

**THE CATHOLIC DIOCESE OF JEFFERSON CITY  
CHANCERY OFFICE**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Catholic Diocese of Jefferson City – Chancery Office  
Jefferson City, Missouri

We have audited the accompanying financial statements of The Catholic Diocese of Jefferson City – Chancery Office (a Missouri nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

Board of Directors  
The Catholic Diocese of Jefferson City – Chancery Office

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Diocese of Jefferson City – Chancery Office as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

St. Louis, Missouri  
February 2, 2021

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

**ASSETS**

Cash and Cash Equivalents	\$ 2,127,854
Investments:	
Funds Held on Deposit With The Catholic Diocese of Jefferson City Fund:	
Depositor's Fund	14,094,496
Pooled Investments	2,338,892
Other Investments	402,633
Accounts Receivable, Net	205,398
Promised Contributions Receivable, Net	244,961
Prepaid Expenses	154,841
Loans Made to Parishes and Other Entities, Net	148,727
Land, Buildings, and Equipment, Net	641,295
Pooled Investments Held on Deposit with the Catholic Diocese of Jefferson Fund for Endowment	<u>2,025,758</u>
Total Assets	<u><u>\$ 22,384,855</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	\$ 313,838
Note Payable	448,200
Accrued Liabilities:	
Compensated Absences	54,235
Payroll and Other Employee Benefits	62,537
Other	19,576
Property and Casualty Insurance Claims	319,088
Deferred Revenue	39,248
Liability Under Support Agreement	119,189
Accrued Pension Liability	94,204
Funds Held in Custody for Others	<u>280,713</u>
Total Liabilities	1,750,828

**NET ASSETS**

Without Donor Restrictions	9,771,228
With Donor Restrictions	<u>10,862,799</u>
Total Net Assets	<u><u>20,634,027</u></u>
Total Liabilities and Net Assets	<u><u>\$ 22,384,855</u></u>

See accompanying Notes to Financial Statements.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE, SUPPORT, AND GAINS</b>			
Parish Assessments	\$ 2,052,337	\$ -	\$ 2,052,337
Contributions and Bequests	531,934	3,365,951	3,897,885
Contributions from Related Parties	332,625	899,494	1,232,119
Grants	56,000	97,075	153,075
Program Sales and Fees	637,109	82,825	719,934
Insurance Premiums:			
Health Insurance	539,671	-	539,671
Property and Casualty Insurance	2,056,589	-	2,056,589
Net Investment Income	468,372	90,277	558,649
Other	112,139	8,586	120,725
Net Assets Released from Restrictions	4,150,318	(4,150,318)	-
Total Revenue, Support, and Gains	<u>10,937,094</u>	<u>393,890</u>	<u>11,330,984</u>
<b>EXPENSES</b>			
Program Services:			
Faith Formation	776,547	-	776,547
Pastoral Services	3,883,260	-	3,883,260
Mission Office	1,148,489	-	1,148,489
Marriage Tribunal	142,283	-	142,283
Clergy Care and Formation	873,669	-	873,669
Catholic Schools	297,395	-	297,395
Total Program Services	<u>7,121,643</u>	<u>-</u>	<u>7,121,643</u>
Supporting Services:			
Management and General:			
Administration	1,880,153	-	1,880,153
Office of Bishop and Curia	604,216	-	604,216
Fundraising	216,187	-	216,187
Total Supporting Services	<u>2,700,556</u>	<u>-</u>	<u>2,700,556</u>
Total Expenses	<u>9,822,199</u>	<u>-</u>	<u>9,822,199</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	1,114,895	393,890	1,508,785
<b>MINIMUM PENSION LIABILITY ADJUSTMENT</b>	<u>(816,176)</u>	<u>-</u>	<u>(816,176)</u>
<b>CHANGE IN NET ASSETS</b>	298,719	393,890	692,609
Net Assets - Beginning of Year	<u>9,472,509</u>	<u>10,468,909</u>	<u>19,941,418</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 9,771,228</u>	<u>\$ 10,862,799</u>	<u>\$ 20,634,027</u>

