3,031
Vocations	1,582,720	1,312,286
Tribunal and Chancellor's Office	433,640	472,349
Retreat Centers	166,130	236,411
Permanent Diaconate	213,546	146,235
Diocese of Richmond Housing Corporation	32,876	55,896
Diocesan Theologian, Worship, Priests Council, and Other	102,693	136,072
Total Pastoral Ministries	5,702,126	4,995,639
Catholic Education Ministries:		
Office of Catholic Schools	853,914	846,173
Christian Formation	614,157	510,369
Total Catholic Education Ministries	1,468,071	1,356,542
Social and Cultural Ministries:		
Social Ministries	590,977	421,368
Ethnic Ministries	204,829	263,854
Fuel and Hunger Fund	519,328	402,922
Home Missions Program	155,106	288,222
Total Social and Cultural Ministries	1,470,240	1,376,366
Office for Evangelization:		
Campus Field Operations	1,463,310	1,227,516
Youth Programs and Events	391,981	30,122
Administration and Cross-Office Programs	509,730	353,008
Young Adult Programs and Events	21,002	1,403
Marriage and Family	63,960	97,259
Campus Programs and Events	146,233	32,434
Total Evangelization of Youth and Young Adult	2,596,216	1,741,742
Communications:		
Office of Communications	317,492	380,207
Catholic Virginian	783,070	819,383
Total Communications	1,100,562	1,199,590
TOTAL PROGRAM EXPENSES	\$ 13,115,752	\$ 11,325,550

**ADMINISTRATIVE OFFICES OF THE CATHOLIC DIOCESE OF RICHMOND
OPERATING FUND PROGRAM AND ADMINISTRATIVE EXPENSES (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	2022	2021
ADMINISTRATIVE AND FINANCIAL SERVICES		
Finance, Real Estate, and Risk Management	\$ 1,293,393	\$ 1,312,130
Human Resources and Safe Environment	1,048,419	960,175
Information Technology	953,543	906,521
Professional Fees and General Administration	866,273	1,424,593
Facility Operations, Repairs, and Maintenance	625,377	567,473
Development	1,141,279	1,155,276
Annual Diocesan Appeal	609,047	497,838
Bicentennial Celebration	-	182,605
Payroll Processing	485,326	486,022
ParishSoft Accounting	195,354	182,480
USCCB and Virginia Catholic Conference Dues	380,866	281,836
Copy Services	132,064	115,405
Archives and Museum	109,983	111,422
	\$ 7,840,924	\$ 8,183,776
TOTAL ADMINISTRATIVE AND FINANCIAL SERVICES		