



Consolidated Financial Statements  
June 30, 2022 and 2021

**Roman Catholic Diocese of Joliet  
Administration and Ministerial Services**

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

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June 30, 2022 and 2021

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## Independent Auditor's Report

To His Excellency  
The Most Reverend Ronald A. Hicks  
Bishop of the Roman Catholic Diocese of Joliet and Diocesan Finance Council  
Roman Catholic Diocese of Joliet Administration and Ministerial Services  
Crest Hill, Illinois

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of the Roman Catholic Diocese of Joliet Administration and Ministerial Services (Diocese), a division of the Roman Catholic Diocese of Joliet, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Diocese 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 Consolidated Financial Statements*

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

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

***Auditor's Responsibilities of the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Diocese'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese'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.

*Eide Sully LLP*

Dubuque, Iowa  
November 10, 2022

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

## Consolidated Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 19,693,018	\$ 27,063,030
Accrued interest and dividends receivable	197,417	198,282
Receivables, net of allowance for uncollectibles of \$2,390,000 in 2022 and \$2,973,000 in 2021	2,784,893	2,449,861
Due from other Diocesan agencies	324,106	440,127
Prepaid expenses	154,450	11,050
Loans to Parishes and others, net of allowance for uncollectibles of \$4,662,000 in 2022 and \$4,662,000 in 2021	13,298,503	15,749,110
Lay pension receivable	5,155,231	6,718,924
Investments	116,030,687	112,329,355
Pooled investment funds	586,772	732,392
Property and equipment, net	29,352,657	30,057,467
Beneficial interest in charitable trust held by others	405,578	498,485
	<b>\$ 187,983,312</b>	<b>\$ 196,248,083</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 4,036,527	\$ 3,693,526
Due to other Diocesan agencies	641,529	411,835
Contributions payable	439,226	472,411
Estimated unpaid insurance claims	11,737,838	12,264,184
Deferred revenue	7,837,753	7,148,983
Deposits from Parishes and others	75,221,576	73,503,591
Note payable	3,600,000	3,800,000
Estimated future cemetery care liability	27,295,726	27,300,000
	<b>130,810,175</b>	<b>128,594,530</b>
<b>Net Assets</b>		
<b>Without donor restrictions</b>		
Undesignated	20,051,806	23,827,416
Designated by the Board for future insurance claims	6,513,548	8,014,325
Designated by the Board for future land and building funds	13,104,108	13,551,203
Designated by the Board for special purposes	3,766,033	4,552,254
Designated by the Board for cemetery operations	1,537,011	3,637,092
	<b>44,972,506</b>	<b>53,582,290</b>
<b>With donor restrictions</b>		
Perpetual in nature	1,452,238	1,452,238
Purpose restrictions	10,748,393	12,619,025
	<b>12,200,631</b>	<b>14,071,263</b>
	<b>57,173,137</b>	<b>67,653,553</b>
<b>Total liabilities and net assets</b>	<b>\$ 187,983,312</b>	<b>\$ 196,248,083</b>

Roman Catholic Diocese of Joliet Administration and Ministerial Services  
Consolidated Statements of Activities  
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>						
<b>Contributions</b>						
Appeal fund drive	\$ 7,528,914	\$ -	\$ 7,528,914	\$ 6,979,157	\$ -	\$ 6,979,157
Parish assessments	4,127,564	-	4,127,564	4,500,818	-	4,500,818
Education fund assessment	669,156	-	669,156	738,804	-	738,804
Paycheck Protection Program forgiveness	-	-	-	1,658,112	-	1,658,112
Other	472,188	294,331	766,519	464,197	383,721	847,918
<b>Program fees</b>						
Insurance premiums and recoveries	21,485,354	-	21,485,354	22,836,878	-	22,836,878
Fees, sales, and services	7,328,317	-	7,328,317	7,057,434	-	7,057,434
Interest on loans	391,381	-	391,381	386,652	-	386,652
Rental income	164,249	-	164,249	157,845	-	157,845
Net investment return	(8,625,079)	(1,618,294)	(10,243,373)	15,207,021	3,409,672	18,616,693
Gain (loss) on sale of property and equipment	463,991	-	463,991	(112,885)	-	(112,885)
Other revenue	141,453	-	141,453	133,243	-	133,243
Net assets released from restrictions	546,669	(546,669)	-	671,033	(671,033)	-
<b>Total revenue, support, and gains</b>	<b>34,694,157</b>	<b>(1,870,632)</b>	<b>32,823,525</b>	<b>60,678,309</b>	<b>3,122,360</b>	<b>63,800,669</b>
<b>Expenses</b>						
<b>Program services expense</b>						
Diocesan ministries	6,961,192	-	6,961,192	6,969,484	-	6,969,484
Catholic cemeteries	6,385,566	-	6,385,566	5,685,496	-	5,685,496
Restricted funds administration	502,698	-	502,698	565,041	-	565,041
Insurance program	21,709,366	-	21,709,366	23,517,749	-	23,517,749
Deposit and loan administration	961,735	-	961,735	1,408,019	-	1,408,019
Other Diocesan	3,090,884	-	3,090,884	3,076,422	-	3,076,422
<b>Total program expenses</b>	<b>39,611,441</b>	<b>-</b>	<b>39,611,441</b>	<b>41,222,211</b>	<b>-</b>	<b>41,222,211</b>
<b>Supporting services expense</b>						
Management and general	2,265,569	-	2,265,569	2,604,803	-	2,604,803
Fundraising and development	1,401,823	-	1,401,823	1,363,093	-	1,363,093
<b>Total supporting services expenses</b>	<b>3,667,392</b>	<b>-</b>	<b>3,667,392</b>	<b>3,967,896</b>	<b>-</b>	<b>3,967,896</b>
<b>Total expenses</b>	<b>43,278,833</b>	<b>-</b>	<b>43,278,833</b>	<b>45,190,107</b>	<b>-</b>	<b>45,190,107</b>
<b>Change in Net Assets before Transfers</b>	<b>(8,584,676)</b>	<b>(1,870,632)</b>	<b>(10,455,308)</b>	<b>15,488,202</b>	<b>3,122,360</b>	<b>18,610,562</b>
<b>Transfers to Catholic Diocese of Joliet Education Foundation</b>	<b>(25,108)</b>	<b>-</b>	<b>(25,108)</b>	<b>(17,345)</b>	<b>-</b>	<b>(17,345)</b>
<b>Change in Net Assets</b>	<b>(8,609,784)</b>	<b>(1,870,632)</b>	<b>(10,480,416)</b>	<b>15,470,857</b>	<b>3,122,360</b>	<b>18,593,217</b>
<b>Net Assets, Beginning of Year</b>	<b>53,582,290</b>	<b>14,071,263</b>	<b>67,653,553</b>	<b>38,111,433</b>	<b>10,948,903</b>	<b>49,060,336</b>
<b>Net Assets, End of Year</b>	<b>\$ 44,972,506</b>	<b>\$ 12,200,631</b>	<b>\$ 57,173,137</b>	<b>\$ 53,582,290</b>	<b>\$ 14,071,263</b>	<b>\$ 67,653,553</b>

