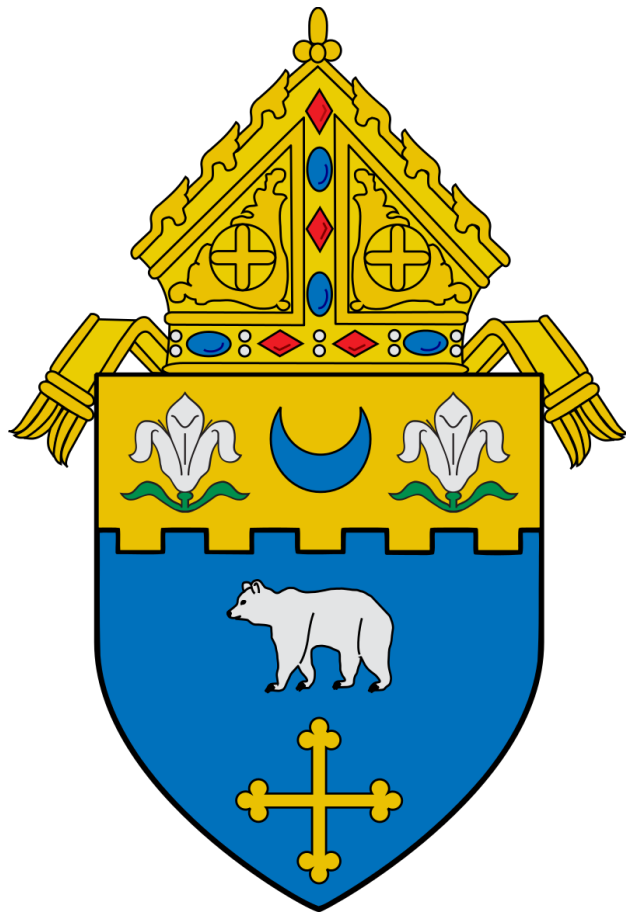


FIFTY-SEVENTH ANNUAL DIOCESAN FINANCIAL REPORT

for the fiscal year July 1, 2021 through June 30,

2022

DIOCESE OF KANSAS CITY-ST. JOSEPH



Most Reverend James V. Johnston, Jr.
Bishop of Kansas City-St. Joseph

INDEX

<i>Chancery Operations Independent Auditor's Report</i>	1
<i>Chancery Operations Statement of Financial Position</i>	3
<i>Chancery Operations Statement of Activities</i>	4-5
<i>Chancery Operations Statement of Cash Flows</i>	6
<i>Chancery Operations Notes to the Financial Statements</i>	7-25
<i>Annual Catholic Appeal*</i>	26
<i>Diocesan Allocations*</i>	27
<i>Diocesan Statistical Information*</i>	28
<i>Report of Parish Income and Expenses*</i>	29-30
<i>Parish Deposit & Loan Accounts*:</i>	
<i>Statement of Parish Loans</i>	31
<i>Statement of Parish Funds on Deposit</i>	32-33
<i>Deposit and Loan Fund Independent Auditor's Report</i>	34-35
<i>Deposit and Loan Fund Statement of Financial Position</i>	36
<i>Deposit and Loan Fund Statement of Activities</i>	37
<i>Deposit and Loan Fund Statement of Cash Flows</i>	38
<i>Deposit and Loan Fund Notes to the Financial Statements</i>	39-49

* *Unaudited Supplementary Information is presented for purposes of additional analysis.*

Independent Auditor's Report

Most Reverend Bishop James V. Johnston
Diocesan Finance Council
Catholic Diocese of Kansas City—St. Joseph
Chancery Operations

Opinion

We have audited the financial statements of the Catholic Diocese of Kansas City—St. Joseph Chancery Operations (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities and cash flows for the years 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 the Organization as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 the Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 the Organization'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 Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information for the Catholic Diocese of Kansas City—St. Joseph Chancery Operations presented on the statement of financial position and the statement of activities for the year ended June 30, 2022 is presented for the purposes of additional analysis rather than to present the financial position and the results of operations of the funds and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
December 1, 2022

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

**Statements of Financial Position
June 30, 2022 and 2021**

	Current	Plant	Custodian	Endowment	Total 2022	2021
Assets						
Cash and cash equivalents	\$ 19,687,955	\$ 1,699,736	\$ 1,106,108	\$ 6,499,270	\$ 28,993,069	\$ 22,761,003
Loans and accounts receivable, net	7,166,450	-	26,332	-	7,192,782	5,825,910
Pledges receivable, net	134,109	-	-	-	134,109	118,588
Land, buildings and equipment, net	1,023,794	8,572,232	-	-	9,596,026	9,664,938
Beneficial interest in others	-	-	-	629,853	629,853	778,436
Investments	-	-	-	3,200,986	3,200,986	3,834,646
Total assets	\$ 28,012,308	\$ 10,271,968	\$ 1,132,440	\$ 10,330,109	\$ 49,746,825	\$ 42,983,521
Liabilities and Net Assets						
Liabilities:						
Accounts payable	\$ 1,710,779	\$ 220	\$ -	\$ -	\$ 1,710,999	\$ 762,793
Notes payable	-	3,827,769	-	-	3,827,769	4,027,191
Other short-term deposits	622,771	-	1,132,440	-	1,755,211	1,647,796
Annuities payable	-	-	-	630,026	630,026	827,547
Long-term deposits payable:						
Diocesan insurance reserves	10,102,647	-	-	-	10,102,647	5,963,455
Retired priests benefit obligations	7,450,464	-	-	-	7,450,464	9,248,672
Deferred revenue	64,864	-	-	-	64,864	311,733
Total liabilities	19,951,525	3,827,989	1,132,440	630,026	25,541,980	22,789,187
Net assets:						
Without donor restrictions:						
Designated funds	2,474,023	1,699,736	-	1,755,834	5,929,593	4,650,205
Designated for annuities	-	-	-	(37,495)	(37,495)	(15,856)
Expended for plant	-	4,744,243	-	-	4,744,243	4,613,953
Undesignated reserve	4,921,502	-	-	-	4,921,502	1,895,107
Total net assets without donor restrictions	7,395,525	6,443,979	-	1,718,339	15,557,843	11,143,409
With donor restrictions:						
Other	665,258	-	-	-	665,258	665,258
Endowments	-	-	-	7,981,744	7,981,744	8,385,667
Total net assets with donor restrictions	665,258	-	-	7,981,744	8,647,002	9,050,925
Total net assets	8,060,783	6,443,979	-	9,700,083	24,204,845	20,194,334
Total liabilities and net assets	\$ 28,012,308	\$ 10,271,968	\$ 1,132,440	\$ 10,330,109	\$ 49,746,825	\$ 42,983,521

See notes to financial statements.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Statements of Activities Years Ended June 30, 2022 and 2021

	Current	Plant	Endowment	Total 2022	2021
Changes in net assets without donor restrictions and designated net assets:					
Revenues and gains:					
Current contributions, Annual Catholic Appeal	\$ 1,920,155	\$ -	\$ -	\$ 1,920,155	\$ 1,997,038
Other revenues from operations:					
Other diocesan collections	486,114	-	5,000	491,114	245,810
Diocesan share in national collections	-	-	-	-	20,000
Diocesan assessments	8,193,130	-	-	8,193,130	8,272,501
Bequests	2,065,118	-	-	2,065,118	433,829
Contributions	4,181,478	-	1,825	4,183,303	2,223,832
Fees for service	585,056	-	-	585,056	595,367
Other revenues from operations, net	2,292,085	720	-	2,292,805	2,071,653
Lease revenue	237,285	42,678	-	279,963	245,687
Gain on the sale of property	-	347,339	-	347,339	-
Auxiliary service (insurance, publications)	20,005,524	-	-	20,005,524	19,738,592
Total income from operations	39,965,945	390,737	6,825	40,363,507	35,844,309
Released from restrictions, other	26,018	-	-	26,018	176,383
Investment income, realized	126,974	522	35,306	162,802	143,508
Unrealized gains (loss)	-	-	(192,144)	(192,144)	165,107
Allocation from deposit and loan fund	409,000	-	-	409,000	350,000
Change in value of split-interest agreements	-	-	161,900	161,900	(138,034)
Total revenues and gains	40,527,937	391,259	11,887	40,931,083	36,541,273
Operating expenses:					
Pastoral services	(5,991,576)	-	-	(5,991,576)	(4,624,617)
Religious personnel development	(1,481,001)	-	-	(1,481,001)	(1,708,575)
Education	(3,669,128)	-	-	(3,669,128)	(3,290,803)
Social services	(304,500)	-	-	(304,500)	(420,310)
Diocesan administration	(5,948,755)	-	-	(5,948,755)	(4,970,066)
Auxiliary service (insurance, publications)	(20,267,331)	-	-	(20,267,331)	(20,032,614)
Total expenses from operations	(37,662,291)	-	-	(37,662,291)	(35,046,985)
Depreciation	-	(407,989)	-	(407,989)	(402,156)
Without donor restriction endowment payments	-	-	(70,148)	(70,148)	(236,574)
Interest on debt	-	(81,816)	-	(81,816)	(93,914)
Interest on deposits	(92,613)	-	-	(92,613)	(71,189)
Total expenses	(37,754,904)	(489,805)	(70,148)	(38,314,857)	(35,850,818)
Transfers to/from other funds:					
(To) from plant fund	(408,118)	408,118	-	-	-
(To) from unrestricted endowments	70,851	-	(70,851)	-	-
Total transfers	(337,267)	408,118	(70,851)	-	-
Increase (decrease) in net assets without donor restrictions and designated net assets before changes in postemployment benefit plan liability	2,435,766	309,572	(129,112)	2,616,226	690,455
Changes in postemployment benefit plan liability	1,798,208	-	-	1,798,208	677,712
Increase (decrease) in net assets without donor restrictions and designated net assets	4,233,974	309,572	(129,112)	4,414,434	1,368,167

(Continued)

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

**Statements of Activities (Continued)
Years Ended June 30, 2022 and 2021**

	Current	Plant	Endowment	Total 2022	2021
Changes in net assets with donor restrictions:					
Revenues and gains:					
Restricted contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Endowment contributions and bequests	-	-	118,000	118,000	49,184
Endowment investment income (loss), realized	-	-	(1,043)	(1,043)	757,341
Endowment unrealized gains (losses)	-	-	(494,862)	(494,862)	68,123
Restrictions satisfied:					
Restrictions satisfied—endowment payments to beneficiaries	-	-	(26,018)	(26,018)	(176,383)
(Decrease) increase in net assets with donor restrictions	-	-	(403,923)	(403,923)	698,265
Total change in net assets	4,233,974	309,572	(533,035)	4,010,511	2,066,432
Net assets, beginning of year	3,826,809	6,134,407	10,233,118	20,194,334	18,127,902
Net assets, end of year	\$ 8,060,783	\$ 6,443,979	\$ 9,700,083	\$ 24,204,845	\$ 20,194,334

See notes to financial statements.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Statements of Cash Flows Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Cash received from donors, parishes and schools	\$ 38,355,638	\$ 36,670,795
Cash paid to suppliers, employees and other	(34,775,217)	(35,498,953)
Interest received	163,735	8,442
Interest paid	(174,429)	(165,103)
Net cash provided by operating activities	3,569,727	1,015,181
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	81,371	326,798
Proceeds from the sale of property	485,860	-
Purchases of investments	(144,448)	(107,000)
Purchases of land, buildings and equipment	(477,598)	(68,459)
Change in loans receivable, net	(1,330,031)	(151,226)
Net cash (used in) provided by investing activities	(1,384,846)	113
Cash flows from financing activities:		
Principal payments on notes payable	(199,422)	(191,113)
Change in deposits payable	4,246,607	3,697,608
Net cash provided by financing activities	4,047,185	3,506,495
Net increase in cash and cash equivalents	6,232,066	4,521,789
Cash and cash equivalents:		
Beginning	22,761,003	18,239,214
Ending	\$ 28,993,069	\$ 22,761,003
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 4,010,511	\$ 2,066,432
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	407,989	402,156
Gain on the sale of property	(347,339)	-
Unrealized loss (gain) on investments	687,006	(233,230)
Loss (gain) on sale of investments	9,731	(810,718)
Change in value of annuities payable	(197,521)	100,031
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(36,841)	108,766
Pledges receivable	(15,521)	(3,837)
Beneficial interest in others	148,583	(167,738)
Increase (decrease) in:		
Accounts payable	948,206	(19,239)
Retired priests benefit obligations	(1,798,208)	(677,712)
Deferred revenue	(246,869)	250,270
Net cash provided by operating activities	\$ 3,569,727	\$ 1,015,181

See notes to financial statements.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The accompanying financial statements include all funds maintained by and directly under the control of the Catholic Diocese of Kansas City—St. Joseph Chancery Operations (the Organization). The statements do not include the accounts of some related entities of the Organization, such as parishes, schools, Catholic Charities, Catholic Cemeteries, Self-insurance fund, Deposit and Loan Fund, and some other corporations; the Priests' Retirement Plan Trust or the Lay Retirement Plan Trust; or any institution owned and operated by religious orders of men or women. Each is a distinct operating entity, maintains separate accounts, carries on its own services and programs, and has separate governing bodies.

