



Report of Independent Auditors and
Financial Statements with Supplementary Information

**Roman Catholic Diocese of Sacramento
Administrative Office**

June 30, 2023 and 2022

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Report of Independent Auditors

The Finance Committee
Roman Catholic Diocese of Sacramento

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Roman Catholic Diocese of Sacramento (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Roman Catholic Diocese of Sacramento as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 1 to the financial statements, the Organization has been named as a defendant in litigations in various lawsuits, given the volume of claims, significant uncertainties exist surrounding the financial impact to the Organization, and the Organization has stated that substantial doubt exists about the Organization's ability to continue as a going concern. Management's evaluation of the events and conditions regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 Roman Catholic Diocese of Sacramento's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Emphasis of Matter - Prior Period Financial Statements

As discussed in Note 2 to the financial statements, the financial statements of Roman Catholic Diocese of Sacramento as of and for the year ended June 30, 2022, have been restated to correct an error in the presentation of restricted funds which were previously overstated due to funds held for seminarian purposes as well as investment earnings on donations which should not have been designated as restricted. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Roman Catholic Diocese of Sacramento's basic financial statements. The schedule of financial position by fund and schedules of selected expenses without donor restrictions are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of financial position by fund and schedules of expenses without donor restrictions is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Sacramento, California
March 22, 2024

Financial Statements

**Roman Catholic Diocese of Sacramento
Administrative Office
Statements of Financial Position
June 30, 2023 and 2022**

| | 2023 | 2022 (as restated) |
|-----------------------------------|-----------------------|-----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 7,699,396 | \$ 13,484,104 |
| Investments | 70,540,639 | 61,923,443 |
| Accounts receivable, net | 528,775 | 891,326 |
| Insurance receivable, net | 186,157 | 112,298 |
| Interest receivable | 255 | 255 |
| Prepaid and other expenses | 450,608 | 161,753 |
| Notes receivable, net | 496,777 | 517,923 |
| Equipment, net | 321,881 | 468,744 |
| Real estate, net | 52,029,357 | 52,615,135 |
| | <u>\$ 132,253,845</u> | <u>\$ 130,174,981</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable | \$ 687,342 | \$ 754,587 |
| Self-insurance losses payable | 3,733,828 | 3,423,266 |
| Other liabilities | 3,728,159 | 5,658,697 |
| | <u>8,149,329</u> | <u>9,836,550</u> |
| NET ASSETS | | |
| Without donor restrictions | 107,795,147 | 104,840,326 |
| With donor restrictions | 16,309,369 | 15,498,105 |
| | <u>124,104,516</u> | <u>120,338,431</u> |
| Total net assets | <u>124,104,516</u> | <u>120,338,431</u> |
| Total liabilities and net assets | <u>\$ 132,253,845</u> | <u>\$ 130,174,981</u> |

See accompanying notes.

**Roman Catholic Diocese of Sacramento
Administrative Office
Statements of Activities
Year Ended June 30, 2023**

| | 2023 | | |
|---|-------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Parish assessments and service fees | \$ 8,077,957 | \$ - | \$ 8,077,957 |
| School assessments and service fees | 803,784 | - | 803,784 |
| Self-insurance premiums | 8,320,252 | - | 8,320,252 |
| Investment income: | | | |
| Interest and dividends | 961,147 | 433,305 | 1,394,452 |
| Realized and unrealized gains, net | 1,464,574 | 990,080 | 2,454,654 |
| Interest on notes receivable | 5,022 | - | 5,022 |
| Rental operations, net | 246,612 | - | 246,612 |
| Donations and bequests | 36,443 | 217,936 | 254,379 |
| Donations from supporting organizations | 3,713,208 | - | 3,713,208 |
| Donations from special collections, net | - | 2,644,908 | 2,644,908 |
| Other income | 709,846 | - | 709,846 |
| Net assets released from restrictions | 3,474,965 | (3,474,965) | - |
| | <u>27,813,810</u> | <u>811,264</u> | <u>28,625,074</u> |
| Total revenues, gains, and other support | | | |
| EXPENSES | | | |
| Self-insurance program | 7,140,161 | - | 7,140,161 |
| Educational services | 3,823,834 | - | 3,823,834 |
| Administrative services | 3,065,342 | - | 3,065,342 |
| Ministerial services | 2,911,128 | - | 2,911,128 |
| Social services | 1,994,088 | - | 1,994,088 |
| Parochial services | 1,869,929 | - | 1,869,929 |
| Depreciation | 1,402,828 | - | 1,402,828 |
| Distributions - Endowments | 102,000 | - | 102,000 |
| Distributions - Special Collections | 2,534,086 | - | 2,534,086 |
| Other expenses | 15,593 | - | 15,593 |
| | <u>24,858,989</u> | <u>-</u> | <u>24,858,989</u> |
| Total expenses | | | |
| CHANGES IN NET ASSETS | 2,954,821 | 811,264 | 3,766,085 |

See accompanying notes.

**Roman Catholic Diocese of Sacramento
Administrative Office
Statements of Activities (Continued)
Year Ended June 30, 2022**