Roman Catholic Diocese of Joliet Administration and Ministerial Services  
Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022

Program Services

	Diocesan Ministries	Catholic Cemeteries	Restricted Funds Administration	Insurance Program	Deposit and Loan Administration	Other Diocesan Program Expenses	Total	Management and General	Fundraising and Development	Total
Personnel costs	\$3,473,999	\$2,830,597	\$ -	\$ 74,698	\$ -	\$ 410,233	\$ 6,789,527	\$ 1,634,775	\$ 464,398	\$ 8,888,700
Office and program costs	2,439,730	1,279,217	62,400	340,952	80,100	99,557	4,301,956	-	611,002	4,912,958
Travel and professional development	279,426	23,065	-	-	-	20,721	323,212	9,189	6,352	338,753
Professional services	129,118	396,925	-	125,000	11,000	-	662,043	82,407	265,103	1,009,553
Occupancy	565,922	607,001	-	371	-	103,282	1,276,576	-	43,512	1,320,088
Donation distributions	41,234	-	440,298	-	-	2,416,226	2,897,758	-	4,650	2,902,408
Insurance claims and reinsurance	12	-	-	21,086,273	-	-	21,086,285	-	-	21,086,285
Depreciation and amortization	-	445,741	-	-	-	-	445,741	399,791	-	845,532
Interest	-	-	-	-	870,553	-	870,553	-	-	870,553
Future Cemetery Care	-	605,727	-	-	-	-	605,727	-	-	605,727
Other	31,751	197,293	-	82,072	82	40,865	352,063	139,407	6,806	498,276
<b>Total</b>	<b>\$6,961,192</b>	<b>\$6,385,566</b>	<b>\$ 502,698</b>	<b>\$ 21,709,366</b>	<b>\$ 961,735</b>	<b>\$ 3,090,884</b>	<b>\$ 39,611,441</b>	<b>\$ 2,265,569</b>	<b>\$ 1,401,823</b>	<b>\$ 43,278,833</b>

Roman Catholic Diocese of Joliet Administration and Ministerial Services  
Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021

Program Services

	Diocesan Ministries	Catholic Cemeteries	Restricted Funds Administration	Insurance Program	Deposit and Loan Administration	Other Diocesan Program Expenses	Total	Management and General	Fundraising and Development	Total
Personnel costs	\$ 3,733,698	\$ 2,783,293	\$ -	\$ 74,378	\$ -	\$ 344,845	\$ 6,936,214	\$ 1,777,488	\$ 457,664	\$ 9,171,366
Office and program costs	2,284,830	1,214,318	57,800	289,340	83,300	92,701	4,022,289	-	641,219	4,663,508
Travel and professional development	128,779	21,138	-	-	-	11,170	161,087	3,525	4,648	169,260
Professional services	168,191	368,487	-	126,551	16,500	-	679,729	155,588	216,063	1,051,380
Occupancy	596,069	540,976	-	361	-	106,000	1,243,406	-	36,589	1,279,995
Donation distributions	26,950	-	507,241	-	-	2,480,574	3,014,765	129,219	-	3,143,984
Insurance claims and reinsurance	3,540	-	-	23,027,119	-	-	23,030,659	-	-	23,030,659
Depreciation and amortization	-	502,369	-	-	-	-	502,369	399,743	-	902,112
Interest	-	-	-	-	808,219	-	808,219	-	-	808,219
Future Cemetery Care	-	59,232	-	-	-	-	59,232	-	-	59,232
Other	27,427	195,683	-	-	500,000	41,132	764,242	139,240	6,910	910,392
<b>Total</b>	<b>\$ 6,969,484</b>	<b>\$ 5,685,496</b>	<b>\$ 565,041</b>	<b>\$ 23,517,749</b>	<b>\$ 1,408,019</b>	<b>\$ 3,076,422</b>	<b>\$ 41,222,211</b>	<b>\$ 2,604,803</b>	<b>\$ 1,363,093</b>	<b>\$ 45,190,107</b>



# Roman Catholic Diocese of Joliet Administration and Ministerial Services

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

	2022	2021
Operating Activities		
Change in net assets	\$ (10,480,416)	\$ 18,593,217
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	845,532	902,112
Realized and unrealized (gains) losses on investments	12,014,616	(17,208,558)
Bad debt expense	82,152	484,436
(Gain) / loss on sale of property and equipment	(463,991)	112,885
Paycheck Protection Program forgiveness	-	(1,658,112)
Changes in operating assets and liabilities		
Loans to Parishes and others, net	2,450,607	3,784,213
Receivables, net	(416,319)	453,530
Prepaid expenses	(143,400)	-
Due to/from other Diocesan agencies	345,715	129,090
Lay pension receivable	1,563,693	1,922,297
Accounts payable and accrued expenses	309,816	(736,431)
Deposits from Parishes and others	1,717,985	13,831,782
Estimated unpaid insurance claims	(526,346)	772,026
Estimated future cemetery care liability	(4,274)	1,200,000
Deferred revenue	688,770	793,565
Net Cash from Operating Activities	7,984,140	23,376,052
Investing Activities		
Purchases of investments	(24,499,068)	(42,951,445)
Proceeds from sales of investments	9,021,647	26,672,748
Purchases of property and equipment	(1,019,813)	(834,825)
Proceeds from sale of property and equipment	1,343,082	788,038
Net Cash used for Investing Activities	(15,154,152)	(16,325,484)
Financing Activities		
Repayment of note payable	(200,000)	(200,000)
Net Change in Cash and Cash Equivalents	(7,370,012)	6,850,568
Cash and Cash Equivalents, Beginning of Year	27,063,030	20,212,462
Cash and Cash Equivalents, End of Year	\$ 19,693,018	\$ 27,063,030
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 862,531	\$ 815,993

## **Note 1 - Organization and Summary of Significant Accounting Policies**

### **Organization**

The Roman Catholic Diocese of Joliet Administration and Ministerial Services (Diocese), a division of the Roman Catholic Diocese of Joliet, provides support and services to 118 Parishes, 7 missions, and other agencies in seven counties in northeastern Illinois. It provides loans, holds deposits of excess funds, holds title to property, administers the employee benefit programs, and administers a self-insurance program. Operating support is mainly derived from fees for various programs, the appeal drive, parish assessments, and donations.