The following is a summary of the Organization's significant accounting policies:

Basis of presentation: The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization presents its financial statements based on the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Presentation of Financial Statements.

Net assets without donor restrictions: Net assets without donor restrictions are not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. These assets can also be limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Net assets with and without donor restriction revenue and support: Unconditional contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions. Conditional contributions with a measurable performance barrier or other barrier and right of return or release of funds are recognized when the conditions on which they depend are substantially met.

Donor-restricted support is presented as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted support whose restrictions are satisfied in the same reporting period in which the contributions are received are classified as donations without donor restrictions.

Fund accounting: To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds, according to the nature and use of such resources. Separate accounts are maintained for each fund.

The assets, liabilities and net assets of the Organization are reported as follows:

Current fund: Generally, current funds are those currently expendable for either undesignated, designated or restricted purposes. The majority of the funds without donor restrictions received by the Organization are either anticipated and allocated in advance, billed for certain auxiliary services, or designated by the Bishop upon receipt.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The designated and undesignated net assets are available for and used in the regular activities of the Organization.

Plant fund: The plant fund includes only land, buildings and equipment owned by the Organization used for current operations, held for future development, or available for sale. Properties of operating parishes are not included.

Custodian fund: These funds are universal church collections, Propagation of the Faith receipts, special collections temporarily deposited before being transmitted to designated agencies, and Bishop's Charity Funds.

Generally, these assets are entrusted to the Organization by persons who are not directly controlled by the Organization, solely for the purpose of receiving, holding and disbursing such funds upon the authority of the depositor.

Endowment fund: These are restricted funds invested for the purpose of producing income. They consist of (1) with donor restriction endowment funds, wherein the donors have stipulated that the principal be invested and maintained intact, with only the investment income available for expenditure or funds donated with provisions that the principal may be expended under the circumstances designated in the trust agreement and (2) without donor restriction funds designated as internal endowments by the Bishop to be used as he designates.

Split-interest agreements are recorded in the endowment fund. The assets are recorded at fair value, and the annuity payables are recorded at the present value of estimated future payments plus any residual payments to outside beneficiaries.

Cash and cash equivalents: For purposes of reporting cash flows, the Organization considers all unrestricted highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains cash balances and money market accounts in excess of insured amounts at several financial institutions, which are primarily located in Kansas City, Missouri. The Organization has not experienced any losses on such accounts.

Loans and accounts receivable: Loans and accounts receivable are obligations due from diocesan parishes and institutions. Loans receivable are stated at the amount of unpaid principal. The allowance on loans receivable is based on management's review of specific loans and current economic conditions that may affect the borrower's ability to repay. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual parish and institution receivables and considering the parish and institution's financial condition and credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on past-due accounts receivable.

Pledges receivable: Unconditional promises to give, less a present value discount and an allowance for uncollectible amounts, are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions or barrier on which they depend are overcome.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Investments: Investments are recorded at fair value. Investment income, realized and unrealized gains and losses are recorded in the statements of activities net of investment fees and are presented with donor restrictions or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions. See Note 15 for fair value information.

Land, buildings and equipment: The Organization follows the practice of deducting equipment expenditures in the year of purchase unless the equipment is significant and expected to have a useful life that extends beyond the current period. Land, buildings and equipment are carried at historical cost or, if donated, fair value, net of accumulated depreciation. Major renewals and betterments are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are expensed and included in the change in net assets in the current period. Assets held for sale are recorded at the lower of cost or fair value less costs to sell.

Buildings are depreciated over 40 years, and all building improvements are depreciated over the remaining life of the building. Furniture and fixtures are depreciated over eight years. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Beneficial interest in others: The Organization has been named as a beneficiary in two trusts in which the Organization is not the trustee. When the Organization is notified of the existence of the trust, a beneficial interest (an asset) and contribution revenue are recorded at the present value of the estimated future cash receipts.

Long-term deposits payable: Long-term deposits payable consist of funds being held by the Organization on behalf of the Diocesan Insurance Office for property and casualty and long-term disability reserves.

Deferred revenue: The Organization receives conditional grants and other monies on an advance basis. The deferred revenue reported by the Organization consists of monies received for which the condition(s) have not been met and/or revenue has not been earned at year-end.

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

Income taxes: The Organization is exempt from income taxes under provisions of section 501(c)(3) of the Internal Revenue Code. Uncertain tax provisions, if any, are recorded in accordance with ASC Topic 740, Income Taxes. ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more-likely-than not standard that the position will be sustained upon examination by the taxing authorities. Starting in July 1, 2015, the Organization pays unrelated business income tax (UBIT) on the leased parking spaces and rental income. There is no liability for uncertain tax positions recorded at June 30, 2022 or 2021.

Fundraising: The Organization participates in various fundraising activities, which mainly consist of stewardship and development office activities. The expenses related to these activities are recorded on the statements of activities as diocesan administrative expenses and totaled \$579,841 and \$505,107 for the years ended June 30, 2022 and 2021, respectively.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Paycheck Protection Program contribution: On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law and is meant to address the economic fallout from the COVID-19 pandemic. In connection with the CARES Act, the Organization received a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan for \$989,500 on April 15, 2020. The Organization determined it qualified for the PPP loan because the Organization had less than 500 employees. The loan is to be forgiven if certain conditions are met related to the use of the proceeds and maintenance of employment with the Organization's employees. The Organization determined that it had met all requirements for forgiveness as of June 30, 2020, and therefore accounted for the loan proceeds as a contribution in 2020 in accordance with ASC Subtopic 958-605, Revenue Recognitions—Contributions. During 2021, the loan was forgiven in full by the lender. The SBA may audit any PPP loan at its discretion until the end of the required document retention period for the loan. For the Organization's PPP loan, the document retention period is six years, measured from the date the Organization applied for forgiveness.

Recent accounting pronouncement: In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in ASC Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal year 2023. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Note 2. Liquidity and Availability of Resources

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investments of its funds not required for annual operations. The table below represents the Organization's financial assets available to meet general expenditures at June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents (excludes Custodian funds)	\$ 27,886,961	\$ 21,540,444
Loans and accounts receivable, net	4,305,685	3,153,293
Pledges receivable, net	134,109	118,588
Beneficial interest in others	629,853	778,436
Investments	3,200,986	3,834,646
	<u>36,157,594</u>	<u>29,425,407</u>
Less donor-restricted funds	<u>(8,647,002)</u>	<u>(9,050,925)</u>
Financial assets available to meet general expenditures within the next year	<u>\$ 27,510,592</u>	<u>\$ 20,374,482</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 3. Loans and Accounts Receivable

Loans and accounts receivable are composed of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Diocesan other	\$ 918,107	\$ 221,360
Diocesan entities	6,474,675	5,804,550
	<u>7,392,782</u>	<u>6,025,910</u>
Less allowance for uncollectible accounts	(200,000)	(200,000)
	<u>\$ 7,192,782</u>	<u>\$ 5,825,910</u>

The Organization's loans receivable consist of funds disbursed to other entities within the Catholic Diocese of Kansas City—St. Joseph. The Organization determined its allowance for estimated losses on these loans by analyzing financial results, factors and circumstances of individual accounts or loans. All loans have the same terms and therefore are considered to be in the same class of loan.

The aging of the receivables portfolio as of June 30, 2022 and 2021, is summarized below:

	<u>Current</u>	<u>Past Due</u>	<u>Total</u>
2022:			
Receivables	<u>\$ 4,305,685</u>	<u>\$ 3,087,097</u>	<u>\$ 7,392,782</u>
As a percentage of the total receivables portfolio	<u>58.24%</u>	<u>41.76%</u>	<u>100.00%</u>
	<u>Current</u>	<u>Past Due</u>	<u>Total</u>
2021:			
Receivables	<u>\$ 3,153,293</u>	<u>\$ 2,872,617</u>	<u>\$ 6,025,910</u>
As a percentage of the total receivables portfolio	<u>52.33%</u>	<u>47.67%</u>	<u>100.00%</u>

Note 4. Pledges Receivable

Pledges receivable at June 30, 2022 and 2021, are due as follows:

	<u>2022</u>	<u>2021</u>
Due in less than one year	<u>\$ 134,109</u>	<u>\$ 118,588</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 5. Land, Buildings and Equipment

Land, buildings and equipment comprise the following at June 30, 2022 and 2021:

	2022	2021
Operating properties	\$ 14,426,995	\$ 14,616,024
Land held for development	1,023,794	1,023,794
Assets held for sale	70,000	70,000
	<u>15,520,789</u>	<u>15,709,818</u>
Less accumulated depreciation	(5,924,763)	(6,044,880)
	<u>\$ 9,596,026</u>	<u>\$ 9,664,938</u>

Note 6. Beneficial Interest in Others

The Organization has been named as a beneficiary in trusts in which the Organization is not the trustee. When the Organization is notified of the existence of the trust, a beneficial interest and contribution revenue are recorded at the present value of the estimated future cash receipts. Included in net assets with donor restrictions is \$267,489 as of June 30, 2022 and 2021, of donor-restricted endowed funds held by the Endowment Trust Fund for Catholic Education, with the income to be used for ministry formation. The balance of the beneficial interest in others on the statements of financial position is \$316,951 and \$399,029 as of June 30, 2022 and 2021, respectively.

The Organization has an interest in the Catholic Community Foundation, which has an interest in the Country Club Trust through donations the Organization had provided to the Catholic Community Foundation. The assets held at the Catholic Community Foundation are donor-directed, and the Organization has named itself as the sole beneficiary of the funds. The balance of the beneficial interest in others on the statements of financial position is \$312,902 and \$379,407 at June 30, 2022 and 2021, respectively, with the principal and income to be used for *The Catholic Key*, the Catholic Diocesan newspaper.

Note 7. Investments

The following schedules show life-to-date unrealized gains (losses) on different types of investments for the years ended June 30, 2022 and 2021:

	2022		
	Cost	Fair Value	Unrealized Appreciation
Mutual funds	\$ 27,995	\$ 29,174	\$ 1,179
Money market funds	17,527	17,527	-
Fixed income securities	32,229	32,276	47
Alternative investments	2,990,473	3,122,009	131,536
	<u>\$ 3,068,224</u>	<u>\$ 3,200,986</u>	<u>\$ 132,762</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 7. Investments (Continued)

	2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual funds	\$ 26,595	\$ 34,159	\$ 7,564
Money market funds	21,129	21,129	-
Fixed income securities	37,456	36,794	(662)
Alternative investments	2,970,634	3,742,564	771,930
	<u>\$ 3,055,814</u>	<u>\$ 3,834,646</u>	<u>\$ 778,832</u>

Investments are stated at fair value as of June 30, 2022 and 2021. The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2022 and 2021:

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	\$ 127,496	\$ 43,994	\$ 171,490	\$ 46,855	\$ 43,276	\$ 90,131
Realized gains (losses)	35,306	(45,037)	(9,731)	96,653	714,065	810,718
Investment income (loss)	162,802	(1,043)	161,759	143,508	757,341	900,849
Unrealized gains (losses) on investments	(192,144)	(494,862)	(687,006)	165,107	68,123	233,230
	<u>\$ (29,342)</u>	<u>\$ (495,905)</u>	<u>\$ (525,247)</u>	<u>\$ 308,615</u>	<u>\$ 825,464</u>	<u>\$ 1,134,079</u>

Note 8. Notes Payable

The Organization has an outstanding note payable to a bank due in monthly payments of principal and interest of \$23,436 through May 15, 2023 (as modified on August 15, 2020), and a final payment of the remaining balance due on June 15, 2023. The note bears interest at 2.05% and is collateralized by certain real estate. The outstanding balance of the note at June 30, 2022 and 2021, was \$3,827,769 and \$4,027,191, respectively.