See accompanying Notes to Financial Statements.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Program Services						Total Program Services	Supporting Services			Total Supporting Services	Total
	Faith Formation	Pastoral Services	Mission Office	Marriage Tribunal	Clergy Care and Formation	Catholic Schools		Administration	Office of Bishop and Curia	Fundraising		
Activities	\$ 320,376	\$ 31,920	\$ 494	\$ -	\$ 83,720	\$ 5,258	\$ 441,768	\$ 273	\$ 3,174	\$ 2,591	\$ 6,038	\$ 447,806
Grants and Assistance	80,570	566,021	242,329	-	128,887	31,938	1,049,745	-	30,313	-	30,313	1,080,058
Contracts	-	-	77,944	9,625	1,117	54,874	143,560	3,148	(53)	-	3,095	146,655
Parish Services:												
Health Insurance Program	-	407,829	-	-	-	-	407,829	-	-	-	-	407,829
Property and Casualty Insurance Program	-	1,292,659	-	-	-	-	1,292,659	34,503	2,879	-	37,382	1,330,041
Retirement for Diocesan Priests	10	3,750	42	-	10,595	-	14,397	-	2,775	-	2,775	17,172
Retirement for Employees	-	854,426	-	-	-	-	854,426	-	-	-	-	854,426
Personnel Costs:												
Salary and Wages	231,576	273,715	227,625	40,899	231,655	109,394	1,114,864	545,224	255,557	99,668	900,449	2,015,313
Benefits and Taxes	63,483	89,401	49,303	25,876	76,439	16,104	320,606	119,003	50,881	32,288	202,172	522,778
Professional Services	2,068	256,411	27,186	6	40,591	52,360	378,622	300,628	2,696	91	303,415	682,037
Furnishings, Fixtures, and Equipment	1,634	1,923	661	-	2,316	-	6,534	86,220	32,625	25	118,870	125,404
Supplies	9,312	13,225	490	944	9,535	1,279	34,785	21,973	6,646	2,077	30,696	65,481
Communications and Information												
Technology	711	2,569	119,742	7,492	1,778	(14)	132,278	166,030	8,743	66,963	241,736	374,014
Postage and Shipping	344	28	145,899	1,628	1,175	471	149,545	3,995	3,141	528	7,664	157,209
Printing and Publishing	2,598	5,241	110,077	1,550	6,168	1,969	127,603	(3,086)	3,822	168	904	128,507
Travel, Meetings, and Training	57,783	69,620	74,968	4,020	39,324	16,089	261,804	67,519	52,202	6,663	126,384	388,188
Academic Expenses	-	-	-	49,737	222,091	-	271,828	-	-	-	-	271,828
Rents, Utilities, and Other Occupancy Costs	-	3,180	-	94	11,071	-	14,345	353,172	39,106	-	392,278	406,623
Dues and Assessments	1,152	946	2,192	151	2,637	7,475	14,553	70,732	76,488	1,550	148,770	163,323
Depreciation	-	-	-	-	-	-	-	99,337	664	-	100,001	100,001
Other	4,930	10,396	69,537	261	4,570	198	89,892	11,482	32,557	3,575	47,614	137,506
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<b>\$ 776,547</b>	<b>\$ 3,883,260</b>	<b>\$ 1,148,489</b>	<b>\$ 142,283</b>	<b>\$ 873,669</b>	<b>\$ 297,395</b>	<b>\$ 7,121,643</b>	<b>\$ 1,880,153</b>	<b>\$ 604,216</b>	<b>\$ 216,187</b>	<b>\$ 2,700,556</b>	<b>\$ 9,822,199</b>

See accompanying Notes to Financial Statements.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$	692,609
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		100,001
Gain on sale of assets		(14,313)
Net Unrealized and Realized Gain on Investments		(214,608)
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net		(42,062)
Promised Contributions Receivable, Net		248,600
Prepaid Expenses		5,668
Accrued Pension Asset		721,972
Accounts Payable		(359,860)
Accrued Liabilities		(2,680)
Deferred Revenue		(10,677)
Accrued Pension Liability		94,204
Liability Under Support Agreement		(292)
Funds Held in Custody for Others		(69,069)
Net Cash Provided by Operating Activities		1,149,493