The information contained in the consolidated financial statements relates only to the operations of the Roman Catholic Diocese of Joliet Administration and Ministerial Services, a division of the Roman Catholic Diocese of Joliet. Various other organizations, such as Parishes, Catholic High Schools, Catholic Charities, Diocese Employees' Retirement Plan, Educational Endowment Fund, the Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan, Diocese of Joliet Seminarian Education Endowment Trust, and the Diocese of Joliet Catholic Education Foundation Trust, are not included in the accompanying consolidated financial statements.

### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Diocese and the Diocese of Joliet Catholic Cemetery Perpetual Care Trust (Cemetery Perpetual Care Trust), a separate non-profit organization established solely to hold the investments for the future care of cemeteries, because the Diocese currently owns the cemetery lands for which the Cemetery Perpetual Care Trust is obligated to provide the care and upkeep in perpetuity. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the "Diocese."

### **Cash and Cash Equivalents**

The Diocese considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, endowments that are perpetual in nature, or other long-term purposes of the Diocese are excluded from this definition.

### **Receivables and Credit Policies**

Accounts receivable consist primarily of uncollateralized parish obligations due under normal terms requiring payment within 30 days from the invoice date. Parish account balances with invoices dated over 30 days old are considered delinquent. Delinquent accounts are not assessed interest. Net accounts receivable balances were \$2,784,893, \$2,449,861, and \$3,329,197 as of June 30, 2022, June 30, 2021, and June 30, 2020, respectfully. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible.

### **Promises to Give**

Unconditional promises to give expected to be collected within one year are recorded at net realizable value within receivables on the statements of financial position. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

### **Loans and Operating Receivables and Deposits Payable**

Loans and operating receivables are presented net of an allowance. The majority of the loans receivable and deposits payable represent loans to, and deposits made by Parishes and other related Diocesan organizations resulting from a cooperative investment and lending program established for the mutual benefit of the participants. The loans are receivable, and deposits are payable on demand. Loans bear an interest rate of 2.5%. Deposits bear an interest rate of 1%.

### **Property and Equipment**

Equipment additions over \$10,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The Diocese reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2022 and 2021.

### **Investments**

The Diocese records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

### **Pooled Investment Funds (Pooled Insurance)**

The Diocese accounts for its participation interest in the Catholic Umbrella Pool (CUP) under the equity method. The Diocese shares in the operating and investment income and expenses of this investment based on their contributions into the funds.

### **Beneficial Interest in Charitable Trust Held by Others**

The Diocese has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by a donor and is administered by an outside agent designated by the donor. Therefore, the Diocese has neither possession nor control over the assets of the trust. At the date the Diocese receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interest in the trust is reported at fair value in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

### **Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for future insurance claims, future land and building funds, special purposes, and cemetery operations.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Diocese reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. These restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **Revenue and Revenue Recognition**

The Diocese recognizes program fee revenue from insurance premiums over the premium period, which is generally one year. Fees for workshops and other Diocese-sponsored events are recorded when the workshop or event takes place. Diocesan cemeteries sell burial spaces, as well as mausoleum crypts, and services on a pre-need basis. Payments received for pre-need services are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Performance obligations are determined based on the nature of the services provided by the Diocese. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Diocese believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Diocese does not believe it is required to provide additional goods or services.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

### **In-kind Contributions**

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Diocese does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2022 and 2021, respectively.

### **Property/Liability/Medical Insurance Claims**

Property of the Parishes and participating religious organizations of the Diocese are covered by self-insurance programs administered through the Diocese. Losses in excess of self-insured retention levels are insured under commercial excess policies. Medical and dental risks are covered by self-insurance programs. Losses in excess of self-insured retention levels are insured under commercial excess policies. Long-term disability, life, and vision insurance are covered under commercial policies. In each of the above plans, Parishes and participating organizations are assessed fees to defray costs of the programs. Insurance claim reserves are the estimated amounts necessary to settle outstanding claims, including claims that are incurred but not reported, based on the facts in each case and the Diocese's experience with similar cases.

### **Deferred Revenue**

Deferred revenue primarily consists of deferred cemetery sales. Deferred revenue as of June 30, 2022, June 30, 2021, and June 30, 2020 was \$7,837,753, \$7,148,983, and \$6,355,418.

### **Cemeteries Future Income Care**

The amounts recorded as "estimated future cemetery care liability" in the consolidated statements of financial position represent the estimated future costs to maintain the cemeteries' existing graves and crypts, discounted to present value at the rate of 7.5%. For these estimates, current maintenance costs are assumed to escalate 3% per year for the next 150 years.

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

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The change in the estimate from the beginning of the year to the end of the year is recorded as operations in the consolidated statements of activities. The policy characterizes the obligation to provide future cemetery care as a liability and is stated at the estimated cost (discounted to present value) of providing such care in the future. The liability is comprised of obligations to fund the future care for the 21 Diocesan cemeteries and the 30 parish cemeteries. The portion of the liability related to Diocesan cemeteries at June 30, 2022 and 2021 was approximately \$23,000,000 and \$23,400,000, respectively. The portion related to deficiencies or underfunding at parish cemeteries at June 30, 2022 and 2021 was approximately \$4,300,000 and \$3,900,000, respectively.

## **Performance Indicator**

Change in net assets before transfers excludes transfers of assets from (to) related parties for other than goods and services.

## **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

## **Income Taxes**

The Diocese and the Cemetery Perpetual Care trust are organized as Illinois nonprofit entities and are exempt from income tax under section 501(c)(3) of the Internal Revenue Code under the group ruling exemption of the United States Conference of Catholic Bishops. Neither entity is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. However, the Diocese and Cemetery Perpetual Care Trust are subject to income tax on net income that is derived from business activities that is unrelated to its exempt purposes. Each entity has determined they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Each entity believes it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Each entity would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

## **Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

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## Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Diocese has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from related organizations and other Catholic entities. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Diocesan Finance Council. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Diocese.

## Subsequent Events

The Diocese has evaluated subsequent events through November 10, 2022, the date the consolidated financial statements were available to be issued.

## Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 19,693,018	\$ 27,063,030
Receivables, due within one year	2,808,836	2,467,555
Investments	116,030,687	112,329,355
Lay Pension receivable, due within one year	-	1,500,000
	<b>138,532,541</b>	<b>143,359,940</b>
Less funds unavailable for general expenditures		
Parish funds on deposit, net of parish loans	54,299,688	55,391,639
Cemetery Future Care Trust	28,396,218	31,139,874
Restricted and designated funds		
Restricted for non-operating activities	14,267,777	15,980,351
Donor restricted with liquidity horizons greater than one year	2,305,295	2,704,369
	<b>99,268,978</b>	<b>105,216,233</b>
Total financial assets not available to be used within one year		
Financial assets available to meet general expenditures within one year	<b>\$ 39,263,563</b>	<b>\$ 38,143,707</b>

The Diocese has certain Bishop-designated and donor-restricted assets limited to use which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the information above. The Diocese has other assets limited to use for donor-restricted purposes other than the general operations of the Diocese. The assets limited to use are not available for general expenditure within the next year. All endowment funds are subject to an annual spending rate of 5% of the average balance of the prior two fiscal year ends, including those endowments that are deemed to be underwater. Only funds available for distribution during the next fiscal year are included in the table.