Aggregate maturities required on long-term debt at June 30, 2022, are due in future years as follows:

Year ending June 30:	
2023	<u>\$ 3,827,769</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 9. Charitable Gift Annuities

The Organization has received numerous charitable gift annuities, and it has been named a beneficiary of several of them. The annuities payable are reported at their respective present values, based on the life expectancies of any live beneficiaries, and have been discounted using a risk-free rate that was effective at the time of the initial gift. Annuity investments are recorded at fair value based on the fair value of the underlying investment security.

Assets, liabilities and net assets (deficit) associated with the charitable gift annuities reported in the endowment fund at June 30, 2022 and 2021, are as follows:

	2022	2021
Annuity investments	\$ 592,531	\$ 811,691
Annuities payable	(630,026)	(827,547)
Net deficit without donor restrictions, designated for annuities	<u>\$ (37,495)</u>	<u>\$ (15,856)</u>

The Organization received one new charitable gift annuity during the year ended June 30, 2022, and no new annuities in the year ended June 30, 2021.

Note 10. Postretirement Benefits Other Than Pensions

The Organization sponsors a defined benefit postretirement health care plan and a defined benefit postretirement long-term care plan that cover eligible priests. The plans are noncontributory, with no changes anticipated in the future. The Organization's funding policy is to contribute annually to each plan in order to cover any benefits that are recognized.

ASC Topic 715, Compensation—Retirement Benefits, requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or a liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through changes in net assets without donor restrictions of a nonprofit organization. The underfunded portion of the plans, \$7,450,464 and \$9,248,672 as of June 30, 2022 and 2021, respectively, is included as a liability on the statements of financial position.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 10. Postretirement Benefits Other Than Pensions (Continued)

The following sets forth the health care and long-term care plans' combined funded status reconciled with the amount shown in the Organization's statements of financial position at June 30, 2022 and 2021:

	2022	2021
Accumulated postretirement benefit obligation:		
Retirees	\$ 2,369,866	\$ 2,407,110
Fully eligible active plan participants	3,021,814	4,574,697
Other active plan participants	2,058,784	2,266,865
	<u>7,450,464</u>	<u>9,248,672</u>
Plan assets at fair value	-	-
	<u>\$ 7,450,464</u>	<u>\$ 9,248,672</u>
Accumulated postretirement benefit obligation in excess of plan assets (long-term disability reserves)	<u>\$ 7,450,464</u>	<u>\$ 9,248,672</u>
Amounts not yet reflected in net periodic benefit cost:		
Prior service credit	\$ 955,994	\$ 1,271,167
Accumulated loss	(1,928,868)	(3,907,846)
	<u>\$ (972,874)</u>	<u>\$ (2,636,679)</u>

The following sets forth the change in the benefit obligation for the years ended June 30, 2022 and 2021:

	2022	2021
Benefit obligation, beginning of year	\$ 9,248,672	\$ 9,926,384
Service and interest costs	436,093	539,932
Benefits paid	(416,035)	(391,448)
Actuarial gain	(1,818,266)	(826,196)
Benefit obligation, end of year	<u>\$ 7,450,464</u>	<u>\$ 9,248,672</u>

For 2022, the weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 4.69% (2.82% for 2021). The plan assets, if any, are not subject to federal income taxes.

	2022	2021
Assumed health care cost trend rates at June 30:		
Health care cost trend rate assumed for next year	6.6%	7.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.0%	4.0%
Year that the rate reaches the ultimate trend rate	2047	2047

The Organization expects to contribute \$401,997 to its retirement plans for the year ending June 30, 2023.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 10. Postretirement Benefits Other Than Pensions (Continued)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years ending June 30:		
2023	\$	401,997
2024		411,833
2025		420,678
2026		428,455
2027		423,870
2028–2032		2,223,707
	\$	<u>4,310,540</u>

Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at June 30, 2022 and 2021:

	2022	2021
Restrictions as to use:		
Education of priests	\$ 7,224,442	\$ 7,574,738
Education of children	564,424	116,281
Construction of facilities	45,328	333,090
Endowments and other	812,808	1,026,816
Total net assets with donor restrictions	<u>\$ 8,647,002</u>	<u>\$ 9,050,925</u>

Note 12. Net Assets Released From Restrictions

During 2022 and 2021, other assets were released from restrictions by incurring expenses satisfying the restricted purposes specified:

	2022	2021
Endowment payments to beneficiaries	\$ 26,018	\$ 176,383
	<u>\$ 26,018</u>	<u>\$ 176,383</u>

Note 13. Support Our Seminarians

The Organization participates in a fundraising event called Greater Kansas City Support Our Seminarians Scholarship Endowment. The other event sponsors are the Archdiocese of Kansas City, Kansas (the Archdiocese), and Conception Abbey in Conception, Missouri. The purpose of the event is to provide aid to a student or students studying for the priesthood in the Roman Catholic Church from either diocese at Conception Seminary College.

Money raised was placed in an endowment account, with the principal of the endowment kept in perpetuity, and awards of aid by scholarships were made from endowment earnings. The Organization has had no collection, deposit or custodial responsibilities for the fund.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 13. Support Our Seminarians (Continued)

In 1996, the agreement was amended. Beginning in 1999, the proceeds from the fundraising event were to be divided among the three sponsoring entities equally. Each diocese would continue to deposit its share of fundraising proceeds into the endowment. After each diocese had attained a sum of \$250,000 in the fund, each diocese could allocate and spend the interest from its share of the endowment that exceeded \$250,000 to support seminarians in other seminaries. These earnings would be considered as net assets with donor restrictions when received by each diocese for the purpose mentioned.

In 1998, the agreement was further amended. Beginning with the year 2000 Support Our Seminarians event, the one-third share of the proceeds from the event is to benefit any seminarian from the Archdiocese, and the one-third share of the proceeds from the event is to benefit any seminarian from the Diocese of Kansas City—St. Joseph (the Diocese); the shares are to be paid out directly to the Archdiocese and the Diocese to manage with their other seminary funds. The one-third share of the proceeds that goes to Conception Seminary College will be used for the education of all seminarians at Conception Seminary College. During the years ended June 30, 2022 and 2021, the Organization received \$7,812 and \$49,171, respectively. As of June 30, 2022 and 2021, the Organization has \$1,449,597 and \$1,541,064, respectively, recorded as net assets with donor restrictions in the endowment fund relating to this agreement.

Note 14. Commitments and Contingencies

The Catholic Diocese of Kansas City—St. Joseph is a party to certain legal proceedings arising in the normal course of business. Management believes the ultimate outcome of pending legal matters will not be material to the financial condition and future operations. The Diocesan Insurance Office is responsible for the management of the claims process and any disbursement of monetary damages. Payments made to satisfy the loss contingency could have a material impact on the Diocese, the Chancery Operations and the Diocesan Insurance Office and, in the future, could impact the activities, programs and ministries of the Chancery Operations it provides for parishes and schools in the Diocese.

During the years ended June 30, 2022 and 2021, the Organization contributed \$200,000 and \$300,000, respectively, to the Diocesan Insurance Office, which is included in the Diocesan administration line on the statements of activities.

Note 15. Fair Value Measurements

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 15. Fair Value Measurements (Continued)

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability

Assets and liabilities recorded at fair value on a recurring basis: A description of the valuation methodologies used for assets and liabilities recorded at fair value on a recurring basis is set forth below.

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities; mortgage-backed agency securities; obligations of states and political subdivisions; and certain corporate, asset-backed and other securities.

Alternative investments: Alternative investments are valued using the practical expedient. The practical expedient allows for the use of net asset value of shares held at year-end either as reported by the investee or as adjusted by the Organization based on various factors, including capital calls, proceeds from distributions, and gains and losses that are included in earnings and recorded in the statements of activities

Beneficial interest in others: Beneficial interest in others is valued at the value of the underlying investments held by the Greater Kansas City Community Foundation (GKCCF) and by the Endowment Trust Fund for Catholic Education (ETF), which consist of investments classified as Levels 1 and 2.

The following tables summarize the assets measured at fair value on a recurring basis, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Investments:				
Fixed-income securities:				
Municipal bonds	\$ 32,276	\$ -	\$ 32,276	\$ -
Money market funds	17,527	17,527	-	-
Equity securities:				
Equity mutual funds	29,174	29,174	-	-
	78,977	\$ 46,701	\$ 32,276	\$ -
Alternative investments valued at net asset value (NAV):				
Investments in common trust funds	3,122,009			
Total investments	\$ 3,200,986			
Beneficial interest in others	\$ 629,853	\$ -	\$ -	\$ 629,853

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 15. Fair Value Measurements (Continued)

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Investments:				
Fixed-income securities:				
Municipal bonds	\$ 36,794	\$ -	\$ 36,794	\$ -
Money market funds	21,129	21,129	-	-
Equity securities:				
Equity mutual funds	34,159	34,159	-	-
	<u>92,082</u>	<u>\$ 55,288</u>	<u>\$ 36,794</u>	<u>\$ -</u>
Alternative investments valued at net asset value (NAV):				
Investments in common trust funds	<u>3,742,564</u>			
Total investments	<u>\$ 3,834,646</u>			
Beneficial interest in others	<u>\$ 778,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778,436</u>

The Organization does not have assets and liabilities recorded at fair market value on a nonrecurring basis at June 30, 2022 and 2021.

The fair value estimates presented are based on pertinent information available to management at June 30, 2022. Although management is not aware of any factors that would significantly affect the estimated fair value measurements, such amounts have been comprehensively revalued for purposes of the financial statements since that date, and therefore, current estimates of fair value may differ significantly from the amounts presented herein.

The following tables present additional information about assets measured at fair value on a recurring basis for which the Organization has utilized Level 3 inputs to determine fair value for the years ended June 30, 2022 and 2021:

	Beneficial Interest in Others	
	2022	2021
Beginning balance	\$ 778,436	\$ 610,698
Unrealized gains (losses)	(148,583)	167,738
Ending balance	<u>\$ 629,853</u>	<u>\$ 778,436</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 15. Fair Value Measurements (Continued)

The following table sets forth additional disclosures of investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30, 2022:

Investments	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Investment in common trust (a)	\$ 1,268,222	\$ -	Daily	1-2 days
Investment in common trust (b)	851,635	-	Daily	1-3 days
Investment in common trust (c)	78,929	-	Daily	1-2 days
Investment in common trust (d)	22,678	-	Daily	1-2 days
Investment in common trust (e)	272,184	-	Daily	1-2 days
Investment in common trust (f)	335,663	-	Daily	1-2 days
Investment in common trust (g)	292,698	-	Daily	1-2 days
	<u>\$ 3,122,009</u>			

- (a) This nonlending common trust fund seeks an investment return that approximates, as closely as practicable, before expenses, the performance of the Russell 3000 Index over the long term. The fund implements a screen of certain social or environmental criteria as defined in the “US Equity Index Strategy Disclosure Document.”
- (b) This nonlending common trust fund seeks an investment return that approximates, as closely as practicable, before expenses, the performance of the MSCI ACWI ex USA IMI over the long term. The fund implements a screen of certain social or environmental criteria as defined in the “Global Equity Index Strategy Disclosure Document.”
- (c) This nonlending fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Bloomberg Barclays U.S. Long Government Bond Index over the long term. The fund attempts to achieve its investment objective by investing in other collective investment fund(s), each an underlying fund, managed by the Trustee, which have characteristics consistent with the fund’s overall investment objective.
- (d) This nonlending common trust fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Bloomberg Barclays U.S. Intermediate Government Bond Index over the long term. The fund attempts to achieve its investment objective by investing in other collective investment fund(s), each an underlying fund, managed by the Trustee, which have characteristics consistent with the fund’s overall investment objective.
- (e) This nonlending common trust fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Bloomberg Barclays U.S. Intermediate Government Bond Index over the long term. The fund attempts to achieve its investment objective by investing in other collective investment fund(s), each an underlying fund, managed by the Trustee, which have characteristics consistent with the fund’s overall investment objective.
- (f) This nonlending common trust fund seeks an investment return that approximates, as closely as practicable, before expenses, the performance of the Bloomberg Barclays U.S. Credit Bond Index over the long term. The Fund implements a screen of certain social or environmental criteria (the Screen) as defined in the “US Fixed Income Index Strategy Disclosure Document.”