| | 2022 (as restated) | | Total |
|--|-------------------------------|----------------------------|-----------------------|
| | Without Donor Restrictions | With Donor Restrictions | |
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Parish assessments and service fees | \$ 6,872,290 | \$ - | \$ 6,872,290 |
| School assessments and service fees | 724,617 | - | 724,617 |
| Self-insurance premiums | 8,004,565 | - | 8,004,565 |
| Investment income: | | | |
| Interest and dividends | 169,708 | 206,372 | 376,080 |
| Realized and unrealized losses, net | (1,605,718) | (2,658,112) | (4,263,830) |
| Interest on notes receivable | 9,952 | - | 9,952 |
| Rental operations, net | 429,885 | - | 429,885 |
| Donations and bequests | 300,906 | 178,679 | 479,585 |
| Donations from supporting organizations | 3,722,500 | - | 3,722,500 |
| Donations from special collections, net | - | 916,146 | 916,146 |
| PPP loan forgiveness | 2,779,900 | - | 2,779,900 |
| Other income | 177,691 | - | 177,691 |
| Gain on sale of real estate | 1,969,841 | - | 1,969,841 |
| Net assets released from restrictions | 2,928,217 | (2,928,217) | - |
| | <u>26,484,354</u> | <u>(4,285,132)</u> | <u>22,199,222</u> |
| EXPENSES | | | |
| Self-insurance program | 5,394,005 | - | 5,394,005 |
| Educational services | 3,473,534 | - | 3,473,534 |
| Administrative services | 2,939,490 | - | 2,939,490 |
| Ministerial services | 3,006,115 | - | 3,006,115 |
| Social services | 1,856,840 | - | 1,856,840 |
| Parochial services | 1,940,814 | - | 1,940,814 |
| Depreciation | 1,192,190 | - | 1,192,190 |
| Distributions - Endowments | 102,000 | - | 102,000 |
| Distributions - Special Collections | 932,084 | - | 932,084 |
| Loss on loan forgiveness | 1,238,600 | - | 1,238,600 |
| Other expenses | 105,773 | - | 105,773 |
| | <u>22,181,445</u> | <u>-</u> | <u>22,181,445</u> |
| CHANGES IN NET ASSETS | 4,302,909 | (4,285,132) | 17,777 |
| NET ASSETS, beginning of year (as restated) | <u>100,537,417</u> | <u>19,783,237</u> | <u>120,320,654</u> |
| NET ASSETS, end of year (as restated) | <u>\$ 104,840,326</u> | <u>\$ 15,498,105</u> | <u>\$ 120,338,431</u> |

See accompanying notes.

Roman Catholic Diocese of Sacramento
Administrative Office
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|--|--------------|---------------|
| | | (as restated) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ 3,766,085 | \$ 17,777 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Net realized and unrealized (gains) losses on investments | (2,454,654) | 4,263,830 |
| Gain on sale of real estate | - | (1,969,841) |
| Depreciation | 1,402,828 | 1,192,190 |
| PPP Loan forgiveness | - | (2,779,900) |
| Loss on forgiveness of notes receivable | - | 1,238,600 |
| Decrease (increase) in: | | |
| Accounts receivable | 362,551 | 169,605 |
| Insurance receivable | (73,859) | 100,942 |
| Interest receivable | - | 9,656 |
| Prepaid expenses | (288,855) | 7,045 |
| Notes receivable | 21,146 | 60,784 |
| (Decrease) increase in: | | |
| Accounts payable | (67,245) | (290,679) |
| Self-insurance losses payable | 310,562 | (492,409) |
| Other liabilities | (1,930,538) | 1,756,068 |
| Net cash provided by operating activities | 1,048,021 | 3,283,668 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sales of investments | 46,996,884 | 38,006,744 |
| Purchase of investments | (53,159,426) | (39,289,593) |
| Real estate improvements | (626,928) | (103,992) |
| Proceeds from real estate sales | - | 2,254,511 |
| Purchase of equipment | (43,259) | (29,845) |
| Net cash (used in) provided by investing activities | (6,832,729) | 837,825 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (5,784,708) | 4,121,493 |
| CASH AND CASH EQUIVALENTS, beginning of year | 13,484,104 | 9,362,611 |
| CASH AND CASH EQUIVALENTS, end of year | \$ 7,699,396 | \$ 13,484,104 |

See accompanying notes.

Roman Catholic Diocese of Sacramento
Administrative Office
Notes to Financial Statements

Note 1 – Reporting Entity

The Administrative Office of the Roman Catholic Diocese of Sacramento (the Organization) provides parochial, social, educational, ministerial, and administrative services. These services are provided throughout the twenty counties which comprise the Roman Catholic Diocese of Sacramento.

Included in these financial statements are all accounts maintained by and directly under the administration of the Organization. The accounts of parishes, schools, and other affiliated organizations are not included in these financial statements except to the extent that financial transactions between the Organization and these entities have occurred.

Litigation – The Organization is involved in various lawsuits relating to general liability matters, which include claims of alleged sexual misconduct. The Organization has established protocols, consistent with the norms of the U.S. Conference of Catholic Bishops, which provide safeguards and policies to mitigate future claims of sexual misconduct.

A change in California law, effective January 1, 2020, provided a three-year period for individuals to file claims for alleged sexual misconduct which heretofore have been barred by applicable statutes of limitations.

There have been numerous claims filed relating to alleged sexual misconduct by certain individuals of the Organization. Significant uncertainties exist surrounding the financial impact to the Organization related to such claims. The claims are expected to trigger insurance coverage for periods as early as the 1960s. If claims are not resolved within policy limits, the potential losses to the Organization could be material. As a result, substantial doubt exists about the Organization ability to continue as a going concern.

During the years ended June 30, 2023 and 2022, the Organization had expenses of approximately \$1,419,148 and \$465,023 for legal fees, settlement and other costs related to these claims, respectively. The Organization expects it will incur substantial future charges related to its defense of these matters but cannot reasonably estimate the potential costs.

In light of the continuing uncertainties regarding these claims and given that a reasonable estimate of the potential cost of these claims cannot be made, no accrual has been made in the financial statements as of and for the years ended June 30, 2023 and 2022.

Note 2 – Prior-Period Adjustment

In prior years, the Organization improperly classified the \$2,800,000 contribution from the sale of St. Pius Seminary Property in 1993, as well as the investment earnings to date, as donor restricted. Additionally, investment earnings on other donor restricted funds not designated as endowments were improperly recorded as donor restricted.