The Diocese manages its liquidity by developing and adopting annual operating and capital budgets that provide sufficient funds for general expenditures. Actual to budget amounts are reviewed periodically during the year to ensure adequate liquidity. As part of the Diocese's liquidity management plan, cash in excess of daily requirements are invested in short term investments and money market funds.

Additionally, the Diocese maintains a \$10 million line of credit, as discussed in more detail in Note 7. As of June 30, 2022, \$10 million remained available on the Diocese's line of credit.

### **Note 3 - Fair Value Measurements and Disclosures**

The Diocese has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the reporting date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or the liability and market-corroborated inputs. Level 3 inputs are unobservable inputs related to the asset or liability. In these situations, inputs are developed using the best information in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.



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A portion of the Diocese's investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values.

Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used to estimate the fair value of common collective trusts, real estate investment trusts, managed volatility funds, alternative fixed income funds, and private equity funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

There have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2022.

The following table presents assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient at June 30, 2022:

<u>Assets</u>	<u>Total</u>	<u>Fair Value Measurements at Report Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments				
Mutual funds	\$ 88,978,335	\$ 88,978,335	\$ -	\$ -
At NAV				
Real estate investment trusts	13,148,202	-	-	-
Managed volatility funds	2,925,064	-	-	-
Alternative fixed income funds	9,702,705	-	-	-
Private equity fund	1,276,381	-	-	-
	<u>\$ 116,030,687</u>	<u>\$ 88,978,335</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interest in Charitable Trust Held by Others	<u>\$ 405,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,578</u>

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The following table presents assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient at June 30, 2021:

<u>Assets</u>	<u>Total</u>	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds	\$ 20,973,899	\$ 20,973,899	\$ -	\$ -
At NAV				
Common collective trusts	67,146,160	-	-	-
Real estate investment trusts	9,990,778	-	-	-
Managed volatility funds	2,971,553	-	-	-
Alternative fixed income funds	10,400,008	-	-	-
Private equity fund	846,957	-	-	-
	<u>\$ 112,329,355</u>	<u>\$ 20,973,899</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interest in Charitable Trust Held by Others	<u>\$ 498,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,485</u>

The only change in the beneficial interest in charitable trust held by others (asset measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is net realized and unrealized gain (loss).

Investments in certain entities that calculate NAV per share are as follows:

<u>June 30, 2022</u>	<u>Number of Investments</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real estate investment trusts	2	\$ 13,148,202	\$ -	Quarterly	1-45 days
Managed volatility funds	1	2,925,064	-	Monthly	(1)
Alternative fixed income funds	2	9,702,705	-	Bi-monthly,	
Private equity fund	1	1,276,381	455,000	Quarterly Illiquid	3 days, 15 Days (2)
		<u>\$ 27,052,352</u>	<u>\$ 455,000</u>		
<u>June 30, 2021</u>					
Common collective trusts	4	\$ 67,146,160	\$ -	Daily	Daily
Real estate investment trusts	2	9,990,778	-	Quarterly	1-45 days
Managed volatility funds	1	2,971,553	-	Monthly	(1)
Alternative fixed income funds	2	10,400,008	-	Quarterly	15-30 days
Private equity fund	1	846,957	611,000	Illiquid	(2)
		<u>\$ 91,355,456</u>	<u>\$ 611,000</u>		

(1) The redemption notice period is five business days prior to month end.

(2) As a private equity fund, the capital committed to the fund is locked up for an extended period of time agreed upon in the prospectus (typically 10 years) which may be wound down before that period or extended for multiple years afterward.

Common Collective Trusts:

CUIT Core Equity Index Fund - The objective of the fund is to seek long-term capital appreciation. To achieve this, the Fund invests in the common stock of companies that make up the S&P 500 Index, with the exception of those excluded due to the Christian Brothers Insurance Services, Inc. principles of socially responsible investing.

CUIT International Equity Fund – The objective of the fund is to seek long-term capital appreciation. To achieve this, the Fund will combine a fundamental, bottom-up value-style manager and a growth-style manager that emphasizes stock selection to add value over time.

CUIT Small Cap Equity Index Fund – The objective is to seek long-term capital appreciation by attempting to replicate the performance of the Russell 2000 Index, a commonly used index of domestic small-capitalization stocks.

CUIT Intermediate Diversified Bond Fund – The objective is to achieve current income and long-term capital appreciation through investments primarily in U.S. government securities, securities issued by U.S. government agencies, fixed income obligations of corporations, mortgage-backed securities and asset-backed securities. The Intermediate Diversified Bond Fund’s strategy will generally be to combine economic and fundamental research to capture inefficiencies in the valuation of market sectors and individual securities. It is anticipated that, under normal market conditions, the portfolio will have an effective duration of four to six years. The portfolio of the Intermediate Diversified Bond Fund is expected to have a dollar-weighted quality portfolio rating of at least “A” or its equivalent.

Real Estate Investment Trusts:

Morgan Stanley Prime Property Fund – The objective of the fund is to acquire, own, hold for investment and ultimately dispose of investments in real estate and real estate related assets with the intention of achieving current income, capital appreciation, or both.

RREEF America REIT II - Open-ended core funds organized to serve as a collective investment vehicle through which eligible investors may invest in a professionally managed real estate portfolio consisting of multi-family, industrial, retail, and office properties in targeted metropolitan areas within the continental United States. The objective is to generate attractive, predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate while maximizing the total return to shareholders through cash dividends and appreciation in shares.

Managed Volatility Funds:

The LSV US Managed Volatility SRI Equity Fund's investment objective is to outperform the Russell 1000 Index, net of dividend withholding taxes, by investing in large and mid-cap U.S. listed equities.

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

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## Alternative Fixed Income Funds:

NIS Titanium Absolute Return Fund -The objective of the fund is to achieve a consistent annual return through a portfolio of fixed income securities consisting primarily of the Barclays Aggregate 1-3 Year Index and similar securities. The long-term objective of the Fund is to outperform the annual average return of one-year U.S. Treasury Bills while minimizing volatility.

NIS Preferred Stock Fund - The purpose of the fund is to provide an attractive risk-sensitive incremental return on a consistent basis through a diversified portfolio consisting primarily of domestic corporate preferred stock and preferred-line fixed-income securities and investments.