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 16. Endowments

In July 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA), the model act on which most states and the District of Columbia have based their primary laws governing the investment and management of donor-restricted endowment funds by nonprofit organizations.

UPMIFA prescribes guidelines for expenditure of a donor-restricted endowment fund (in the absence of overriding, explicit donor stipulations) and focuses on the entirety of a donor-restricted endowment fund, that is, both original gift amount(s) and net appreciation.

The Organization's endowment includes both donor-restricted endowment funds and funds designated by management to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by management to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of existing law: Management of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary (historical-dollar-value threshold). As a result of this interpretation, the Organization classifies as donor restricted net assets (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The following information is related to the endowments under the direction of the Organization:

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 programs 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 or for a donor-specified period(s) as well as management-designated funds. Under this policy, as approved by management, the endowment assets (exclusive of the Charitable Gift Annuity Fund and Seminarian Fund) are invested following the Organization's guidelines as determined by management in consultation with the Diocesan Finance Council. The endowments are paid a rate determined by management in consultation with the Diocesan Finance Council.

The endowment assets of the Charitable Gift Annuity Fund and the Seminarian Fund are invested in a manner intended to produce results that exceed the benchmark for the blended market indices for each fund.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives of the endowments invested per the Organization's guidelines as determined by management, the Organization employs a return strategy of utilizing the internal earning rate as set by management based on market rates.

To satisfy its long-term rate-of-return objectives of the Charitable Gift Annuity and Seminarian Funds, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term rate-of-return objectives with prudent risk constraints.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 16. Endowments (Continued)

Spending policy and how the investment objectives relate to spending policy: The Organization has a policy of appropriating for distribution the interest earned in the current year by the endowment funds (exclusive of the Charitable Gift Annuity Fund) as well as allowing for the distribution of the principal as per the stipulations of the donor as well as management-designated funds. This is consistent with the Organization's objectives 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.

The Organization has a policy of distribution for the Charitable Gift Annuity Fund in accordance with the specific guidelines of the annuitant agreement.

From time to time, the fair value of assets associated with the endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Such deficiencies would result from unfavorable market fluctuations that occur shortly after the investment of new restricted contributions. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions and net assets without donor restrictions. There were no deficiencies as of June 30, 2022 and 2021.

Changes in endowment net assets for the fiscal years ended June 30, 2022 and 2021, are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,847,451	\$ 8,385,667	\$ 10,233,118
Net investment loss	(156,838)	(495,905)	(652,743)
Annuities received	5,000	-	5,000
Change in value of split-interest agreements	161,900	-	161,900
Contributions	1,825	118,000	119,825
Transfers to affiliate trust	(70,851)	-	(70,851)
Appropriation of endowment assets for expenditure	(70,148)	(26,018)	(96,166)
Endowment net assets, end of year	<u>\$ 1,718,339</u>	<u>\$ 7,981,744</u>	<u>\$ 9,700,083</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,974,461	\$ 7,687,402	\$ 9,661,863
Net investment income	261,760	825,464	1,087,224
Change in value of split-interest agreements	(138,034)	-	(138,034)
Contributions	3,000	49,184	52,184
Transfers to affiliate trust	(17,162)	-	(17,162)
Appropriation of endowment assets for expenditure	(236,574)	(176,383)	(412,957)
Endowment net assets, end of year	<u>\$ 1,847,451</u>	<u>\$ 8,385,667</u>	<u>\$ 10,233,118</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 17. Designated Net Assets Without Donor Restrictions

Designated net assets without donor restrictions at June 30, 2022 and 2021, comprised the following:

	2022	2021
Designated as to use:		
Religious personnel development	\$ 1,392,145	\$ 1,545,833
Pastoral	632,031	632,031
Education	52,424	2,500
Social services	302,170	315,933
Maintenance and upkeep of property and plant	3,026,916	2,147,634
Other	523,907	6,274
	<u>\$ 5,929,593</u>	<u>\$ 4,650,205</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 18. Functional Expense Allocation

Expenses by functional classification for the years ended June 30, 2022 and 2021, are as follows:

	June 30, 2022								
	Personnel Costs	Occupancy Cost	Office Expense	Professional Services	Travel and Professional Development	Program	Grants and Other Assistance	Other	Total
Operating expenses:									
Pastoral services	\$ 1,498,840	\$ 341,524	\$ 181,148	\$ 34,934	\$ 66,407	\$ 450,302	\$ 3,261,586	\$ 156,835	\$ 5,991,576
Religious personnel development	522,789	49,209	32,352	51,535	8,319	787,957	-	28,840	1,481,001
Education	782,862	102,739	58,486	108,721	111,101	328,646	1,718,702	557,871	3,669,128
Social services	-	-	-	-	-	-	304,500	-	304,500
Diocesan administration	2,067,984	1,240,745	643,101	207,406	58,645	876,552	367,544	486,778	5,948,755
Auxiliary service (insurance, publications)	162,275	22,328	70,584	5,644	600	105,647	-	19,900,253	20,267,331
	<u>\$ 5,034,750</u>	<u>\$ 1,756,545</u>	<u>\$ 985,671</u>	<u>\$ 408,240</u>	<u>\$ 145,072</u>	<u>\$ 2,549,104</u>	<u>\$ 5,652,332</u>	<u>\$ 21,130,577</u>	<u>\$ 37,662,291</u>
	June 30, 2021								
Personnel Costs	Occupancy Cost	Office Expense	Professional Services	Travel and Professional Development	Program	Grants and Other Assistance	Other	Total	
Operating expenses:									
Pastoral services	\$ 1,549,641	\$ 347,332	\$ 140,785	\$ 26,569	\$ 33,708	\$ 381,791	\$ 173,048	\$ 1,971,743	\$ 4,624,617
Religious personnel development	422,048	101,592	27,596	24,800	23,574	846,884	164,396	97,685	1,708,575
Education	599,410	95,484	55,113	128,570	5,431	162,583	2,155,488	88,724	3,290,803
Social services	-	-	-	-	-	-	420,310	-	420,310
Diocesan administration	1,943,382	1,115,838	474,570	207,009	25,628	180,015	467,402	556,222	4,970,066
Auxiliary service (insurance, publications)	174,551	21,902	8,275	39,537	1,027	132,162	-	19,655,160	20,032,614
	<u>\$ 4,689,032</u>	<u>\$ 1,682,148</u>	<u>\$ 706,339</u>	<u>\$ 426,485</u>	<u>\$ 89,368</u>	<u>\$ 1,703,435</u>	<u>\$ 3,380,644</u>	<u>\$ 22,369,534</u>	<u>\$ 35,046,985</u>

Depreciation, without donor restriction endowment payments, interest on debt, and interest on deposits for a total of \$652,566 and \$803,833 for the years ended June 30, 2022 and 2021, respectively, are excluded from the tables above as the Organization does not allocate these expenses to programs and therefore they are considered supporting services.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 19. Retirement Funds

Priest retirement plan: The Organization has established a separate, self-administered retirement plan for priests of the Diocese. All recognized Diocesan organizations may participate in the plan. In accordance with plan documents, the Organization could be required to pay the benefits of a participating organization in the event that organization could not meet its obligation. The plan name is the Catholic Diocese of Kansas City—St. Joseph Priests' Pension Plan Trust, and the employee identification number of the plan is 43-1697301. The assets for the plan are held in a separate trust for the benefit of the participants. The fund provides a monthly pension benefit to retired priests. The cost of providing the benefits provided under the plan shall be paid annually, as determined by the Organization's management acting with the advice of the plan actuary. The parishes or agencies of the Diocese are assessed annually for the support of the retirement plan. The table below presents certain financial information about the plan from the most recent audit report and actuarial certification as of July 1, 2021 and 2020:

	Total Plan Net Assets	Present Value of Accumulated Plan Benefits	Total Contributions	Funded Status
July 1, 2021	\$ 24,598,370	\$ 12,082,948	\$ 537,405	Greater than 100% funded
July 1, 2020	20,343,405	11,927,185	545,430	Greater than 100% funded

Lay retirement plan: The Organization has established a separate, self-administered, noncontributory retirement plan for lay employees. All recognized Diocesan organizations may participate in the plan. In accordance with plan documents, the Organization could be required to pay the benefits of a participating organization in the event that organization could not meet its obligation. The plan name is the Catholic Diocese of Kansas City—St. Joseph Lay Pension Plan Trust, and the employee identification number of the plan is 43-1697299. The assets for the plan are held in a separate trust for the benefit of the participants. Employees become 100% vested after five years of service. At age 65, normal retirement age, the employee is entitled to monthly pension benefits based on the highest five years' average compensation and on years of service. The table below presents certain financial information about the plan from the most recent audit report and actuarial certification as of July 1, 2021 and 2020:

	Total Plan Net Assets	Present Value of Accumulated Plan Benefits	Total Contributions	Funded Status
July 1, 2021	\$ 117,471,082	\$ 96,959,754	\$ 2,414,351	Greater than 100% funded
July 1, 2020	94,345,669	93,617,858	2,465,502	Greater than 100% funded

Note 20. Subsequent Events

Management has evaluated and disclosed subsequent events up to and including December 1, 2022, which is the date the financial statements were available to be issued.