As of June 30, 2022, these funds were recorded as net assets with donor restrictions, and not in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). In accordance with U.S. GAAP, these funds received should have been recorded as net assets without donor restrictions.

Roman Catholic Diocese of Sacramento
Administrative Office
Notes to Financial Statements

Accordingly, the Organization restated the beginning balance of net assets with and without donor restrictions to correct these balances. The restatement resulted in a decrease in net assets with donor restrictions by \$8,193,915 and an increase in net assets without donor restrictions by \$7,977,093, as well as, an increase in other liabilities of \$216,822.

The Organization made the following restatements to the June 30, 2022 statement of financial position and statement of activities:

| | As Previously Reported June 30, 2022 | Restatement | As Restated June 30, 2022 |
|---|--|----------------|------------------------------|
| Selected Statement of Financial Position Data as of | | | |
| June 30, 2022 | | | |
| Other Liabilities | \$ 5,441,875 | \$ 216,822 | \$ 5,658,697 |
| Net assets | | | |
| without donor restrictions | \$ 96,863,233 | \$ 7,977,093 | \$ 104,840,326 |
| with donor restrictions | \$ 23,692,020 | \$ (8,193,915) | \$ 15,498,105 |
| Selected Statement of Activity Data for the year ended | | | |
| June 30, 2022 | | | |
| Investment income without donor restrictions | | | |
| Interest and dividends | \$ 88,373 | \$ 81,335 | \$ 169,708 |
| Realized and unrealized losses, net | \$ (360,903) | \$ (1,244,815) | \$ (1,605,718) |
| Investment income with donor restrictions | | | |
| Interest and dividends | \$ 287,707 | \$ (81,335) | \$ 206,372 |
| Realized and unrealized losses, net | \$ (3,932,551) | \$ 1,274,439 | \$ (2,658,112) |
| Donations and bequests without donor restrictions | \$ 262,861 | \$ 38,045 | \$ 300,906 |
| Donations and bequests with donor restrictions | \$ 216,724 | \$ (38,045) | \$ 178,679 |
| Social Services | \$ 1,866,840 | \$ (10,000) | \$ 1,856,840 |
| Net assets released from restrictions without donor restrictions | \$ 3,308,240 | \$ (380,023) | \$ 2,928,217 |
| Net assets released from restrictions with donor restrictions | \$ (3,308,240) | \$ 380,023 | \$ (2,928,217) |
| Total revenues, gains, and other support without donor restrictions | \$ 27,989,812 | \$ (1,505,458) | \$ 26,484,354 |
| Total revenues, gains, and other support with donor restrictions | \$ (5,820,214) | \$ 1,535,082 | \$ (4,285,132) |
| NET ASSETS, beginning of year without donor restrictions | \$ 91,064,866 | \$ 9,472,551 | \$ 100,537,417 |
| NET ASSETS, beginning of year with donor restrictions | \$ 29,512,234 | \$ (9,728,997) | \$ 19,783,237 |
| Selected Statement of Cash Flow Data for the year ended | | | |
| June 30, 2022 | | | |
| Changes in net assets | (21,847) | 39,624 | 17,777 |
| Net realized and unrealized losses | 4,293,454 | (29,624) | 4,263,830 |
| Other liabilities | 1,756,068 | 10,000 | 1,766,068 |

There was no change to functional expenses.

Note 3 – Summary of Significant Accounting Policies

The following items set forth the significant accounting policies that are followed in preparing and presenting the financial statements.

Basis of presentation – The accompanying financial statements have been prepared substantially in accordance with the standards adopted by the United States Conference of Catholic Bishops in concert with standards provided by the Financial Accounting Standards Board (FASB).

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Roman Catholic Diocese of Sacramento
Administrative Office
Notes to Financial Statements

Paycheck Protection Program loan – The Organization accounts for the debt incurred pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in accordance with Accounting Standards Codification (ASC) Topic 470, *Debt*. Accordingly, the Organization accounted for full forgiveness of the debt as a debt extinguishment and included the amount forgiven in its statement of activities in 2022. The Organization had two catholic schools file PPP loans under the Organization’s EIN number. The amount total was \$1,238,600 as included in the statement of activities.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents consist of securities with original terms of maturity of less than three months and are recorded at cost which approximates market value.

Investments – Investments represent a portfolio of marketable securities, including pooled investment funds. The investments are reported at fair value based on quoted market prices, which are based on the value of the underlying securities. Realized and unrealized gains or losses on such investments, as well as any dividends and interest, are reported in the statements of activities, net of investment expenses.

Receivables - Receivables consist of various trade, miscellaneous receivables, and annual parish assessments. Receivables are reported at face value, which approximates fair value, and are not subject to interest. Payments received are generally applied to the balances identified by the accompanying remittance advices first, unless prior agreement has been reached with the institution. As of June 30, 2023 and 2022, the allowance for doubtful accounts was \$543,258 and \$559,149, respectively.

Insurance receivables consist of amounts billed to the parishes and other affiliated organizations for health, general liability, and workers’ compensation insurance. As of June 30, 2023 and 2022, the allowance for doubtful accounts was \$281,094 and \$284,561, respectively.

Notes receivable consist of unsecured credit extended to parishes, individuals, and other entities. Credit is extended based upon evaluation of the borrowing entity’s financial condition and other factors. Collateral is not generally required. Balances are reported at face value. Notes typically have no stated maturity dates and may be due either on demand or in accordance with scheduled payments. Notes are generally not considered past due or delinquent, as the Bishop has various means available to collect on any loan extended and reserves the right to convert any note, including interest accrued, to a contribution. Interest accrues on notes receivable in accordance with the interest rates applicable to the loans. As of June 30, 2023 and 2022, the allowance for doubtful accounts was \$0.