**CASH FLOWS FROM INVESTING ACTIVITIES**

Loan Collections from Parishes and Other Entities		213,749
Loans Issued to Parishes and Other Entities		(27,000)
Purchase of Investments		(3,732,352)
Sale of Investments		2,589,021
Purchase of Land, Buildings, and Equipment		(59,400)
Proceeds from Sale of Land, Buildings and Equipment		23,509
Net Cash Used by Investing Activities		(992,473)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Note Payable Proceeds		448,200
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**CHANGE IN CASH AND CASH EQUIVALENTS**

605,220

Cash and Cash Equivalents - Beginning of Year

1,522,634

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 2,127,854

*See accompanying Notes to Financial Statements.*



**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Catholic Diocese of Jefferson City – Chancery Office (the Diocese) is a nonprofit organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Diocese is also a corporate body under the Code of Canon Law of the Roman Catholic Church and as such, is recognized by the case law and common law of the state of Missouri and the United States of America. The Bishop, as local ordinary, exercises the pastoral mission entrusted to him by the Lord Jesus of sanctification, teaching and leadership, communion with the Church Universal, under the leadership of its chief pastor, the Pope.

To carry out this mission, the Diocese is organized into the following strategic areas of ministry:

*Faith Formation* encompasses all aspects of passing on the faith, including adult, family and youth programs, vocation awareness, and seminarian and diaconate formation. It also includes direct ministerial services provided through our Hispanic and Multicultural activities.

*Pastoral Services* encompasses support of the poor and disenfranchised, hospital ministries, woman ministries, youth protection services, prolife activities community reconciliation efforts and support for parishes, schools, and diocesan organizations.

*Mission Office* promotes the evangelization work of the Diocese in supporting God's children in various parts of the world and communication efforts, including the Diocesan Catholic Missourian newspaper.

*Marriage Tribunal* provides direct support of couples seeking to enter into the Sacrament of Marriage and for those seeking a decree of nullity.

*Clergy Care and Formation* includes funding of retirement benefits, retreats and ongoing formation opportunities and fellowship activities for priests of the Diocese. In addition, it provides support for priests with medical needs that exceed their available resources.

*Catholic Schools* provides strategic support and planning for Diocesan schools including administration, curriculum, and the Superintendent of Schools Office.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Organization (Continued)**

The accompanying financial statements include the assets, liabilities, net assets, and financial activities of the Diocese, which are fiscally responsible to the Bishop of the Diocese of Jefferson City. The following entities, being separate 501(c)(3) corporations or trusts are excluded from this report:

Priests' Mutual Benefit Society  
Diocesan Excellence in Education Fund, Inc.  
The Jefferson City Diocesan Chancery Building Fund, Inc.  
The Catholic Diocese of Jefferson City Fund  
My Community, Our Mission  
The Diocese of Jefferson City Parish Development Corporation  
Jubilee Retirement Trust Fund  
Parishes within the Jefferson City Diocese  
Fr. Augustine Tolton Regional Catholic High School in Columbia  
Helias Catholic High School in Jefferson City  
Catholic Charities of Central and Northern Missouri  
Diocese of Jefferson City Real Estate Corporation

Various religious orders, lay societies, and religious organizations which operate within the Diocese, but which are not fiscally responsible to the Bishop, and parishes and their related institutions, have not been included in the accompanying financial statements.

**Net Assets**

Net assets 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 restrictions. The board of directors has designated, from net assets without donor restrictions, net assets for support of various diocesan operations.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be satisfied by actions of the Diocese or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. 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.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents are defined as cash balances held in bank accounts and short-term investments with an original maturity no longer than three months. Deposit accounts designated for long-term purposes or received with donor-imposed restrictions limiting the use to long-term purposes are not considered cash and cash equivalents.

The Diocese also maintains some deposits with The Catholic Diocese of Jefferson City Fund. However, the Diocese considers funds on deposit with The Catholic Diocese of Jefferson City Fund to be other investments.

**Investments**

Investments are reported at fair value. The Diocese's investments are managed with investments of affiliates in The Catholic Diocese of Jefferson City Fund. Pooled investment, fund interest and dividends, realized gains and losses, and unrealized gains and losses are allocated based on the proportionate share of each entity's fair value at the time of allocation. The financial statements of each entity reflect only that entity's share of the pooled fund.