Annual Catholic Appeal Receipts July 1, 2021-Oct. 31, 2022

KANSAS CITY PARISHES	Total Payments	Average Gift	Other Parishes Continued:	Total Payments	Average Gift
Cathedral of the Immaculate Conception	\$ 46,539	\$ 495	Chillicothe, St. Columban	\$ 4,130	\$ 344
Christ the King	18,827	330	Clinton, Holy Rosary	13,105	328
Church of the Holy Martyrs	14,700	216	Conception Jct, St. Columba	7,175	211
Guardian Angels	3,365	187	Easton, St. Joseph	5,765	384
Holy Cross	9,352	935	Excelsior Spgs, St. Ann	16,037	303
Holy Family	21,822	220	Ford City, St. Patrick	3,780	420
Holy Rosary	755	69	Forest City, St. Patrick	300	75
Old St. Patrick Oratory	1,150	82	Gallatin, Mary Immaculate	5,096	243
Our Lady of Good Counsel	41,224	404	Grandview, Coronation of Our Lady	20,219	253
Our Lady of Lourdes, Raytown	3,190	199	Hamilton, Sacred Heart	4,255	327
Our Lady of Peace	1,025	171	Harrisonville, Our Lady of Lourdes	13,830	216
Our Lady of Perpetual Help	28,929	301	Higginsville, St. Mary	11,405	300
Our Lady of Sorrows	4,325	254	Holden, St. Patrick	2,950	295
Sacred Heart-Guadalupe	4,589	177	Hurlingen, Seven Dolors	2,110	192
St. Andrew the Apostle	39,789	343	Indep, Nativity of Blessed Virgin Mary	4,298	205
St. Anthony	10,340	414	Independence, St. Ann	11,133	247
St. Bernadette	20,485	293	Independence, St. Joseph the Worker	4,606	256
St. Catherine of Siena	7,515	301	Independence, St. Mark	32,923	314
St. Charles Borromeo	62,053	301	Independence, St. Mary	5,775	304
St. Elizabeth	80,771	696	Kearney, Church of the Annunciation	13,791	242
St. Francis Xavier, KC	17,543	258	Lee's Summit, Holy Spirit	40,840	300
St. Gabriel Archangel	11,161	167	Lee's Summit, Our Lady of the Presentation	74,166	431
St. James	5,062	562	Lee's Summit, St. Margaret	32,615	413
St. John Francis Regis	18,287	366	Lexington, Immaculate Conception	7,285	270
St. Louis	1,895	135	Liberty, St. James	45,383	331
St. Matthew Apostle	1,120	560	Maryville, St. Gregory Barbarigo	36,507	348
St. Monica	3,330	238	Maysville, St. Aloysius	1,600	178
St. Patrick	14,253	250	Montrose, Immaculate Conception	11,695	186
St. Peter	75,615	1512	Nevada, St. Mary	4,490	195
St. Therese Little Flower	1,280	91	Norborne, Sacred Heart	1,235	137
St. Therese North	96,545	490	Oak Grove, St. Jude the Apostle	3,110	207
St. Thomas More	138,416	589	Odessa, St. George	3,075	237
Visitation	60,476	530	Osceola, St. Catherine	2,750	250
			Parnell, St. Joseph	2,580	198
			Platte City, Twelve Apostles	17,129	364
			Plattsburg, St. Ann	4,819	438
ST JOSEPH PARISHES			Pleasant Hill, St. Bridget	17,200	430
Cathedral of St. Joseph, SJ	\$ 39,134	\$ 359	Princeton, Immaculate Heart of Mary	465	66
Our Lady of Guadalupe, SJ	17,343	271	Rich Hill, St. Bridget	300	150
St. Francis Xavier, SJ	40,258	241	Richmond, Immaculate Conception	5,989	299
St. James, SJ	12,230	260	Savannah, St. Rose of Lima	5,715	229
St. Mary, SJ	10,148	221	Smithville, Church of the Good Shepherd	13,360	405
St. Patrick, SJ	3,155	175	Stanberry, St. Peter	4,621	185
			Sugar Creek, St. Cyril	7,300	487
OTHER PARISHES			Tarkio, St. Paul the Apostle	1,675	186
Belton, St. Sabina	\$ 21,477	\$ 172	Trenton, St. Joseph	2,155	216
Bethany, Blessed Sacrament	1,135	162	Urich, Holy Trinity	1,115	112
Blue Spgs, St. John LaLande	77,974	490	Warrensburg, Sacred Heart	9,094	246
Blue Spgs, St. Robert Bellarmine	34,735	297	Weston, Holy Trinity	10,530	376
Buckner, Church of Santa Fe	6,450	461	Windsor, St. Bartholomew	8,525	710
Burlington Jct, St. Benedict	900	450	Unknown Parish	35,896	432
Butler, St. Patrick	6,925	266			
Cameron, St. Munchin	15,218	272			
Carrollton, St. Mary	22,312	496			
Number of Potential Givers	57,658		Average Pledged	\$379.60	
Number of Pledges Received	4,818		Average Gift Received	\$367.58	
% Potential Givers Who Pledged	8%		% of Total Pledge Received	96%	
Total Amount Pledged	1,828,934		Total Payments Received	\$1,771,020	

DIOCESAN ALLOCATIONS 2021-22

<u>Campus Ministry</u>	\$	104,267		\$	
Maryville Campus		153,922			
St. Joseph Campus		69,120			23,000
UMKC Campus		37,304			6,000
Warrensburg Campus		111,509			
Catholic Charities		222,500			
Catholic University		8,250			
<u>Chancery Offices</u>					
Archives		215,882			
Bishop Emeritus Office		15,050			
Bishop's General Administration		73,522			
Bishop's Office		215,816			
Bishop's Residence		72,937			
Bishop's Presbyteral Council		3,320			
Bright Futures Fund - Administration		325,127			
Catholic Center		295,300			
Chancellor's Office		140,145			
Chancery Printing/Mailroom		28,300			
Communications Office		295,300			
Consecrated Life Office		30,426			
Diaconate Formation Office		110,160			
Diaconate Office		25,393			
Discipleship & Faith Formation		256,346			
Family Life		202,908			
Finance Office		353,317			
General Counsel		189,360			
Hispanic Ministry		111,134			
Human Resources Office		328,384			
Human Rights Office		118,328			
Major Seminarians		518,471			
Management Information Systems		104,598			
Marriage Tribunal		358,332			
Pastoral Care		2,000			
Priestly Life & Ministry		68,000			
Priests on Special Assignment		233,800			
Professional Services		77,000			
Property Management		228,692			
Respect Life		110,004			
Retired Priest Health Insurance		160,000			
School Office		463,146			
Stewardship & Development		515,526			
Vicar General's		67,522			
Worship Office		159,140			
Young Adult Ministry		151,000			
Youth Office		134,093			
					2,000
					23,000
					6,000
					48,679
					30,000
					43,444
					5,000
					13,000
					10,000
					5,000
					10,000
					2,000
					5,000
					15,983
					13,000
					11,000
					1,000
					10,000
					4,500
					5,000
					5,000
					6,800
					10,000
					7,500
					2,500
					1,584
					6,133
					10,000
					155,000
					21,000
					79,005
					130,000
					300,000
					58,000
					29,411

2022 DIOCESAN STATISTICS

Total Population in Diocese	1,598,240
Total Catholic Population in Diocese	120,857
Percentage of Catholics in Diocese	7.56%
Number of Parishes in Diocese	87
Number of Missions in Diocese	10
Number of Diocesan Priests	104
Religious Order Priests	63
Total Number of Priests in Diocese	167
Total Number of Sisters in Diocese	177
Total Number of Brothers in Diocese	20
Total Number of Permanent Deacons	71
Total Number of Seminarians	13
Diocesan High Schools	3
Diocesan High School Students	896
Diocesan Elementary Schools	23
Diocesan Elementary Students	5,707

REPORT ON PARISH INCOME AND EXPENSES 7/1/2021 - 6/30/2022

	Contribution Income	Other Ord Income	Total Ord Income	Total Ord. Expense	Net Income (or Expense)	Ratio Exp. /Income
Kansas City Parishes						
Cathedral Immaculate Conception	\$ 612,291	1,328,648	\$ 1,940,939	\$ 1,550,651	\$ 390,288	80%
Old St. Patrick	329,297	118,630	447,927	267,631	180,296	60%
Christ the King	637,649	202,741	840,390	955,790	(115,400)	114%
Church of the Holy Martyrs	170,244	403,615	573,859	432,351	141,508	75%
Guardian Angels	285,702	95,029	380,731	422,217	(41,486)	111%
Holy Cross	242,622	155,526	398,148	394,014	4,134	99%
Holy Family	1,306,447	390,289	1,696,736	1,585,715	111,021	93%
Holy Rosary	210,729	79,749	290,478	256,925	33,553	88%
Our Lady of Good Counsel	747,324	477,234	1,224,558	756,282	468,276	62%
Our Lady of Peace	120,543	140,004	260,547	211,532	49,015	81%
Our Lady of Perpetual Help	723,604	185,804	909,408	845,103	64,305	93%
Our Lady of Sorrows	190,133	212,861	402,994	347,126	55,868	86%
Sacred Heart-Guadalupe	244,055	224,155	468,210	375,989	92,221	80%
St. Andrew the Apostle	1,975,231	3,063,022	5,038,253	2,522,316	2,515,937	50%
St. Anthony	248,033	230,819	478,852	414,786	64,066	87%
St. Bernadette	304,855	120,226	425,081	464,989	(39,908)	109%
St. Catherine	275,547	180,976	456,523	412,757	43,766	90%
St. Charles Borromeo	1,282,053	1,631,403	2,913,456	3,055,919	(142,463)	105%
St. Elizabeth	1,988,690	1,685,104	3,673,794	4,076,886	(403,092)	111%
St. Francis Xavier	665,084	373,969	1,039,053	839,086	199,967	81%
St. Gabriel Archangel	840,475	630,543	1,471,018	1,460,446	10,572	99%
St. James	194,582	0	194,582	250,501	(55,919)	129%
St. John Francis Regis	716,630	1,311,287	2,027,917	2,077,003	(49,086)	102%
St. Louis	95,552	55,815	151,367	133,926	17,442	88%
St. Monica	302,066	93,953	396,019	333,034	62,985	84%
St. Patrick	963,524	676,089	1,639,613	1,696,184	(56,571)	103%
St. Peter	2,027,906	1,839,982	3,867,888	3,698,783	169,105	96%
St. Therese Little Flower	175,374	81,700	257,075	317,697	(60,622)	124%
St. Therese, North	4,172,181	4,796,494	8,968,674	7,280,436	1,688,238	81%
St. Thomas More	2,945,961	1,873,031	4,818,993	5,090,903	(271,911)	106%
Visitation	4,280,688	1,104,926	5,385,614	5,280,622	104,992	98%
Totals:	\$ 29,275,073	\$ 23,763,625	\$ 53,038,698	\$ 47,807,602	\$ 5,231,097	90%
St. Joseph Parishes						
Cathedral of St. Joseph	\$ 753,897	1,433,040	2,186,937	\$ 2,228,214	\$ (41,278)	102%
Our Lady of Guadalupe	754,393	111,887	866,280	770,931	95,348	89%
St. Francis Xavier	1,160,966	1,369,105	2,530,070	2,315,842	214,228	92%
St. James	539,167	1,266,755	1,805,921	1,159,388	646,533	64%
St. Mary	176,259	37,893	214,152	220,997	(6,846)	103%
St. Patrick	167,603	48,451	216,054	213,072	2,982	99%
Totals:	\$ 3,552,284	\$ 4,267,129	\$ 7,819,413	\$ 6,908,446	\$ 910,968	88%
Parishes Outside of Kansas City-St. Joseph						
Belton, St. Sabina	\$ 751,762	283,361	1,035,123	951,512	83,611	92%
Bethany, Blessed Sacrament	51,901	7,795	59,696	70,350	(10,654)	118%
Blue Springs, St. John La Lande	1,458,042	169,327	1,627,370	840,161	787,208	52%
Blue Springs, St. Robert Bellarmine	693,354	170,603	863,957	697,396	166,561	81%
Buckner, Church of the Santa Fe	72,269	9,011	81,280	91,640	(10,360)	113%