Roman Catholic Diocese of Sacramento
Administrative Office
Notes to Financial Statements

Allowance for doubtful accounts – The Organization provides an allowance for both notes receivable and other receivables management believes may not be collected in full. An evaluation of the collectability of the amounts outstanding is conducted based on a combination of factors. When a specific organization is unable to meet its financial obligations (due to, for example, financial difficulties or fluctuation in offertory), a specific reserve is recorded. For all other organizations, the Organization recognizes reserves for bad debts based on historical collection experience. Accounts are charged against the allowance for doubtful accounts when management believes that collectability is unlikely.

Fair values of financial instruments – The Organization’s financial instruments, none of which are held for trading purposes, include investments, and notes receivable. The Organization estimates that the fair value of all financial instruments at June 30, 2023 and 2022, does not differ materially from the aggregate carrying values of those instruments as reported in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Real estate and equipment – Real estate and equipment are stated at cost or at fair value at the date of donation. Acquisitions of real estate and equipment in excess of \$15,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of the assets are capitalized. The Organization’s policy is to provide for depreciation using the straight-line method over the estimated useful lives of the assets, which range from 3 to 50 years. As of June 30, 2023 and 2022, real estate is net of accumulated depreciation of \$22,049,599 and \$20,836,893, respectively. Equipment is net of accumulated depreciation of \$1,035,370 and \$845,248 as of June 30, 2023 and 2022, respectively. Depreciation expense was \$1,402,828 and \$1,192,190 for the years ended June 30, 2023 and 2022, respectively.

Net assets – Net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenue recognition – Parish assessment, school assessment, and service fees are charged to parishes and Roman Catholic organizations in the Diocese of Sacramento for the various administrative, financial, and programmatic support services provided to them by the Organization’s staff. Service fees are recognized as revenue when services are performed.

Self-insurance premiums are received from other affiliated organizations for which the Organization acts as an agent providing health, property and earthquake, general liability, workers’ compensation, and unemployment insurance. Revenue is recognized in the period in which the insurance coverage is provided and is in effect.

Roman Catholic Diocese of Sacramento
Administrative Office
Notes to Financial Statements

Rental operations are made up of various building and sites leases to tenants. The Organization recognizes income on a straight-line basis over the life of the leases net of the Organization's portion of occupancy related expenses.

Donations and bequests, donations from supporting organizations and donations from special collections are comprised of revenue from gifts, grants, and bequests. Contributions are considered to be without donor restrictions unless they are specifically restricted by the donor. Contributions designated for future periods or restricted by the donor for specific purposes or in perpetuity are reported as contributions with donor restrictions. The Organization recognizes all unconditional contributions and promises to give in the period notified. Unconditional promises to give expected to be collected in future years are recorded at the discounted present value of their estimated future cash flows using a discount rate that is commensurate with the risks involved. Conditional promises to give or intentions to give, as defined by Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, are not recorded in the financial statements until the conditions are met. There are no conditional promises to give as of June 30, 2023 and 2022.

Income taxes – Under Internal Revenue Code Section 501(c)(3), the Roman Catholic Diocese of Sacramento, Administrative Office, has been determined to be exempt from federal and California state income taxes.

Functional allocation of expenses – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of operations and changes in net assets. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct costs such as employees' salaries and benefits are allocated based on employees' best estimate of time and effort. Shared costs such as rent, depreciation, supplies, telephones, and insurance are allocated using a reasonable cost allocation method. Such allocations are determined by management on a reasonable basis that is consistently applied.

Significant concentrations of credit risk – The Organization has defined its financial instruments which are potentially subject to credit risk. The financial instruments consist principally of cash and cash equivalents, and investments with high credit quality financial institutions. These instruments are subject to other market conditions such as interest risk, equity market risks, and their implied volatilities.

Periodically, throughout the year, the Organization has maintained balances in various financial institutions including investment brokerage houses in excess of Federal Deposit Insurance Company (FDIC) insurance thresholds and Securities Investor Protection Corporation (SIPC) insurance limits. The Organization has not experienced any losses in such accounts in the past. At June 30, 2023 and 2022, the Organization's uninsured balances totaled \$5,654,142 and \$11,531,665, respectively.

Roman Catholic Diocese of Sacramento
Administrative Office
Notes to Financial Statements

On March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. If any of the financial institutions with whom the Organization does business were to be placed into receivership, the Organization may be unable to access the cash on deposit with such institutions. If the Organization is unable to access the cash and cash equivalents as needed, the financial position and ability to operate the business could be adversely affected.

Recent accounting pronouncements – In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a liability associated with obligations to make payments under the terms of the arrangement in addition to a right-of-use asset representing the lessee’s right to use, or control the use of, the given asset assumed under the lease. In June 2020, the FASB issued, *Leases (Topic 842): Effective Dates for Certain Entities*, which defers the effective date for nonpublic business entities beginning after December 15, 2021. Early adoption is permitted. The ASU is effective beginning July 1, 2022, for the Organization. There were no leases as of June 30, 2023 and June 30, 2022; therefore, no impact to the financial statements.

Reclassifications – Certain reclassifications have been made to prior period financial statements to conform to the current period presentation. These reclassifications had no impact on net assets for the year ended June 30, 2022.

Subsequent events – Subsequent events are events or transactions that occur after the statements of financial position date but before the financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position, but arose after the statements of financial position date and before the financial statements are available to be issued.

On December 10, 2023, the Organization announced the intent to file bankruptcy due to the lawsuits that have followed from the change in California Law discussed in Note 1. The Organization is expected to file in April 2024.

The Organization has evaluated subsequent events through March 22, 2024, which is the date the financial statements are available to be issued.

Note 4 – Investments

Investments are recorded at fair value. The Organization’s policy is to invest in nonspeculative issues providing safety of capital, current income, and sustained growth. Investments consist principally of stocks, corporate bonds, and U.S. Treasury obligations.