## Private Equity Funds:

Private Equity Fund – The Capital Dynamics Global Secondaries V (Feeder) SCSp (partnership) was established to primarily acquire and hold as a feeder entity a limited partner interest in Capital Dynamics Global Secondaries V (LUX) SCSp. The investment strategy emphasizes building a diversified portfolio of secondary investments.

## Note 4 - Net Investment Return

Net investment return consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 2,025,309	\$ 1,528,520
Net realized and unrealized gain (loss)	(12,014,616)	17,208,558
Investment fees	<u>(254,066)</u>	<u>(120,385)</u>
	<u>\$ (10,243,373)</u>	<u>\$ 18,616,693</u>

## Note 5 - Promises to Give

Included in receivables are amounts pledged to the Diocese. The net amount of the promises to give were \$885,136 and \$443,180 at June 30, 2022 and 2021, respectively. Amounts included in receivables were recorded net of an allowance for uncollectible promises to give of \$300,000 at June 30, 2022 and 2021. All promises to give are due within one year and are included in net assets without donor restrictions since they are intended for current operations.

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

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## Note 6 - Property and Equipment

Property and equipment consists of the following:

	2022	2021
Land		
Vacant	\$ 4,358,874	\$ 5,160,380
Cemeteries	4,388,469	4,344,213
Blanchette Center	1,753,575	1,753,575
Shrines	213,492	213,492
Buildings and Equipment		
Cemeteries	15,599,866	14,943,798
Operating	15,343,422	15,412,580
Site improvements	529,885	529,885
Construction in progress	638,635	331,547
	42,826,218	42,689,470
Less Accumulated Depreciation and Amortization	(13,473,561)	(12,632,003)
Total property and equipment, net	\$ 29,352,657	\$ 30,057,467

Construction in progress at June 30, 2022 mainly consists of two projects. The first includes construction costs related to the continued addition to the columbarium at Assumption Cemetery. The project will be funded through internal funds and is expected to be completed in December 2022. The second project outstanding in construction in progress is the roof replacement at Blanchette Catholic Center, which is anticipated to cost approximately \$500,000 and will be funded with internal funds. The roof replacement is anticipated to be completed in the fall of 2022. Multiple other smaller projects are in the beginning stages and will also be funded internally. There are no estimated completion dates for these projects.

## Note 7 - Line of Credit

The Diocese has a line of credit with a bank which expires on June 9, 2023. Borrowings under the line bear interest at 1.25% above the SOF (secured overnight financing) Rate in effect with a maximum loan amount of \$10,000,000. As of June 30, 2022 and 2021, the Diocese had nothing drawn on this line of credit.

## Note 8 - Letter of Credit

The Diocese has a letter of credit with a bank for the purpose of securing financing for construction projects at parishes with the Diocese which expires on June 9, 2023. Borrowings under the letter bear interest at 1.25% above the SOF Rate in effect with a maximum loan amount of \$1,500,000. As of June 30, 2022 and 2021, the Diocese had nothing drawn on this letter of credit.

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

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## Note 9 - Note Payable

All Saints Catholic Academy (All Saints) Note Payable - On May 26, 2015, the Diocese entered into a loan agreement with Catholic Order of Foresters (the COF) to borrow \$7,000,000. This loan agreement provides the Diocese would pay the COF annual payments of \$600,000 until June 1, 2020 with an effective interest rate of 3.00%. Starting June 1, 2021, the Diocese is required to pay annual principal payments of \$200,000 until June 1, 2024 with an effective interest rate of 3.25%. On June 1, 2025, the Diocese is required to make a balloon payment of \$3,200,000 for all the outstanding principal, interest and other charges. The obligation of the Diocese with respect to the note will continue to be fully payable to the Diocese by All Saints. The amount due from All Saints is recorded as a receivable in the consolidated statements of financial position.

The note payable consists of the following:

	2022	2021
All Saints Catholic Academy note payable	\$ 3,600,000	\$ 3,800,000

Future maturities of the note payable are as follows:

Years Ending June 30,	Amount
2023	\$ 200,000
2024	200,000
2025	3,200,000
Total	\$ 3,600,000

## Note 10 - Refundable Advance – Paycheck Protection Program

In April 2020, the Roman Catholic Diocese of Joliet was granted a \$1,695,638 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. A portion of this loan was allocated to the Roman Catholic Diocese of Joliet Administration and Ministerial Services in the amount of \$1,658,112. The Roman Catholic Diocese of Joliet elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Diocese initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Roman Catholic Diocese of Joliet Administration and Ministerial Services recognized \$1,658,112 as contribution revenue for the year ended June 30, 2021. The remaining balance was recognized as contribution revenue by the Diocese of Joliet Catholic Education Foundation Trust. Since the entire loan was forgiven, the Roman Catholic Diocese of Joliet is not required to repay any remaining balance.

**Note 11 - Endowments**

The Diocese’s endowment (the Endowment) consists of individual funds established by donors to provide annual funding for specific activities and general operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Diocese has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, the Diocese retains in perpetuity (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. All endowment funds are subject to an annual spending rate of 5% of the average balance of the prior two fiscal year ends, including those endowments that are deemed to be underwater. The Diocese considers the following factors in making a determination whether to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Diocese had the following endowment net asset composition by type of fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2022			
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 3,321,425</u>	<u>\$ 3,321,425</u>
June 30, 2021			
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 3,781,223</u>	<u>\$ 3,781,223</u>

*Investment and Spending Policies*

The Diocese has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the Endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments.

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

The Diocese has a policy of making available for appropriation each year the net investment earnings plus accumulated earnings from prior periods. The amount to be appropriated each year from this purpose restriction net asset income related to the Endowment funds is determined by the trustee as directed by donor-imposed restrictions. In periods when there are no investment earnings and no accumulated earnings from prior years, appropriations of these Endowment funds are not allowed. In establishing this policy, the Diocese considered the long-term expected return on the Endowment and set the policy with the objective of maintaining the purchasing power of the Endowment over time.