REPORT ON PARISH INCOME AND EXPENSES 7/1/2021 - 6/30/2022

	Contribution Income	Other Ord Income	Total Ord Income	Total Ord. Expense	Net Income (or Expense)	Ratio Exp. /Income
Burlington Junction, St. Benedict	\$ 26,543	202	26,745	27,632	(887)	103%
Butler, St. Patrick	104,357	15,997	120,354	103,261	17,093	86%
Cameron, St. Munchin	178,787	154,757	333,544	281,900	51,644	85%
Carrollton, St. Mary	172,630	57,753	230,383	185,137	45,246	80%
Chillicothe, St. Columban	493,688	651,786	1,145,473	1,146,747	(1,274)	100%
Clinton, Holy Rosary	394,111	491,052	885,163	898,500	(13,337)	102%
Conception Junction, St. Columba	132,386	3,801	136,186	91,048	45,138	67%
Easton, St. Joseph	90,653	65,517	156,169	78,466	77,703	50%
Excelsior Springs, St. Ann	376,554	12,861	389,415	195,700	193,715	50%
Ford City, St. Patrick	37,161	1,894	39,055	32,692	6,364	84%
Forest City, St. Patrick	38,323	1,802	40,125	33,386	6,739	83%
Gallatin, Mary Immaculate	82,132	17,389	99,520	81,372	18,149	82%
Grandview, Coronation of Our Lady	365,087	127,220	492,307	538,201	(45,894)	109%
Hamilton, Sacred Heart	77,433	629	78,062	78,793	(731)	101%
Harrisonville, Our Lady of Lourdes	457,667	47,766	505,433	453,382	52,051	90%
Higginsville, St. Mary	180,533	6,303	186,837	190,943	(4,107)	102%
Hirlingen, Seven Dolours	32,484	13,386	45,870	60,934	(15,064)	133%
Holden, St. Patrick	114,843	19,135	133,978	127,045	6,933	95%
Independence, Nativity of the BVM	518,575	1,631,709	2,150,284	1,663,794	486,490	77%
Independence, St. Ann	145,741	67,360	213,102	226,960	(13,859)	107%
Independence, St. Joseph	79,762	105,512	185,274	194,550	(9,276)	105%
Independence, St. Mark	1,129,073	135,043	1,264,116	1,272,446	(8,330)	101%
Independence, St. Mary	260,356	44,620	304,975	301,050	3,925	99%
Kearney, Church of the Annunciation	440,936	78,843	519,779	556,766	(36,987)	107%
Lee's Summit, Holy Spirit	1,217,470	409,743	1,627,214	1,143,077	484,137	70%
Lee's Summit, Our Lady Presentation	2,326,409	4,822,705	7,149,114	7,008,838	140,276	98%
Lee's Summit, St. Margaret	641,611	164,052	805,663	693,685	111,978	86%
Lexington, Immaculate Conception	132,590	35,400	167,990	233,973	(65,984)	139%
Liberty, St. James	2,445,988	2,284,585	4,730,573	3,075,388	1,655,186	65%
Maryville, St. Gregory	974,540	687,130	1,661,670	1,680,650	(18,980)	101%
Maysville, St. Aloysius	29,529	841	30,370	24,053	6,317	79%
Montrose, Immaculate Conception	256,813	245,436	502,249	523,363	(21,114)	104%
Nevada, St. Mary	187,677	300,638	488,314	565,285	(76,971)	116%
Norborne, Sacred Heart	37,989	4,377	42,366	43,599	(1,233)	103%
Oak Grove, St. Jude	173,475	22,090	195,565	163,447	32,118	84%
Odessa, St. George	146,125	32,093	178,218	168,427	9,791	95%
Osceola, St. Catherine	49,014	713	49,727	46,627	3,100	94%
Parnell, St. Joseph	63,950	10,839	74,789	42,196	32,593	56%
Platte City, Twelve Apostles	344,198	148,607	492,805	287,144	205,662	58%
Plattsburg, St. Ann	171,977	224,317	396,294	215,195	181,099	54%
Pleasant Hill, St. Bridget	319,282	37,655	356,937	318,041	38,896	89%
Princeton, Immaculate Heart of Mary	35,697	794	36,490	40,157	(3,666)	110%
Rich Hill, St. Bridget	40,649	1,353	42,002	55,601	(13,598)	132%
Richmond, Immaculate Conception	87,490	1,587	89,077	64,888	24,188	73%
Savannah, St. Rose of Lima	133,577	140,460	274,037	250,541	23,496	91%
Smithville, Church of Good Shepherd	477,862	39,024	516,886	474,815	42,071	92%
Stanberry, St. Peter	96,029	5,090	101,118	103,261	(2,143)	102%
Sugar Creek, St. Cyril	95,397	32,538	127,935	87,441	40,494	68%
Tarkio, St. Paul	52,845	8,345	61,190	41,952	19,238	69%
Trenton, St. Joseph	69,262	4,807	74,070	83,497	(9,427)	113%
Urich, Holy Trinity	19,760	263	20,023	21,332	(1,309)	107%
Warrensburg, Sacred Heart	317,773	97,772	415,545	437,992	(22,447)	105%
Weston, Holy Trinity	198,814	9,032	207,846	212,722	(4,876)	102%
Windsor, St. Bartholomew	60,868	7,494	68,362	63,687	4,675	93%
Totals:	\$ 20,161,803	\$ 14,172,212	\$ 34,334,015	\$ 29,642,639	4,691,376	86%
GRAND TOTALS:	\$ <u>52,989,160</u>	\$ <u>42,202,966</u>	\$ <u>95,192,127</u>	\$ <u>84,358,686</u>	\$ <u>10,833,440</u>	

PARISH DEPOSIT AND LOAN REPORT
Statement of Parish Loans

	Loan Balance 7/1/2021	Principal Payments 7/1/21 to 6/30/2022	Additional Loans 7/1/21 to 6/30/2022	Loan Balance 6/30/2022
KANSAS CITY PARISHES				
Cathedral	\$ 223,092	\$ 6,000	\$	\$ 217,092
Holy Family	3,342,318	224,413		3,117,905
Our Lady of Good Counsel	250,000	250,000		0
Sacred Heart Guadalupe	83,699	43,458		40,241
St. Elizabeth	1,276,864	265,316		1,011,548
St. John Francis Regis	73,234	1,100		72,134
St. Louis	25,874	3,488		22,386
St. Monica	26,883	12,407		14,476
St. Patrick	512,467	270,789		241,679
St. Peter	1,724,062	120,288	128,000	1,731,774
Total Kansas City Parishes	<u>\$ 7,538,493</u>	<u>\$ 1,197,258</u>	<u>\$ 128,000</u>	<u>\$ 6,469,235</u>

	Loan Balance 7/1/2021	Principal Payments 7/1/21 to 6/30/2022	Additional Loans 7/1/21 to 6/30/2022	Loan Balance 6/30/2022
PARISHES OUTSIDE OF KANSAS CITY				
Cathedral of St. Joseph	\$ 710,942	\$ 112,485	\$	\$ 598,457
St James, SJ	1,007,399	300,000		707,399
Bethany, Blessed Sacrament	53,638	6,694		46,944
Grandview, Coronation	33,823	125,825	140,000	47,998
Harrisonville, Our Lady of Lourdes	160,000	43,289		116,711
Independence, Nativity of Mary	378,938	24,117		354,821
Lee's Summit, Presentation	988,950	1,600,783	719,403	107,569
Liberty, St James	2,756,151	1,003,426		1,752,725
Platte City, Twelve Apostles	619,332	196,010		423,321
Savannah, St. Rose of Lima	85,863	49,884		35,980
Smithville, Good Shepherd	1,636,275	36,000		1,600,275
Total Outside Kansas City	<u>\$ 8,431,311</u>	<u>\$ 3,498,513</u>	<u>\$ 859,403</u>	<u>\$ 5,792,201</u>
TOTAL ALL PARISHES:	<u>\$ 15,969,804</u>	<u>\$ 4,695,770</u>	<u>\$ 987,403</u>	<u>\$ 12,261,436</u>

PARISH DEPOSIT AND LOAN REPORT
Statement of Parish Funds on Deposit

	Deposit Balance 7/1/2021	Withdrawals 7/1/21 to 6/30/2022	Deposits 7/1/21 to 6/30/2022	Deposit Balance 6/30/2022
Kansas City Parishes				
Cathedral Immaculate Conception	\$ 4,349,806	\$ 1,512,405	1,034,247	\$ 3,871,648
Old St. Patrick	123	0	1	124
Christ the King	368,431	25,000	1,848	345,279
Church of the Holy Martyrs	1,177,899	0	5,983	1,183,882
Guardian Angels	24,373	24,373	21	21
Holy Cross	19,404	0	99	19,503
Holy Family	293,927	0	1,493	295,420
Holy Rosary	252,615	0	50,848	303,463
Our Lady of Good Counsel	101,314	0	4,124	105,438
Our Lady of Lourdes	436,269	0	2,216	438,485
Our Lady of Peace	8,742	775	458	8,425
Our Lady of Sorrows	114,211	34,000	518	80,729
Sacred Heart-Guadalupe	33	0	1,001	1,034
St. Andrew the Apostle	1,755,854	1,117,151	3,113,991	3,752,694
St. Anthony	116,212	65,000	355	51,568
St. Bernadette	42,587	0	216	42,803
St. Catherine	46,250	0	235	46,485
St. Charles Borromeo	259,282	610,812	1,497,656	1,146,125
St. Elizabeth	305,608	0	1,552	307,160
St. Francis Xavier	301,541	160,000	101,628	243,169
St. Gabriel Archangel	482,248	24,302	2,444	460,390
St. James	11,944	0	61	12,005
St. John Francis Regis	45	0	0	45
St. Louis	7	0	0	7
St. Monica	399	0	2	401
St. Peter	53,091	0	140,195	193,286
St. Therese Little Flower	178,972	26,000	880	153,852
St. Therese, North	105,444	0	536	105,980
St. Thomas More	103,488	287,009	555,657	372,136
Visitation	805,990	810,000	644,088	640,078
Totals:	\$ 11,716,108	4,696,826	\$ 7,162,353	\$ 14,181,636
St. Joseph Parishes				
Cathedral of St. Joseph	\$ 131,027	\$ 174,506	602,787	\$ 559,307
Our Lady of Guadalupe	269,178	0	1,367	270,545
St Francis Xavier	112,736	0	573	113,309
St. James	44,144	0	224	44,368
St. Mary	186,147	0	3,702	189,849
St. Patrick	35,039	0	178	35,217
Totals:	\$ 778,271	\$ 174,506	\$ 608,830	\$ 1,212,595

	Deposit Balance 7/1/2021	Withdrawals 7/1/21 to 6/30/2022	Deposits 7/1/21 to 6/30/2022	Deposit Balance 6/30/2022
Parishes Outside of Kansas City-St. Joseph				
Belton, St. Sabina	\$ 180,894	\$ 0	101,243	\$ 282,137
Bethany, Blessed Sacrament	4,283	0	22	4,304
Blue Springs, St. John La Lande	281,642	0	317,151	598,793
Blue Springs, St. Robert Bellarmine	415,706	0	2,111	417,817
Buckner, Church of the Santa Fe	216,488	18,000	1,043	199,530
Burlington Junction, St. Benedict	10,934	0	356	11,290
Butler, St. Patrick	82,684	0	420	83,104
Cameron, St. Munchin	45,567	0	231	45,799
Carrollton, St. Mary	233,914	0	1,188	235,102
Chillicothe, St. Columban	16,981	0	86	17,067
Clinton, Holy Rosary	342,163	0	8,255	350,417
Conception Junction, St. Columba	122,399	0	38,718	161,117
Easton, St. Joseph	33,832	0	172	34,004
Excelsior Springs, St. Ann	427,624	0	122,341	549,965
Ford City, St. Patrick	30,794	0	808	31,602
Forest City, St. Patrick	6,164	50	357	6,470
Gallatin, Mary Immaculate	4,555	0	23	4,578
Grandview, Coronation of Our Lady	113,646	61,955	385	52,076
Hamilton, Sacred Heart	4,641	0	24	4,665
Harrisonville, Our Lady of Lourdes	120,423	0	98,825	219,248
Higginsville, St. Mary	180,043	0	2,493	182,536
Hirlingen, Seven Dolores	94,600	0	1,383	95,983
Holden, St. Patrick	20,920	0	106	21,026
Independence, Nativity of the BVM	285	10,000	276,150	266,435
Independence, St. Ann	70,313	645	605	70,273
Independence, St. Joseph	763	0	4	767
Independence, St. Mark	698,845	0	240,715	939,560
Independence, St. Mary	19,995	0	102	20,097
Kearney, Church of the Annunciation	1,143,843	0	14,590	1,158,433
Lee's Summit, Holy Spirit	101,511	0	11,038	112,549
Lee's Summit, Our Lady Presentation	910,530	428,726	91,795	573,599
Lee's Summit, St. Margaret	1,591,241	0	28,093	1,619,334
Lexington, Immaculate Conception	81,326	40,000	285	41,611
Liberty, St. James	1,251,565	500,000	1,008,123	1,759,688
Maryville, St. Gregory	586,901	0	2,981	589,882
Maysville, St. Aloysius	19,594	0	100	19,694
Montrose, Immaculate Conception	15,753	0	80	15,833
Nevada, St. Mary	0	0	325,492	325,492
Norborne, Sacred Heart	14,462	0	73	14,536
Oak Grove, St. Jude	116,869	0	13,628	130,497
Odessa, St. George	15,074	0	10,097	25,170
Osceola, St. Catherine	72,883	0	892	73,775
Parnell, St. Joseph	119,492	0	30,641	150,132
Platte City, XII Apostles Parish	37,723	0	192	37,915
Plattsburg, St. Ann	52,200	0	265	52,465
Pleasant Hill, St. Bridget	232,416	0	1,180	233,596
Princeton, Immaculate Heart of Mary	77,942	0	396	78,338
Rich Hill, St. Bridget	210,911	0	1,071	211,983
Richmond, Immaculate Conception	174,607	50	887	175,443
Savannah, St. Rose of Lima	38,964	0	1,827	40,790
Smithville, Church of Good Shepherd	441	3,000	3,003	443
Stanberry, St. Peter	128,219	0	3,057	131,276
Sugar Creek, St. Cyril	16,516	137,930	276,185	154,771
Tarkio, St. Paul	88,852	0	1,053	89,905
Trenton, St. Joseph	222,388	20,000	1,128	203,516
Urich, Holy Trinity	9,809	88,819	89,171	10,161
Warrensburg, Sacred Heart	588,496	350,547	5,649	243,597
Weston, Holy Trinity	95,077	15,000	437	80,514
Windsor, St. Bartholomew	26,599	0	1,137	27,736
Totals:	\$ 11,823,305	\$ 1,674,722	\$ 3,139,860	\$ 13,288,443
GRAND TOTALS:	\$ 24,317,685	\$ 6,546,055	\$ 10,911,043	\$ 28,682,674