Roman Catholic Diocese of Sacramento
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A summary of investments as of June 30, is as follows:

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Government fixed income securities | \$ 35,054,077 | \$ 28,473,653 |
| CRI Opportunistic Bond | 7,998,791 | 3,952,335 |
| CRI Intermediate Diversified Bond Fund | 7,995,916 | 3,707,509 |
| CRI International Equity Fund | 4,889,478 | 3,957,529 |
| CRI Money Market Fund | 4,175,406 | 4,026,330 |
| CRI Multi-Style Equity Fund | 3,621,805 | 3,424,944 |
| CRI Core Equity Index Fund | 2,396,152 | 2,429,330 |
| Domestic Equities | 2,211,258 | 1,558,608 |
| CRI Small Capitalization Equity Index Fund | 1,046,248 | 1,110,992 |
| CRI International Small Capitalization Equity | 570,027 | 569,336 |
| Nongovernment fixed income securities | 428,971 | 264,916 |
| Mutual Funds - Domestic Equities | 152,510 | 203,386 |
| CRI Short Bond Fund | - | 8,244,575 |
| | <u>\$ 70,540,639</u> | <u>\$ 61,923,443</u> |
| Total | | |

Note 5 – Notes Receivable, Net

Notes receivable, net includes one note secured by a deed of trust, and various unsecured notes, as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Various unsecured notes receivable, with monthly payments that range from \$300 to \$4,240 and yearly payments that range from \$0 to \$18,432 at various interest rates that range from 2.44% to 6.25%, and various maturity dates that range from 3 to 20 years, net of allowances for doubtful accounts. | <u>\$ 496,777</u> | <u>\$ 517,923</u> |

Roman Catholic Diocese of Sacramento
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Notes to Financial Statements

Note 6 – Real Estate, Net

Real estate, net consists of the following:

| | 2023 | 2022 |
|--------------------------------|---------------|---------------|
| Real estate | \$ 64,059,810 | \$ 62,855,196 |
| Land | 10,019,146 | 10,596,832 |
| Total | 74,078,956 | 73,452,028 |
| Less: accumulated depreciation | 22,049,599 | 20,836,893 |
| Real estate, net | \$ 52,029,357 | \$ 52,615,135 |

Note 7 – Property, Liability, Workers Compensation, and Unemployment

The Organization self-insures, with certain stop-loss insurance coverage for property, liability, workers compensation, and unemployment insurance programs for the administrative offices and participating parishes, schools, and other affiliated organizations within the Diocese of Sacramento.

The self-insured workers' compensation benefits provided to its employees includes various exposure limitations. The Organization retains a portion of its exposure to workers' compensation claims. Prior to 1990, the Organization's retention was \$75,000 to \$150,000 per accident depending on the year. In 1990, the Organization increased their retention to \$175,000 per accident. For the period July 1, 2002 through June 30, 2003, the Organization's retention was \$250,000 per accident. Effective July 1, 2003, the Organization increased its retention further to \$500,000 per accident. Effective July 1, 2020, the Organization decreased its retention to \$250,000 per accident. Effective July 1, 2022, the Organization increased its retention to \$500,000 per accident.

The self-insured liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

Since self-insured claims depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. These liabilities are evaluated on a case-by-case basis and are re-evaluated periodically to take into consideration historical experience of the more recently resolved claims, the frequency of claims, and other economic and social factors.

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Note 8 – Employee Health Benefits

The Organization discontinued this Self-insured Employee Health Benefits program effective December 31, 2017. The final claims run out is complete and is included in these financial statements. The Organization joined the Religious Employers Trust Association to provide for employee health benefits effective January 1, 2018.

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022, may be expended for:

| | <u>2023</u> | <u>2022</u> (as restated) |
|----------------------------|----------------------|------------------------------|
| Donor restricted endowment | \$ 13,334,380 | \$ 12,616,001 |
| Program services: | | |
| Education | 2,657,264 | 2,499,934 |
| Ministerial | 167,738 | 219,068 |
| Social service | 32,485 | 157,485 |
| Special collections | <u>117,502</u> | <u>5,617</u> |
| | <u>\$ 16,309,369</u> | <u>\$ 15,498,105</u> |

All net assets with donor restrictions for program services are expected to be released from restriction by June 30, 2033.

Note 10 – Endowment Fund

The Endowment Fund includes donor-restricted monies received by the Organization under the condition that the funds be held and invested in perpetuity. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Earnings are released when spent in accordance with the donor's purpose.

Interpretation of relevant law – The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 in California (CPMIFA) for donor restricted endowment funds as requiring the preservation of the fair value of the original gift as of the gift date unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the corpus of funds subjected to CPMIFA is classified as with donor restriction. The corpus represents the fair value of the original gifts as of the gift date, and all subsequent gifts where the donor has indicated the gift be retained in perpetuity. The value of assets in excess of original gifts in donor restricted endowment funds are classified as net assets with donor restrictions until appropriated for expenditure by the Organization.

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In accordance with CPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate earnings on donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization 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 Organization
7. The investment policies of the Organization

The Organization's policy is to invest in nonspeculative issues providing safety of capital, current income, and sustained growth, while complying with the United States Conference of Catholic Bishops' policies regarding socially responsible investing.

| | |
|-------------------------------------|---------------|
| Endowment net assets, June 30, 2021 | \$ 15,094,246 |
| Investment income (loss) | (2,098,969) |
| Contributions | 76,417 |
| Distributions | (455,693) |
| | 12,616,001 |
| Endowment net assets, June 30, 2022 | 12,616,001 |
| Investment income | 1,215,478 |
| Contributions | 17,936 |
| Distributions | (515,035) |
| | \$ 13,334,380 |

The endowments are for the following restricted purposes:

| | 2023 | 2022 |
|---------------------------|---------------|---------------|
| Schools and scholarships | \$ 11,741,772 | \$ 10,660,535 |
| Seminarians and vocations | 1,592,608 | 1,955,466 |
| | \$ 13,334,380 | \$ 12,616,001 |

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Funds with deficiencies – 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 CPMIFA requires the Organization to retain as a fund of perpetual duration. At June 30, 2023, the Organization had three endowment funds with deficiencies of this nature totaling \$69,456. These deficiencies are reflected in net assets with donor restriction. The Original Endowment gift amount was \$84,312 and the fair value of the underwater endowment fund was \$14,856. The Organization has a policy that only funds in excess of 5% is able to be spent. In these cases, there will be no expenditures until the funds recover.