**Accounts Receivable**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Diocese provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances. It is the Diocese's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**Revenue Recognition and Promised Contributions Receivable**

For contributions, unconditional promises to give, cash, securities, or other assets are recognized as revenues or gains in the period the promises are made, less an allowance for uncollectible amounts. Conditional promises to give are recognized only when the conditions and barriers on which they depend are substantially met and the promises become unconditional.

**Contributed Services and Facilities**

The Diocese pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Diocese with specific programs, campaign solicitations and various committee assignments. The number of volunteer hours donated could not be estimated.

The Diocese conducts operations primarily in the Alphonse J. Schwartze Memorial Catholic Center. This facility is held in trust by the Diocese of Jefferson City Real Estate Corporation. The facility is currently leased to the Diocese for a nominal amount. The Diocese also provides a residence for the Bishop of Jefferson City that is also held in trust by the Diocese of Jefferson City Real Estate Corporation.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Contributed Services and Facilities (Continued)**

The residence is currently leased to the Diocese for a nominal amount under an informal arrangement. For the year ended June 30, 2020, use of the donated facility was valued at \$320,625 and the residence at \$12,000 and both are reported as a contribution and related rent expense in the accompanying statement of activities.

**Land, Buildings and Equipment**

Land, buildings, and equipment are stated at cost if purchased or at fair value as of the date received, if contributed. Significant additions are capitalized while maintenance and repairs are charged to operating expenses. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis as follows:

Buildings and Improvements	15 to 40 Years
Furnishings	5 Years
Equipment	5 Years
Vehicles	5 Years

**Program Service Fees and Deferred Revenue**

Program service fees are recognized as the applicable performance obligations are satisfied over time for various programmatic activities. Program service fees received in advance are deferred to the applicable period in which the related performance obligation (such as occurrence of an event or a service) is performed.

**Liability Under Support Agreement**

During the year ended June 30, 2019, the Diocese and the Discalced Carmelite Nuns of Jefferson City, Monastery of the Sacred Heart and St. Joseph (the Monastery) executed a support agreement whereby the Monastery contributed \$2,000,000 to the Diocese and the Diocese agreed to provide ongoing support and maintenance for the nuns of the Monastery. The estimated present value of this ongoing support and maintenance is reported as a liability in the statement of financial position.

**Assessments**

Parish assessments represent the assessment to each parish for the fiscal year ended June 30, 2020. The Diocese has three primary assessments. The Cathedralricum is assessed at the beginning of the fiscal year and billed in monthly installments. The Infirm Priest and the Seminary/Priest Retirement are assessed and billed in full at Easter and Christmas, respectively for the fiscal end. Assessments are recognized over time, within the fiscal year, as underlying services are rendered. Performance obligations include annual operation of the Chancery, resources for infirm priests and educational costs for seminarians.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Health Insurance Premiums**

The Diocese offers all diocesan employees (parish, school, clergy, and diocesan staff) a health insurance plan provided by Christian Brothers Employee Benefit Trust. Premiums were paid by the Diocese on behalf of the participants and the various parishes and schools were then billed by the Diocese through April 2017. Beginning in May 2017, Christian Brothers Employee Benefit Trust began billing the majority of the parishes and schools directly. The amounts reported as support and revenues in the statement of activities reflects the premiums and benefits billed and received on behalf of parishes, schools, and nondiocesan staff as the performance obligation of insurance benefits provided is satisfied over time during the fiscal year.

**Functional Allocation of Expenses**

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. All expenses are charged directly to program and supporting services based on specific identification.

**Income Taxes**

The Diocese is exempt from federal income taxes under Section 501(c)(3) of the IRC and state of Missouri taxes wider the applicable statute. In addition, due to religious activities, the Diocese is not required to file an Internal Revenue Service (IRS) Form 990. The Diocese has no unrelated business income tax for the year ended June 30, 2020.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and differences could be material.