RSM US LLP

Independent Auditor's Report

Board of Trustees
The Catholic Diocese of Kansas City–St. Joseph
Deposit and Loan Fund

Report on the Financial Statements

Opinion

We have audited the financial statements of The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund (the Trust), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities and cash flows for the years 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 The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund 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 audit in accordance with auditing standards generally accepted in the United States of America (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 the Trust 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 Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 the Trust'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 Trust'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional consolidating detail for The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund presented on the statements of financial position and the statements of activities is presented for the purpose of additional analysis rather than to present the financial position and the results of operations of the different funds and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
November 1, 2022

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Statements of Financial Position
June 30, 2022 and 2021

	2022			2021
	Endowment	Deposit and Loan	Total	Total
Assets				
Cash and cash equivalents	\$ -	\$ 6,637,413	\$ 6,637,413	\$ 1,953,791
Loans and accounts receivable, net (Note 3)	-	15,019,586	15,019,586	18,956,033
Investments (Notes 4 and 9)	3,153,258	40,975,789	44,129,047	37,362,826
Total assets	\$ 3,153,258	\$ 62,632,788	\$ 65,786,046	\$ 58,272,650
Liabilities and Net Assets				
Liabilities:				
Parish deposits (Note 6)	\$ -	\$ 29,238,977	\$ 29,238,977	\$ 24,554,355
School deposits (Note 6)	-	1,815,190	1,815,190	1,128,531
Other short-term deposits (Note 6)	-	26,189,993	26,189,993	18,584,498
Long-term deposits payable:				
Cemetery perpetual care funds	-	6,657,478	6,657,478	6,625,407
Total liabilities	-	63,901,638	63,901,638	50,892,791
Net assets:				
Without donor restrictions:				
Designated funds (Note 8)	1,547,972	-	1,547,972	1,547,972
Undesignated	-	(1,268,850)	(1,268,850)	4,235,544
Total net assets without donor restrictions	1,547,972	(1,268,850)	279,122	5,783,516
With donor restrictions:				
Endowments (Notes 7 and 8)	1,605,286	-	1,605,286	1,596,343
Total net assets with donor restrictions	1,605,286	-	1,605,286	1,596,343
Total net assets	3,153,258	(1,268,850)	1,884,408	7,379,859
Total liabilities and net assets	\$ 3,153,258	\$ 62,632,788	\$ 65,786,046	\$ 58,272,650

See notes to financial statements.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021
	Endowment	Deposit and Loan	Total	Total
Changes in net assets without donor restrictions:				
Revenues and gains:				
Interest income on loans (Note 3)	\$ -	\$ 417,365	\$ 417,365	\$ 500,189
Net investment income and realized gains (Note 4)	7,847	1,257,875	1,265,722	1,073,707
Unrealized gains (losses) (Note 4)	-	(6,466,409)	(6,466,409)	1,715,481
Released from restrictions (Notes 7 and 8)	-	9,177	9,177	54,223
Total revenues and gains	7,847	(4,781,992)	(4,774,145)	3,343,600
Program expenses:				
Unrestricted endowment payments	7,847	-	7,847	7,847
Interest on deposits	-	289,413	289,413	236,399
Supporting expenses:				
Administrative expense (Note 10)	-	409,000	409,000	358,000
Other expenses	-	23,989	23,989	68,252
Total expenses	7,847	722,402	730,249	670,498
(Decrease) increase in net assets without donor restrictions	-	(5,504,394)	(5,504,394)	2,673,102
Changes in net assets with donor restrictions:				
Revenues and gains:				
Endowment interest income (Note 8)	8,120	-	8,120	8,118
Contributions	10,000	-	10,000	95,560
Restrictions satisfied (program expenses):				
Endowment payments to beneficiaries (Notes 7 and 8)	(9,177)	-	(9,177)	(54,223)
Increase in net assets with donor restrictions	8,943	-	8,943	49,455
Total change in net assets	8,943	(5,504,394)	(5,495,451)	2,722,557
Net assets, beginning	3,144,315	4,235,544	7,379,859	4,657,302
Net assets, ending	\$ 3,153,258	\$ (1,268,850)	\$ 1,884,408	\$ 7,379,859

See notes to financial statements.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (5,495,451)	\$ 2,722,557
Realized gains on investments	(428,156)	(718,427)
Unrealized losses (gains) on investments	6,466,409	(1,715,481)
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	(26,115)	101,313
Net cash provided by operating activities	516,687	389,962
Cash flows from investing activities:		
Purchases of investments	(13,657,486)	(14,979,534)
Proceeds from sale of investments	853,012	415,966
Change in loans receivable, net	3,962,562	1,910,919
Net cash used in investing activities	(8,841,912)	(12,652,649)
Cash flows from financing activities:		
Change in deposits payable, net	13,008,847	11,565,783
Net cash provided by financing activities	13,008,847	11,565,783
Net increase (decrease) in cash and cash equivalents	4,683,622	(696,904)
Cash and cash equivalents:		
Beginning	1,953,791	2,650,695
Ending	\$ 6,637,413	\$ 1,953,791

See notes to financial statements.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The accompanying financial statements include all funds maintained by and directly under the control of The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund (the Trust). The Trust was established April 28, 2016.

The following is a summary of the Trust's significant accounting policies:

Basis of presentation: The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Trust presents its financial statements based on Accounting Standards Codification (ASC) Topic 958, Presentation of Financial Statements.

Net assets, revenue, and gains and losses are classified based on the existence or absence of donor-imposed restriction. Accordingly, net assets of the Trust and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets not subject to donor-imposed stipulations.

Designated net assets without donor restrictions: Net assets designated by the Board of Trustees and can only be released upon approval of the Board of Trustees.

Net assets with donor restrictions: Net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Trust and/or the passage of time. These assets can also be limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization

Net assets without and with donor restrictions, revenue and support: Unconditional contributions received are recorded as without or with donor-restricted support, depending on the existence or nature of any donor restrictions. Conditional contributions with a measurable performance barrier or other barrier and right of return or release of funds are recognized when the conditions on which they depend are substantially met.

Donor-restricted support is presented as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted support whose restrictions are satisfied in the same reporting period in which the contributions are received are classified as donations without donor restrictions.

Fund accounting: To ensure observance of limitations and restrictions placed on the use of resources available to the Trust, the accounts of the Trust are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds, according to the nature and use of such resources. Separate accounts are maintained for each fund.

Endowment fund: These are donor-restricted funds invested for the purpose of producing income. They consist of (1) endowment funds with donor restrictions, donated with provisions that the funds may be expended under the circumstances designated in the trust agreement and (2) funds without donor restrictions, designated as internal endowments for the Bishop to be used as he designates with Board of Trustees approval.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Deposit and loan fund: The deposit and loan fund is composed of asbestos loans as well as deposits by Diocesan parishes and institutions, and cemetery perpetual care funds. Borrowed funds and parish deposits are used to provide financing for capital improvements in parishes and Diocesan institutions.

Funds entrusted to the Trust for safekeeping are invested through commercial banks and fixed-income and equity investment managers.

Cash and cash equivalents: For purposes of reporting cash flows, the Trust considers all unrestricted highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Trust maintains cash balances and money market accounts in excess of insured amounts at several financial institutions, which are primarily located in Kansas City, Missouri. The Trust has not experienced any losses on such accounts.

Loans and accounts receivable: Loans and accounts receivable are obligations due from Diocesan parishes and institutions. Loans receivable are stated at the amount of unpaid principal and interest. The allowance on loans receivable is based on management's review of specific loans and current economic conditions that may affect the borrower's ability to repay. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual parish and institution receivables and considering the parish and institution's financial condition and credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on past-due accounts receivable.

Investments: Investments are recorded at fair value. Investment income, realized and unrealized gains and losses are recorded in the statements of activities and are presented with donor restrictions or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions. See Note 9 for fair value information.

Parish deposits: Parish deposits consist of funds being held by the Trust on behalf of parishes within the Catholic Diocese of Kansas City–St. Joseph.

School deposits: School deposits consist of funds being held by the Trust on behalf of schools within the Catholic Diocese of Kansas City–St. Joseph.

Other and Long-term deposits payable: Other and long-term deposits payable consist of funds being held by the Trust on behalf of cemetery perpetual care funds and other Diocesan affiliated organizations.

Use of net assets without donor restrictions: Following the provision of the indenture of trust, the trustees may make periodic, discretionary contributions to Catholic Diocese of Kansas City–St. Joseph Chancery Operation (Chancery Operation) to assist in funding the operations of the Chancery Operation from the funds of the Trust that are not obligated to depositors and that are in excess of funds determined by the trustees to be reasonably required for the operation of the Trust, using standards that are applicable to a fund comparable in size and function to the Trust.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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

Income taxes: The Trust is exempt from income taxes under provisions of section 501(c)(3) of the Internal Revenue Code due to its religious affiliation with the Catholic Diocese of Kansas City–St. Joseph and inclusion in the Catholic Register. Uncertain tax provisions, if any, are recorded in accordance with ASC Topic 740, Income Taxes (previously FIN 48). ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more-likely-than not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded at June 30, 2022 and 2021.

Revenue recognition: The Trust accounts for interest income on loans in accordance with Revenue from Contracts with Customers (ASC Topic 606) whereby interest income on loans is recognized ratably over the term of the respective loan based on the applicable interest rate of each loan.

Functional classification: The Not-for-Profit Entities topic of the ASC requires nonprofit organizations to disclose expenses by functional classification. The Trust presents expenses by their functional and natural classification in the June 30, 2022 and 2021, statements of activities. Program expenses include unrestricted endowment payments and interest paid on deposits. Supporting expenses include administrative and other expenses that are not allocated. Management believes that disclosing expenses by function is insignificant to the financial statements taken as a whole and, therefore, does not apply the provision of the topic as it relates to the disclosures of expenses by functional classification.

Note 2. Liquidity and Availability of Resources

The Trust regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investments of its funds not required for annual operations. The table below represents the Trust's financial assets available to meet general expenditures at June 30, 2022 and 2021.

	2022	2021
Cash and cash equivalents	\$ 6,637,413	\$ 1,953,791
Current portion of loans and accounts receivable, net	4,858,823	4,431,748
Investments	44,129,047	37,362,826
	55,625,283	43,748,365
Less designated funds	(1,547,972)	(1,547,972)
Less donor-restricted funds	(1,605,286)	(1,596,343)
Financial assets available to meet general expenditures within the next year	<u>\$ 52,472,025</u>	<u>\$ 40,604,050</u>

The Trust has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, investments, and a line of credit shown in Note 5, Line of Credit.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 3. Loans and Accounts Receivable

Loans and accounts receivable are composed of the following as of June 30, 2022 and 2021:

	2022	2021
Parish loans	\$ 12,261,436	\$ 15,969,803
High schools and other entities	2,613,472	2,867,667
Accounts receivable	184,678	158,563
	<u>15,059,586</u>	<u>18,996,033</u>
Less allowance for uncollectible accounts	(40,000)	(40,000)
	<u>\$ 15,019,586</u>	<u>\$ 18,956,033</u>

The Trust's loans receivable consist of funds disbursed to parishes, high schools, Diocesan institutions and other entities with the Catholic Diocese of Kansas City–St. Joseph. The Trust determined its allowance for estimated losses on these loans by analyzing financial results, factors and circumstances of individual accounts or loans. All loans have the same terms and, therefore, are considered to be in the same class of loan.