Return objectives and risk parameters – The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Organization’s operations that is partly 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 Organization must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the amount appropriated for operations by the rate of inflation while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Spending policy and how the investment objectives relate to spending policy – The Organization has a policy of appropriating for distribution each year an amount equal to 5% of corpus. Over the long term, this is expected to provide support for the intended purpose while keeping the increase/(decrease) year-over-year minimal to help provide the predictable level of funding needed. The effect of this draw is to gradually increase the amount of annual support when the endowment is growing and postpone the award if the endowment value falls. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at least at the rate of inflation. This is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 11 – Defined Benefit Pension Plan for Lay Employees

The Organization sponsored a qualified, diocesan-wide, noncontributory, multi-employer, defined benefit pension plan (a cash balance plan) covering substantially all lay employees of participating employers, including the Organization. The plan was frozen effective December 31, 2018. The contribution percentage paid by participating employers, including the Organization, was approximately 2.5% of gross wages during the years ended June 30, 2023 and 2022. The contributions made by the Organization during the years ended June 30, 2023 and 2022, was \$123,451 and \$118,570, respectively. Participating employers contribute 8.5% of gross payroll to cover the prescribed frozen defined benefit plan and 403(b) plan noted in Note 11 below. The total contributions made by the Organization during the years ended June 30, 2023 and 2022, was \$419,734 and \$403,139 respectively. The portion of the plan’s funded status as it relates directly to the Organization has not been determined. The Organization believes that any over or under funding of the plan as it relates to the Organization’s share is not material to these financial statements.

Roman Catholic Diocese of Sacramento
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Notes to Financial Statements

Note 12 – Employer Sponsored 403(b) Plan

Effective January 1, 2019, the Organization adopted a new employer sponsored 403(b) plan. The plan is a diocesan-wide, multi-employer plan, and covers substantially all full-time employees in the Organization. Effective January 1, 2019, all eligible employees receive into their 403(b) accounts an employer contribution equal to 6% of their gross pay. The contributions made by the Organization during the years ended June 30, 2023 and 2022, was \$296,283 and \$284,569 respectively. Participating employers contribute 8.5% of gross payroll to cover the prescribed 403(b) contributions and provide additional funding to the frozen defined benefit plan noted in Note 10 above. The total contributions made by the Organization during the years ended June 30, 2023 and 2022, was \$419,734 and \$403,139 respectively.

Note 13 – Defined Benefit Pension Plan for Priests

The Organization sponsors a qualified, diocesan-wide, noncontributory, multi-employer, defined benefit pension plan covering all priests who are ordained or incardinated in the Diocese and hold an assignment in the Diocese. The plan benefit is based upon a priest's years of service in the Diocese. The plan is funded via contributions made by all participating employers on an annual premium per priest basis. The premium paid per priest for the years ended June 30, 2023 and 2022, by participating employers, including the Organization, was \$11,830 and \$11,599 per priest, respectively. The total contributions made by the Organization during the years ended June 30, 2023 and 2022, was \$70,980 and \$69,594, respectively.

The qualified plan described above provides a basic benefit for all eligible priests. A nonqualified supplemental plan provides additional miscellaneous benefits.

Note 14 – Related-Party Transactions

The Organization, pursuant to formal contracts, provides day to day management, financial and administrative services to its supporting organizations, including The Parochial Fund, Inc., and The Catholic Foundation of the Diocese of Sacramento, Inc. For these services, the supporting organizations each pay the Organization a monthly reimbursement for services provided. The accounts receivable from the Catholic Foundation and Parochial Fund totaled \$80,676 and \$178,148 for the years ended June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, the Organization received reimbursement of \$625,208 and \$705,884 for these services, respectively.

Note 15 – Fair Value Measurements

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

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Notes to Financial Statements

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables present the investments carried at fair value on the accompanying statements of financial position as of June 30, by valuation hierarchy:

| | 2023 | | | |
|---|----------------------|----------------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment Funds: | | | | |
| Government fixed income securities | \$ - | \$ 35,054,077 | \$ - | \$ 35,054,077 |
| Catholic responsible investment (CRI) Short Bond Fund | - | - | - | - |
| CRI Money Market Fund | 4,175,406 | - | - | 4,175,406 |
| CRI International Equity Fund | 4,889,478 | - | - | 4,889,478 |
| CRI Opportunistic Bond | - | 7,998,791 | - | 7,998,791 |
| CRI Intermediate Diversified Bond Fund | - | 7,995,916 | - | 7,995,916 |
| CRI Multi-Style Equity Fund | 3,621,805 | - | - | 3,621,805 |
| CRI Core Equity Index Fund | 2,396,152 | - | - | 2,396,152 |
| Domestic Equities | 2,211,258 | - | - | 2,211,258 |
| CRI Small Capitalization Equity Index Fund | 1,046,248 | - | - | 1,046,248 |
| CRI International Small Capitalization Equity | 570,027 | - | - | 570,027 |
| Nongovernment fixed income securities | - | 428,971 | - | 428,971 |
| Mutual Funds - Domestic Equities | 152,510 | - | - | 152,510 |
| Total investments | <u>\$ 19,062,884</u> | <u>\$ 51,477,755</u> | <u>\$ -</u> | <u>\$ 70,540,639</u> |
| | 2022 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Investment Funds: | | | | |
| Government fixed income securities | \$ - | \$ 28,473,653 | \$ - | \$ 28,473,653 |
| Catholic responsible investment (CRI) Short Bond Fund | - | 8,244,575 | - | 8,244,575 |
| CRI Money Market Fund | 4,026,330 | - | - | 4,026,330 |
| CRI International Equity Fund | 3,957,529 | - | - | 3,957,529 |
| CRI Opportunistic Bond | - | 3,952,335 | - | 3,952,335 |
| CRI Intermediate Diversified Bond Fund | - | 3,707,509 | - | 3,707,509 |
| CRI Multi-Style Equity Fund | 3,424,944 | - | - | 3,424,944 |
| CRI Core Equity Index Fund | 2,429,330 | - | - | 2,429,330 |
| Domestic Equities | 1,558,608 | - | - | 1,558,608 |
| CRI Small Capitalization Equity Index Fund | 1,110,992 | - | - | 1,110,992 |
| CRI International Small Capitalization Equity | 569,336 | - | - | 569,336 |
| Nongovernment fixed income securities | - | 264,916 | - | 264,916 |
| Mutual Funds - Domestic Equities | 203,386 | - | - | 203,386 |
| Total investments | <u>\$ 17,280,455</u> | <u>\$ 44,642,988</u> | <u>\$ -</u> | <u>\$ 61,923,443</u> |