Changes in Endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Year ended June 30, 2022</b>			
Endowment net assets, beginning of year	\$ -	\$ 3,781,223	\$ 3,781,223
Investment return, net	-	(436,654)	(436,654)
Contributions	-	62,902	62,902
Appropriation of endowment assets pursuant to spending-rate policy	-	(86,046)	(86,046)
Endowment net assets, end of year	\$ -	\$ 3,321,425	\$ 3,321,425
<b>Year ended June 30, 2021</b>			
Endowment net assets, beginning of year	\$ -	\$ 2,940,288	\$ 2,940,288
Investment return, net	-	920,057	920,057
Contributions	-	42,902	42,902
Appropriation of endowment assets pursuant to spending-rate policy	-	(122,024)	(122,024)
Endowment net assets, end of year	\$ -	\$ 3,781,223	\$ 3,781,223



Roman Catholic Diocese of Joliet Administration and Ministerial Services

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**Note 12 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to Expenditure for Specified Purpose		
Parish operations	\$ 1,645,064	\$ 1,925,091
Masses	62,361	54,100
Seminarians/needed deacons	106,032	121,773
Senior housing	1,050,508	1,195,576
Needy children	744,858	879,402
Priests' medical costs	950,812	1,110,654
Priests' continued education	1,475,814	1,736,050
Missions and undistributed special collections	2,488,583	2,864,496
Other purposes	355,174	402,898
	8,879,206	10,290,040
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Cemetery maintenance	300,657	367,336
Parish operations	339,633	605,986
Senior housing	1,176,452	1,288,791
Other purposes	52,445	66,872
	1,869,187	2,328,985
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Cemetery maintenance	182,191	182,191
Parish operations	1,105,899	1,105,899
Masses	25,000	25,000
Senior housing	87,179	87,179
Other purposes	51,969	51,969
	1,452,238	1,452,238
Total endowments	3,321,425	3,781,223
	\$ 12,200,631	\$ 14,071,263

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows:

	2022	2021
Satisfaction of Purpose Restrictions		
Cemetery maintenance	\$ 2,757	\$ 31,606
Parish operations	135,157	155,336
Masses	4,653	9,808
Seminarians/needly deacons	14,948	14,960
Senior housing	13,187	20,744
Needly children	34,277	33,402
Priests' medical costs	34,865	37,102
Priests' continued education	66,119	75,637
Missions and undistributed special collections	238,096	287,964
Other purposes	2,610	4,474
	\$ 546,669	\$ 671,033

## **Note 13 - Insurance Claims**

The Diocese self-insures for losses related to health benefits, property and liability coverage, automobile coverage, and workers' compensation. Excess commercial insurance coverage is maintained for per incident and aggregate liability losses over specified amounts. A provision for estimated claims payable is provided for in the consolidated statements of financial position in the amount of \$11,737,838 and \$12,264,184 at June 30, 2022 and 2021, respectively.

## **Note 14 - Property/Liability Reinsurance**

The Diocese, along with several other similar entities, participates in the Catholic Umbrella Pool (CUP). CUP was formed to insure participants for excess general liability and morality claims. The participating entities are liable for any losses beyond CUP's ability to fund losses. Therefore, the Diocese's exposure to additional loss funding, if any, because of its participation in CUP, is unknown.

The Diocese's contribution to CUP was \$124,227 and \$124,684 for the years ended June 30, 2022 and 2021, respectively. The Diocese's equity interest and participation percentage in CUP was \$586,772 (2.9%) and \$732,392 (2.8%) at June 30, 2022 and 2021, respectively.

**Note 15 - Related Party Transactions**

The Diocese, by its nature, engages in transactions with other separately incorporated and/or other divisions of the Roman Catholic Diocese of Joliet. The Diocese receives substantial support from these related organizations.

Included in loans to Parishes and others – net of allowance are related net loans of \$9,582,752 and \$11,811,549 as of June 30, 2022 and 2021, respectively. Excluded from these values are amounts receivable from All Saints Catholic Academy as described in Note 9.

Included in receivables – net of allowance are related net receivables of \$605,751 and \$474,797 as of June 30, 2022 and 2021, respectively.

Included in deposits from Parishes and others are related deposits of \$75,181,012 and \$73,457,501 as of June 30, 2022 and 2021, respectively.

The Diocese has also transferred funds to various related entities as noted on the consolidated statements of activities.

**Note 16 - Commitments and Contingencies**

As of June 30, 2022 and 2021, commitments on construction pending or in process amounted to approximately \$11,500,000 and \$7,400,000, respectively. These commitments will be fully funded by Parishes and/or Diocesan loans to Parishes, and the sale of property.

Certain facilities of the Roman Catholic Diocese of Joliet contain asbestos. Current regulations require that the potential hazard created by the asbestos be remediated if the facilities undergo major renovations or are demolished. Under the provisions of FASB Accounting Standards Codification Topic (ASC) 410-20 *Asset Retirement Obligations*, this situation creates a future asset retirement obligation. In accordance with ASC 410-20, the Diocese has not recognized a liability for the asset retirement obligation at this time because the fair value of the liability cannot be reasonably estimated. This is because the settlement date, which would be the date of major renovation or demolition, is indeterminate since the Diocese has no current plans to perform either of these functions. The Diocese will recognize a liability in the period when sufficient information is available to reasonably estimate its fair value.

Various legal actions and proceedings are pending against the Diocese of Joliet. These actions involve claims for compensatory and punitive damages, as well as other types of relief. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability in excess of established reserves and insurance coverage will not have a material effect on the net assets of the Diocese.

**Note 17 - Defined Benefit Plans****Employees' Retirement Plan**

The Diocese participates in the Christian Brothers Employee Retirement Plan which is a defined benefit pension plan that covers all full-time benefited employees. Benefits paid to retirees are based on age at retirement, years of credited service, and average compensation. The Diocese contributes 7.2% and 6%, respectively, of the covered employee's compensation to the plan as of June 30, 2022 and 2021.

Prior to March 1, 2015, the Diocese held the Diocese of Joliet Employees' Retirement Plan as a defined benefit pension plan that covered all designated full-time or part-time benefited employees of the Diocese, who were employed by one of the Parishes, missions, participating agencies and offices of the Diocese.

Effective July 1, 2013, employees of the Diocese began accumulating benefits in the Christian Brothers Employee Retirement Plan noted above. Effective March 1, 2015, all assets were transferred to the Christian Brothers Employee Retirement Plan. Due to its underfunded status, the Diocese paid approximately \$20,750,000 to fully fund the Diocese's obligation at that time. The amount paid by the Diocese is due from the various Parishes and missions that the plan covered and will be paid back going forward at 2.8% (4% through June 30, 2021) of each covered employees' compensation, until paid in full. This amount is reported as lay pension receivable in the consolidated statements of financial position.

**Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan (formerly the Priests' Pension Plan of the Roman Catholic Diocese of Joliet)**

The Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan are defined benefit plans which cover the Diocesan Priests who become participants of such plan by ordination, incardination, or petition.

The maximum pension benefits for retired or terminated Priests were \$2,000 per month from July 1, 2020 through January 31, 2022, and \$2,060 per month from February 1, 2022 through June 30, 2022. Priests entitled to the maximum benefit will have provided at least 30 years of service and have 30 years of annual contributions (whether or not paid by the priests, or on behalf of the priests by a Parish or agency of this Diocese, or by a Religious Community).