The aging of the receivables portfolio as of June 30, 2022 and 2021, is summarized below:

	2022		
	Current	Past Due	Total
Receivables	<u>\$ 11,396,577</u>	<u>\$ 3,663,009</u>	<u>\$ 15,059,586</u>
As a percentage of the total loan portfolio	<u>75.68%</u>	<u>24.32%</u>	<u>100.00%</u>
	2021		
	Current	Past Due	Total
Receivables	<u>\$ 17,481,228</u>	<u>\$ 1,514,805</u>	<u>\$ 18,996,033</u>
As a percentage of the total loan portfolio	<u>92.03%</u>	<u>7.97%</u>	<u>100.00%</u>

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 4. Investments

The following schedules show life-to-date gains on different types of investments:

	June 30, 2022		
	Cost	Fair Value	Unrealized Appreciation
Corporate stocks	\$ 6,583,104	\$ 5,349,552	\$ (1,233,552)
Equity mutual funds	25,345,804	23,207,003	(2,138,801)
Money market funds	553,547	553,547	-
U.S. government corporations and agencies	11,249,871	10,883,426	(366,445)
Alternative investments	4,254,288	4,135,519	(118,769)
	<u>\$ 47,986,614</u>	<u>\$ 44,129,047</u>	<u>\$ (3,857,567)</u>

	June 30, 2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Corporate stocks	\$ 4,544,184	\$ 5,740,815	\$ 1,196,631
Mutual funds	18,145,004	18,390,258	245,254
Money market funds	659,135	659,135	-
U.S. government obligations	8,434,889	8,505,555	70,666
Alternative investments	3,219,192	4,067,063	847,871
	<u>\$ 35,002,404</u>	<u>\$ 37,362,826</u>	<u>\$ 2,360,422</u>

Investments are stated at fair value as of June 30, 2022 and 2021. The following schedules summarize the investment return and its classification in the statements of activities for the years ended June 30, 2022 and 2021:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income, net of fees	\$ 837,566	\$ 8,120	\$ 845,686
Realized gains	428,156	-	428,156
Investment income	1,265,722	8,120	1,273,842
Unrealized losses on investments	(6,466,409)	-	(6,466,409)
	<u>\$ (5,200,687)</u>	<u>\$ 8,120</u>	<u>\$ (5,192,567)</u>

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 4. Investments (Continued)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income, net of fees	\$ 355,280	\$ 8,118	\$ 363,398
Realized gains	718,427	-	718,427
Investment income	1,073,707	8,118	1,081,825
Unrealized losses on investments	1,715,481	-	1,715,481
	<u>\$ 2,789,188</u>	<u>\$ 8,118</u>	<u>\$ 2,797,306</u>

Included in the statements of activities is \$417,365 and \$500,189 related to interest income on loans receivable for the years ended June 30, 2022 and 2021, respectively.

Note 5. Line of Credit

The Trust has a \$4.6 million line of credit with a commercial bank. The line of credit expires April 22, 2023. The line of credit bears interest at the one-month SOFR plus 2.21% (3.255% at June 30, 2022) at 12-month options and is collateralized by certain real estate. Principal is to be repaid at maturity, with interest due monthly. There were no borrowings outstanding on this line of credit at June 30, 2022 and 2021. The agreement contains certain restrictive covenants, including the maintenance of a fixed-charge coverage ratio and liquid coverage ratio.

Note 6. Deposits Payable

In the parish deposits payable account, the amounts of \$29,238,977 and \$24,554,355 as of June 30, 2022, and 2021, respectively, consist of numerous deposits made to the Trust that are payable on demand. School deposits payable amount to \$1,815,190 and \$1,128,531 as of June 30, 2022 and 2021, respectively. Other short-term deposits with Diocesan institutions and other entities with the Catholic Diocese of Kansas City–St. Joseph are payable on demand and amount to \$26,189,993 and 18,584,498 as of June 30, 2022 and 2021, respectively. All deposits bear a 0.50% interest rate as of June 30, 2022 and 2021.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at June 30, 2022 and 2021:

	2022	2021
Restrictions as to use:		
Education of children	\$ 404,598	\$ 401,722
Cemetery maintenance	55,542	55,262
Facilities construction and maintenance	1,029,111	1,023,911
Religious services	116,035	115,448
Total net assets with donor restrictions	<u>\$ 1,605,286</u>	<u>\$ 1,596,343</u>

During the years ended June 30, 2022 and 2021, other assets were released from restriction by incurring expenses satisfying the restricted purpose specified. The purpose was distribution of earnings from endowments to beneficiaries in the amount of \$9,177 and \$54,223, respectively.

Note 8. Endowments

In July 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA), the model act on which most states and the District of Columbia have based their primary laws governing the investment and management of donor-restricted endowment funds by nonprofit funds.

UPMIFA prescribes guidelines for expenditure of a donor-restricted endowment fund (in the absence of overriding, explicit donor stipulations), and focuses on the entirety of a donor-restricted endowment fund, that is, both original gift amount(s) and net appreciation.

The Trust's endowment includes both donor-restricted endowment funds and funds designated by management to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by management to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of existing law: The management of the Trust has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary (historical-dollar-value threshold). As a result of this interpretation, the Trust classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Trust.

The following information is related to the endowments under the direction of the Trust.

Return objectives and risk parameters: The Trust has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs 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 Trust must hold in perpetuity or for a donor-specified period(s) as well as management-designated funds. Under this policy, as approved by the management, the endowment assets are invested following the Trust's guidelines as determined by management in consultation with the Trust's Investment Committee.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 8. Endowments (Continued)

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives of the endowments invested per the Trust’s guidelines as determined by management, the Trust employs a return strategy of utilizing the internal earning rate as set by management based on market rates.

Spending policy and how the investment objectives relate to spending policy: The Trust has a policy of appropriating for distribution the interest earned in the current year by the endowment funds as well as allows for the distribution of the principal as per the stipulations of the donor as well as management-designated funds. This is consistent with the Trust’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. The endowments are paid a rate determined by management in consultation with the Board of Trustees.

From time to time, the fair value of assets associated with the endowment funds may fall below the level that the donor or UPMIFA requires the Trust to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with and without donor restrictions. There were no deficiencies as of June 30, 2022 and 2021.

Changes in endowment net assets for the years ended June 30, 2022 and 2021, are as follows:

	2022		
	Without Donor Restrictions, Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,547,972	\$ 1,596,343	\$ 3,144,315
Net investment income	7,847	8,120	15,967
Contributions	-	10,000	10,000
Appropriation of endowment assets for expenditure	(7,847)	(9,177)	(17,024)
Endowment net assets, end of year	<u>\$ 1,547,972</u>	<u>\$ 1,605,286</u>	<u>\$ 3,153,258</u>
	2021		
	Without Donor Restrictions, Designated	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,547,972	\$ 1,546,888	\$ 3,094,860
Net investment income	7,847	8,118	15,965
Contributions	-	95,560	95,560
Appropriation of endowment assets for expenditure	(7,847)	(54,223)	(62,070)
Endowment net assets, end of year	<u>\$ 1,547,972</u>	<u>\$ 1,596,343</u>	<u>\$ 3,144,315</u>

Designated net assets without donor restrictions as of June 30, 2022 and 2021, were solely for the purpose of maintenance and upkeep and continued asbestos abatement in the amount of \$1,547,972. Net assets with donor restrictions at June 30, 2022 and 2021, were restricted for the purposes disclosed in Note 7.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 9. Fair Value Measurements

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2:** Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3:** Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets and liabilities recorded at fair value on a recurring basis: A description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis is set forth below:

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset-backed and other securities.

Alternative investments: Alternative investments are valued using the practical expedient. The practical expedient allows for the use of net asset value of shares held at year-end either as reported by the investee or as adjusted by the Trust based on various factors, including capital calls, proceeds from distributions, and gains and losses that are included in earnings and recorded in the statements of activities.

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 9. Fair Value Measurements (Continued)

The following tables summarize the assets and liabilities measured at fair value on a recurring basis, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Investments:				
Corporate stocks	\$ 5,349,552	\$ 5,349,552	\$ -	\$ -
U.S. government corporations and agencies	10,883,426	-	10,883,426	-
Money market funds	553,547	553,547	-	-
Equity mutual funds:				
Intermediate-term bonds	13,666,881	13,666,881	-	-
Other various mutual funds	9,540,122	9,540,122	-	-
	<u>39,993,528</u>	<u>\$ 29,110,102</u>	<u>\$ 10,883,426</u>	<u>\$ -</u>

Alternative investments valued at net asset value (NAV):

Investments in common trust funds	<u>4,135,519</u>
Total investments	<u>\$ 44,129,047</u>

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Investments:				
Corporate stocks	\$ 5,740,815	\$ 5,740,815	\$ -	\$ -
U.S. government corporations and agencies	8,505,555	-	8,505,555	-
Money market funds	659,135	659,135	-	-
Equity mutual funds:				
Intermediate-term bonds	10,976,316	10,976,316	-	-
Other various mutual funds	7,413,942	7,413,942	-	-
	<u>33,295,763</u>	<u>\$ 24,790,208</u>	<u>\$ 8,505,555</u>	<u>\$ -</u>

Alternative investments valued at net asset value (NAV):

Investments in common trust funds	<u>4,067,063</u>
Total investments	<u>\$ 37,362,826</u>

The Catholic Diocese of Kansas City–St. Joseph Deposit and Loan Fund

Notes to Financial Statements

Note 9. Fair Value Measurements (Continued)

The fair value estimates presented are based on pertinent information available to management as of June 30, 2022 and 2021. Although management is not aware of any factors that would significantly affect the estimated fair value measurements, such amounts have been comprehensively revalued for purposes of the financial statements since that date; therefore, current estimates of fair value may differ significantly from the amounts presented herein.

The following table set forth additional disclosures of investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30, 2022:

Investments	Fair Value June 30, 2022	Fair Value June 30, 2021	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Investment in common trust (a)	\$ 2,404,991	\$ 2,210,644	\$ -	Daily	1-2 days
Investment in common trust (b)	1,730,528	1,856,419	-	Daily	1-3 days
	<u>\$ 4,135,519</u>	<u>\$ 4,067,063</u>			

- (a) This nonlending common trust fund seeks an investment return that approximates, as closely as practicable, before expenses, the performance of the Russell 3000 Index over the long term. The fund implements a screen of certain social or environmental criteria as defined in the “US Equity Index Strategy Disclosure Document.”
- (b) This nonlending common trust fund seeks an investment return that approximates, as closely as practicable, before expenses, the performance of the MSCI ACWI ex USA IMI over the long term. The fund implements a screen of certain social or environmental criteria as defined in the “Global Equity Index Strategy Disclosure Document.”

Note 10. Related-Party Transactions

The Trust has a Management Services Agreement with the Chancery Operation by which the Chancery Operation can bill the Trust for administrative and supportive services. For the years ended June 30, 2022, and 2021, \$9,000, and \$8,000, respectively, was paid to the Chancery Operation for administrative services. In addition, and following the provisions of the indenture of trust, the Trustees may make periodic, discretionary contributions to the Chancery Operation (to help fund operations) from the funds of the Trust that are not obligated to participants and that are in excess of funds determined by the Trustees to be reasonably and prudently required for the operation of the Trust. For the years ended June 30, 2022, and 2021, \$400,000 and \$350,000, respectively, was contributed to the Chancery Operation.

Note 11. Subsequent Events

Management has evaluated and disclosed subsequent events up to and including November 1, 2022, which is the date the financial statements were available to be issued.