Roman Catholic Diocese of Sacramento
Administrative Office
Notes to Financial Statements

Note 16 – Functional Expense Classification

The financial statements report certain categories of expenses that are attributable to programs and general and administrative services. The schedule below details the expenses by category.

| | 2023 | | |
|-------------------------------------|----------------------|-------------------------------|----------------------|
| | Program Services | General and Administrative | Total |
| Self-insurance program | \$ 7,096,154 | \$ 1,715 | \$ 7,097,869 |
| Personnel | 5,137,604 | 1,218,040 | 6,355,644 |
| Ministerial services | 2,451,889 | 105,427 | 2,557,316 |
| Distributions - Special Collections | 2,498,086 | - | 2,498,086 |
| Social Service | 1,708,700 | - | 1,708,700 |
| Depreciation | 50,076 | 1,352,752 | 1,402,828 |
| Occupancy | 318,109 | 792,609 | 1,110,718 |
| Audit, legal, other professional | 247,571 | 417,009 | 664,580 |
| Donations | 352,478 | - | 352,478 |
| Dues and memberships | 77,224 | 237,582 | 314,806 |
| Property expense | 74,519 | 156,636 | 231,155 |
| Travel, training, functions | 123,482 | 57,218 | 180,700 |
| Building maintenance | 122,396 | 41,144 | 163,540 |
| Auto expense | 134,671 | 20,772 | 155,443 |
| Other expense | - | 15,593 | 15,593 |
| Advertising | 28,746 | 20,787 | 49,533 |
| | <u>\$ 20,421,705</u> | <u>\$ 4,437,284</u> | <u>\$ 24,858,989</u> |

Roman Catholic Diocese of Sacramento
Administrative Office
Notes to Financial Statements

| | 2022 | | |
|-------------------------------------|----------------------|-------------------------------|----------------------|
| | Program Services | General and Administrative | Total |
| Personnel | \$ 4,478,578 | \$ 1,147,852 | \$ 5,626,430 |
| Self-insurance program | 5,349,418 | 1,214 | 5,350,632 |
| Ministerial services | 3,030,342 | 68,205 | 3,098,547 |
| Social Service | 1,622,699 | - | 1,622,699 |
| Loss on loan forgiveness | 1,238,600 | - | 1,238,600 |
| Depreciation | 18,038 | 1,174,152 | 1,192,190 |
| Occupancy | 277,430 | 633,535 | 910,965 |
| Distributions - Special Collections | 898,269 | - | 898,269 |
| Audit, legal, other professional | 320,237 | 433,478 | 753,715 |
| Donations | 412,213 | - | 412,213 |
| Dues and memberships | 72,096 | 233,572 | 305,668 |
| Property expense | 72,067 | 145,428 | 217,495 |
| Building maintenance | 144,652 | 38,142 | 182,794 |
| Auto expense | 122,676 | 14,371 | 137,047 |
| Travel, training, functions | 48,507 | 46,467 | 94,974 |
| Other expense | - | 79,834 | 79,834 |
| Advertising | 39,166 | 20,207 | 59,373 |
| | <u>\$ 18,144,988</u> | <u>\$ 4,036,457</u> | <u>\$ 22,181,445</u> |

Roman Catholic Diocese of Sacramento
Administrative Office
Notes to Financial Statements

Note 17 – Liquidity and Availability of Resources

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the statement of financial position at June 30, are comprised of the following:

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 7,699,396 | \$ 13,484,104 |
| Accounts receivable, net | 528,775 | 891,326 |
| Insurance receivable, net | 186,157 | 112,298 |
| Interest receivable | 255 | 255 |
| Investments | <u>70,540,639</u> | <u>61,923,443</u> |
| Total financial assets | 78,955,222 | 76,411,426 |
| Less financial assets unavailable for general expenditure within one year | | |
| With donor restrictions | <u>(16,309,369)</u> | <u>(15,498,105)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 62,645,853</u> | <u>\$ 60,913,321</u> |

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities. Additionally, the Organization operates under a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources.