Annual contributions to the Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan (one total amount is paid and then allocated to each plan by management) are set by the Clergy Retirement Board to adequately fund the plan. During the year ended June 30, 2022, the amount contributed per priest was either \$1,750 or \$3,500 depending on the amount of Sunday collections at a parish. During the year ended June 30, 2021, the amount contributed per priest was either \$1,650 or \$3,300 depending on the amount of Sunday collections at a parish. The annual contribution is due on October 1 of each year, beginning with the first July after the priest is assigned to the Parish, agency, or institution in the Diocese. During the year ended June 30, 2021, the Priests' Pension Plan of the Roman Catholic Diocese of Joliet was split into the two plans described above. The Priests' Pension Plan of the Roman Catholic Diocese of Joliet was 111% and 125% funded, respectively, as of June 30, 2022 and 2021. The Diocese of Joliet Retired Priests' Other Benefits Plan was 109% and 126% funded, respectively, as of June 30, 2022 and 2021.

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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The plans invest in mutual funds, real estate investment trusts, private equity funds, and alternative fixed income funds. There were no significant non-benefit liabilities within the plan at June 30, 2022 and 2021.

For the purposes of these consolidated financial statements, the Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan are considered to be multi-employer plans as defined under FASB Accounting Standards Codification Topic (ASC) 715, *Compensation – Retirement Benefits*. The financial activity of Parishes and other units of the Diocese which contribute to these plans are not included in these consolidated financial statements.

For the year ended June 30, 2022, pension costs recognized by the Diocese for the Employees' Retirement Plan, the Diocese of Joliet Priests' Pension Plan / Diocese of Joliet Retired Priests' Other Benefits Plan, and the Christian Brothers Multi-Employer Plan were \$145,330, \$57,166 and \$356,024, respectively, and \$214,186, \$56,925 and \$299,561, respectively, for the year ended June 30, 2021.

## **Union Employees Retirement Plan**

Diocesan cemetery field workers are members of the Service Employees International Union (SEIU) and participate in the SEIU National Industry Pension Fund. Benefits are determined based on age of retirement, the period of time they were employed, various contributory formulas, and the type of pension elected. The Diocese contributes \$2.035 per standard working hours for each union employee. Due to the endangered state of the fund, there is an additional surcharge contribution of 99.9% of the monthly contribution. For the years ended June 30, 2022 and 2021, pension costs were \$151,811 and \$137,546, respectively.



Supplementary Information  
June 30, 2022 and 2021

**Roman Catholic Diocese of Joliet  
Administration and Ministerial Services**



## Independent Auditor's Report on Supplementary Information

To His Excellency  
The Most Reverend Ronald A. Hicks  
Bishop of the Roman Catholic Diocese of Joliet and Diocesan Finance Council  
Roman Catholic Diocese of Joliet Administration and Ministerial Services  
Crest Hill, Illinois

We have audited the consolidated financial statements of the Roman Catholic Diocese of Joliet Administration and Ministerial Services (Diocese) as of and for the years ended June 30, 2022 and 2021, and our report thereon dated November 10, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following supplementary information is presented for the purpose of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Dubuque, Iowa  
November 10, 2022

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidating Statement of Financial Position

June 30, 2022

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
<b>Assets</b>				
Cash and cash equivalents	\$ 19,555,235	\$ 137,783	\$ -	\$ 19,693,018
Accrued interest and dividends receivable	197,305	112	-	197,417
Receivables, net	2,784,893	-	-	2,784,893
Due from other Diocesan agencies	348,061	141,782	(165,737)	324,106
Prepaid expenses	154,450	-	-	154,450
Loans to Parishes and others, net	13,298,503	-	-	13,298,503
Lay pension receivable	5,155,231	-	-	5,155,231
Investments	87,634,469	28,396,218	-	116,030,687
Pooled investment funds	586,772	-	-	586,772
Property and equipment, net	29,352,657	-	-	29,352,657
Beneficial interest in charitable trust held by others	405,578	-	-	405,578
Beneficial interest in perpetual trust	28,650,940	-	(28,650,940)	-
Total assets	\$ 188,124,094	\$ 28,675,895	\$ (28,816,677)	\$ 187,983,312
<b>Liabilities and Net Assets</b>				
Accounts payable and accrued expenses	\$ 4,035,527	\$ 1,000	\$ -	\$ 4,036,527
Due to other Diocesan agencies	783,311	23,955	(165,737)	641,529
Contributions payable	439,226	-	-	439,226
Estimated unpaid insurance claims	11,737,838	-	-	11,737,838
Deferred revenue	7,837,753	-	-	7,837,753
Deposits from Parishes and others	75,221,576	-	-	75,221,576
Note payable	3,600,000	-	-	3,600,000
Future cemetery care liability	27,295,726	-	-	27,295,726
Total liabilities	130,950,957	24,955	(165,737)	130,810,175
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Undesignated	20,051,806	28,650,940	(28,650,940)	20,051,806
Designated by the Board for future insurance claims	6,513,548	-	-	6,513,548
Designated by the Board for future land and building funds	13,104,108	-	-	13,104,108
Designated by the Board for special purposes	3,766,033	-	-	3,766,033
Designated by the Board for cemetery operations	1,537,011	-	-	1,537,011
	44,972,506	28,650,940	(28,650,940)	44,972,506
<b>With donor restrictions</b>				
Perpetual in nature	1,452,238	-	-	1,452,238
Purpose restrictions	10,748,393	-	-	10,748,393
	12,200,631	-	-	12,200,631
Total net assets	57,173,137	28,650,940	(28,650,940)	57,173,137
Total liabilities and net assets	\$ 188,124,094	\$ 28,675,895	\$ (28,816,677)	\$ 187,983,312



# Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidating Statement of Financial Position