Supplementary Information

**Roman Catholic Diocese of Sacramento
Administrative Office
Schedule of Financial Position by Fund
June 30, 2023**

| | General Fund | New Parish Fund | Insurance Fund | Employee Health Benefits Fund | Special Collections Fund | Seminarian Fund | Donor Restricted Fund | Endowments | Total |
|---|----------------------|----------------------|----------------------|-------------------------------|--------------------------|---------------------|-----------------------|----------------------|-----------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 2,100,144 | \$ 3,239 | \$ 3,972,842 | \$ 801,324 | \$ 584,813 | \$ - | \$ 185,422 | \$ 51,612 | \$ 7,699,396 |
| Investments | 28,237,017 | 5,548,245 | 12,353,996 | - | - | 6,822,134 | 4,272,179 | 13,307,068 | 70,540,639 |
| Accounts receivable, net | 547,066 | - | - | (18,291) | - | - | - | - | 528,775 |
| Insurance receivable, net | - | - | 186,157 | - | - | - | - | - | 186,157 |
| Interest receivable | 255 | - | - | - | - | - | - | - | 255 |
| Prepaid and other expenses | 450,608 | - | - | - | - | - | - | - | 450,608 |
| Notes receivable, net | 94,298 | 402,479 | - | - | - | - | - | - | 496,777 |
| Equipment, net | 321,881 | - | - | - | - | - | - | - | 321,881 |
| Real estate, net | 47,516,550 | 4,199,015 | - | - | - | 313,792 | - | - | 52,029,357 |
| Total assets | \$ 79,267,819 | \$ 10,152,978 | \$ 16,512,995 | \$ 783,033 | \$ 584,813 | \$ 7,135,926 | \$ 4,457,601 | \$ 13,358,680 | \$ 132,253,845 |
| LIABILITIES AND NET ASSETS | | | | | | | | | |
| LIABILITIES | | | | | | | | | |
| Accounts payable | \$ 302,847 | \$ - | \$ 318,448 | \$ 42,286 | \$ - | \$ - | \$ - | \$ 23,761 | \$ 687,342 |
| Self-insurance losses payable | - | - | 3,733,828 | - | - | - | - | - | 3,733,828 |
| Other liabilities | 2,243,678 | - | 26,404 | 753,523 | 432,254 | - | 271,761 | 539 | 3,728,159 |
| Due to/from | (1,117,725) | 162,630 | 36,057 | (541,736) | 35,057 | 97,364 | 1,328,353 | - | - |
| Total liabilities | 1,428,800 | 162,630 | 4,114,737 | 254,073 | 467,311 | 97,364 | 1,600,114 | 24,300 | 8,149,329 |
| NET ASSETS | | | | | | | | | |
| Without donor restrictions | 77,839,019 | 9,990,348 | 12,398,258 | 528,960 | - | 7,038,562 | - | - | 107,795,147 |
| With donor restrictions | - | - | - | - | 117,502 | - | 2,857,487 | 13,334,380 | 16,309,369 |
| Total net assets | 77,839,019 | 9,990,348 | 12,398,258 | 528,960 | 117,502 | 7,038,562 | 2,857,487 | 13,334,380 | 124,104,516 |
| Total liabilities and net assets | \$ 79,267,819 | \$ 10,152,978 | \$ 16,512,995 | \$ 783,033 | \$ 584,813 | \$ 7,135,926 | \$ 4,457,601 | \$ 13,358,680 | \$ 132,253,845 |

**Roman Catholic Diocese of Sacramento
Administrative Office
Schedule of Selected Expenses Without Donor Restrictions
June 30, 2023**

Schedule 1 – Parochial services

| | |
|--|----------------------------|
| Newman Catholic Centers | \$ 647,587 |
| Office of Family and Faith Formation | 405,447 |
| Office of Youth and Young Adult Ministry | 347,652 |
| Internal audit | 213,943 |
| Construction management | 93,680 |
| Donations to parishes | 83,103 |
| Cathedral maintenance and support | 50,000 |
| Other | 21,857 |
| Office of Worship | <u>6,660</u> |
| Total parochial services | <u><u>\$ 1,869,929</u></u> |

Schedule 2 – Social services

| | |
|----------------------------|----------------------------|
| Charitable donations | \$ 1,708,701 |
| Social services department | <u>285,387</u> |
| Total social services | <u><u>\$ 1,994,088</u></u> |

Schedule 3 – Educational services

| | |
|--|----------------------------|
| Scholarships and financial assistance | \$ 1,854,855 |
| Catholic schools department | 1,076,318 |
| Camp Pendola/Trinity Pines Catholic Center | 274,343 |
| Catholic Herald Magazine | 248,632 |
| Communications | 197,098 |
| Donations - education | 167,375 |
| Archives | <u>5,213</u> |
| Total educational services | <u><u>\$ 3,823,834</u></u> |

**Roman Catholic Diocese of Sacramento
Administrative Office
Schedule of Selected Expenses Without Donor Restrictions (Continued)
June 30, 2023**

Schedule 4 – Ministerial services

| | |
|---------------------------------|----------------------------|
| Seminarian program | \$ 611,142 |
| Retired priests | 531,501 |
| Tribunal | 386,383 |
| Permanent diaconate | 276,500 |
| Priests personnel | 250,262 |
| Student priests | 210,372 |
| Vocations | 204,950 |
| Other | 151,928 |
| Unassigned priests | 130,674 |
| Infirm priests | 96,803 |
| Liturgies | 26,961 |
| Continuing education of priests | 24,646 |
| Vicar for Religious | 6,906 |
| Presbyteral council | 2,100 |
| | <hr/> |
| Total ministerial services | <u><u>\$ 2,911,128</u></u> |

Schedule 5 – Administrative services

| | |
|---|----------------------------|
| Bishops office | \$ 544,527 |
| Property expense | 474,789 |
| Pastoral Center Building and Operations | 466,319 |
| Financial administration and accounting | 430,708 |
| Pastoral Center IT | 345,050 |
| Lay Personnel | 243,178 |
| State and national fees | 234,487 |
| Legal | 123,794 |
| Other | 108,290 |
| Annual audit | 94,200 |
| | <hr/> |
| Total administrative services | <u><u>\$ 3,065,342</u></u> |