June 30, 2021

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
<b>Assets</b>				
Cash and cash equivalents	\$ 26,736,832	\$ 326,198	\$ -	\$ 27,063,030
Accrued interest and dividends receivable	198,170	112	-	198,282
Receivables, net	2,449,861	-	-	2,449,861
Due from other Diocesan agencies	957,822	114,930	(632,625)	440,127
Prepaid expenses	11,050	-	-	11,050
Loans to Parishes and others, net	15,749,110	-	-	15,749,110
Lay pension receivable	6,718,924	-	-	6,718,924
Investments	81,189,482	31,139,873	-	112,329,355
Pooled investment funds	732,392	-	-	732,392
Property and equipment, net	30,057,467	-	-	30,057,467
Beneficial interest in charitable trust held by others	498,485	-	-	498,485
Beneficial interest in perpetual trust	31,062,418	-	(31,062,418)	-
Total assets	\$ 196,362,013	\$ 31,581,113	\$ (31,695,043)	\$ 196,248,083
<b>Liabilities and Net Assets</b>				
Accounts payable and accrued expenses	\$ 3,692,526	\$ 1,000	\$ -	\$ 3,693,526
Due to other Diocesan agencies	526,765	517,695	(632,625)	411,835
Contributions payable	472,411	-	-	472,411
Estimated unpaid insurance claims	12,264,184	-	-	12,264,184
Deferred revenue	7,148,983	-	-	7,148,983
Deposits from Parishes and others	73,503,591	-	-	73,503,591
Note payable	3,800,000	-	-	3,800,000
Future cemetery care liability	27,300,000	-	-	27,300,000
Total liabilities	128,708,460	518,695	(632,625)	128,594,530
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Undesignated	23,827,416	31,062,418	(31,062,418)	23,827,416
Designated by the Board for future insurance claims	8,014,325	-	-	8,014,325
Designated by the Board for future land and building funds	13,551,203	-	-	13,551,203
Designated by the Board for special purposes	4,552,254	-	-	4,552,254
Designated by the Board for cemetery operations	3,637,092	-	-	3,637,092
	53,582,290	31,062,418	(31,062,418)	53,582,290
<b>With donor restrictions</b>				
Perpetual in nature	1,452,238	-	-	1,452,238
Purpose restrictions	12,619,025	-	-	12,619,025
	14,071,263	-	-	14,071,263
Total net assets	67,653,553	31,062,418	(31,062,418)	67,653,553
Total liabilities and net assets	\$ 196,362,013	\$ 31,581,113	\$ (31,695,043)	\$ 196,248,083

Roman Catholic Diocese of Joliet Administration and Ministerial Services  
Consolidating Schedule of Activities  
Year Ended June 30, 2022

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
<b>Revenue, Support and Gains</b>				
<b>Contributions</b>				
Appeal fund drive	\$ 7,528,914	\$ -	\$ -	\$ 7,528,914
Parish assessments	4,127,564	-	-	4,127,564
Education fund assessment	669,156	-	-	669,156
Other	739,667	26,852	-	766,519
<b>Program fees</b>				
Insurance premiums and recoveries	21,485,354	-	-	21,485,354
Fees, sales, and services	7,328,317	-	-	7,328,317
Interest on loans	391,381	-	-	391,381
Rental income	164,249	-	-	164,249
Net investment return	(7,811,303)	(2,432,070)	-	(10,243,373)
Gain on sale of property and equipment	463,991	-	-	463,991
Other revenue	141,453	-	-	141,453
Total revenue, support and gains	<u>35,228,743</u>	<u>(2,405,218)</u>	<u>-</u>	<u>32,823,525</u>
<b>Expenses</b>				
<b>Program services expense</b>				
Diocesan ministries	6,961,192	-	-	6,961,192
Catholic cemeteries	6,379,306	6,260	-	6,385,566
Restricted funds administration	502,698	-	-	502,698
Insurance program	21,709,366	-	-	21,709,366
Deposit and loan administration	961,735	-	-	961,735
Other Diocesan	3,090,884	-	-	3,090,884
Total program expenses	<u>39,605,181</u>	<u>6,260</u>	<u>-</u>	<u>39,611,441</u>
<b>Supporting services expense</b>				
Management and general	2,265,569	-	-	2,265,569
Fundraising and development	1,401,823	-	-	1,401,823
Total supporting services expenses	<u>3,667,392</u>	<u>-</u>	<u>-</u>	<u>3,667,392</u>
Total expenses	<u>43,272,573</u>	<u>6,260</u>	<u>-</u>	<u>43,278,833</u>
Change in Net Assets before Change in Beneficial Interest and Transfers	(8,043,830)	(2,411,478)	-	(10,455,308)
Change in Beneficial Interest in Perpetual Trust	(2,411,478)	-	2,411,478	-
Transfers to Catholic Diocese of Joliet Education Foundation	(25,108)	-	-	(25,108)
Change in Net Assets	(10,480,416)	(2,411,478)	2,411,478	(10,480,416)
Net Assets, Beginning of Year	67,653,553	31,062,418	(31,062,418)	67,653,553
Net Assets, End of Year	<u>\$ 57,173,137</u>	<u>\$ 28,650,940</u>	<u>\$ (28,650,940)</u>	<u>\$ 57,173,137</u>

# Roman Catholic Diocese of Joliet Administration and Ministerial Services

## Consolidating Schedule of Activities

Year Ended June 30, 2021

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
<b>Revenue, Support and Gains</b>				
<b>Contributions</b>				
Appeal fund drive	\$ 6,979,157	\$ -	\$ -	\$ 6,979,157
Parish assessments	4,500,818	-	-	4,500,818
Education fund assessment	738,804	-	-	738,804
Paycheck Protection Program forgiveness	1,658,112	-	-	1,658,112
Other	816,267	31,651	-	847,918
<b>Program fees</b>				
Insurance premiums and recoveries	22,836,878	-	-	22,836,878
Fees, sales, and services	7,057,434	-	-	7,057,434
Interest on loans	386,652	-	-	386,652
Rental income	157,845	-	-	157,845
Net investment return	11,165,032	7,451,661	-	18,616,693
Loss on sale of property and equipment	(112,885)	-	-	(112,885)
Other revenue	133,243	-	-	133,243
Total revenue, support and gains	56,317,357	7,483,312	-	63,800,669
<b>Expenses</b>				
<b>Program services expense</b>				
Diocesan ministries	6,969,484	-	-	6,969,484
Catholic cemeteries	5,679,476	6,020	-	5,685,496
Restricted funds administration	565,041	-	-	565,041
Insurance program	23,517,749	-	-	23,517,749
Deposit and loan administration	1,408,019	-	-	1,408,019
Other Diocesan	3,076,422	-	-	3,076,422
Total program expenses	41,216,191	6,020	-	41,222,211
<b>Supporting services expense</b>				
Management and general	2,604,803	-	-	2,604,803
Fundraising and development	1,363,093	-	-	1,363,093
Total supporting services expenses	3,967,896	-	-	3,967,896
Total expenses	45,184,087	6,020	-	45,190,107
Change in Net Assets before Change in Beneficial Interest and Transfers	11,133,270	7,477,292	-	18,610,562
Change in Beneficial Interest in Perpetual Trust	6,977,292	-	(6,977,292)	-
Transfer from the Cemetery Perpetual Care Trust to Diocese of Joliet	500,000	(500,000)	-	-
Transfer to Diocese of Joliet Seminarian Education Endowment Trust	(17,345)	-	-	(17,345)
Change in Net Assets	18,593,217	6,977,292	(6,977,292)	18,593,217
Net Assets, Beginning of Year	49,060,336	24,085,126	(24,085,126)	49,060,336
Net Assets, End of Year	\$ 67,653,553	\$ 31,062,418	\$ (31,062,418)	\$ 67,653,553