**Change in Accounting Principles**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. These financial statements reflect the application of ASC 606 guidance beginning in the year ended June 30, 2020, as it was early adopted. No cumulative-effect adjustment was recorded.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Change in Accounting Principles (Continued)**

In June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 did not significantly impact the Diocese’s reported historical revenue or expense.

**Subsequent Events**

We have evaluated subsequent events through February 2, 2021, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The following represents financial assets as of June 30, 2020, reduced by amounts not available for general use within one year of the financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the board of directors approves the actions.

Cash and Cash Equivalents	\$ 2,127,854
Investments	16,836,021
Accounts Receivable, Net	205,398
Promised Contributions Receivable, Net	244,961
Loans Made to Parishes and Other Entities, Net	148,727
Pooled Investments Held for Endowment	<u>2,025,758</u>
Total Financial Assets	21,588,719
Loans Made to Parishes and Other Entities to be Collected in More than One Year	(138,930)
Contractual or Donor-Imposed Restrictions:	
Restricted by Donor for Time or Purpose	(8,837,041)
Endowment Funds	(2,025,758)
Board-Designated Funds	<u>(4,990,427)</u>
Total	<u><u>\$ 5,596,563</u></u>

The endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is available for general use; however, funds remain restricted until the board appropriates them for expenditure.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 ACCOUNTS RECEIVABLE, PROMISED CONTRIBUTIONS RECEIVABLE, AND LOANS MADE TO PARISHES AND OTHER ENTITIES**

Accounts receivable as of June 30, 2020 are summarized as follows:

Parishes Within the Catholic Diocese of Jefferson City	\$ 179,972
Jubilee Retirement Trust Fund	750
Other Accounts Receivable	25,113
Total	<u>205,835</u>
Allowance for Uncollectable Accounts	(437)
Accounts Receivable, Net	<u><u>\$ 205,398</u></u>

Promised contributions receivable as of June 30, 2020 are summarized as follows:

Restricted for Catholic Stewardship Appeal	\$ 272,179
Total Promised Contributions Receivable	<u>\$ 272,179</u>
Receivable in Less than One Year	\$ 272,179
Less: Allowance for Doubtful Accounts	(27,218)
Promised Contributions Receivable, Net	<u><u>\$ 244,961</u></u>

The Diocese has given loans to various parishes and entities. As of June 30, 2020, the outstanding balances of these loans were as follows:

Immaculate Conception	\$ 5,700
St. Clement	84,855
Other Entities	58,172
Total	<u>148,727</u>
Less: Current Loans Outstanding	(9,797)
Total Long-Term Loans Outstanding	<u><u>\$ 138,930</u></u>

**NOTE 4 LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment consist of the following at June 30, 2020:

Buildings and Improvements	\$ 1,655,636
Equipment, Vehicles, and Furnishings	464,653
Subtotal	<u>2,120,289</u>
Less: Accumulated Depreciation	(1,728,078)
Subtotal	<u>392,211</u>
Land	249,084
Total Land, Buildings, and Equipment	<u><u>\$ 641,295</u></u>

The real property for the Diocese of Jefferson City is held in a trust in the name of the Diocese of Jefferson City Real Estate Corporation. Depreciation expense totaled \$100,001 for the year ended June 30, 2020.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 FUNDS HELD IN CUSTODY FOR OTHERS**

This amount represents funds received and held by the Diocese as an agent for others. The composition of balances at June 30, 2020 is as follows:

Overseas Relief Collection	\$ 8,227
Mission Sunday Collection	15,875
Catholic Campaign for Human Development	8,921
Communications/Education Collection	42,226
Retired Religious Collection	47,551
Home Missions Collection	34,700
Mass Stipends	8,940
Operation Rice Bowl	12,318
Catholic Charities	77,062
Other	24,893
Total Funds Held in Custody for Others	<u>\$ 280,713</u>

**NOTE 6 NOTE PAYABLE**

On April 10, 2020, the Diocese received a loan from Mid America Bank in the amount of \$448,200 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Diocese fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. In November 2020, the Diocese was notified that the loan was forgiven in its entirety.



**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 NET ASSETS**

**Net Assets Without Donor Restrictions**

The nature and amount of net assets without donor restrictions at June 30, 2020 were as follows:

Undesignated	\$ 4,139,506
Designated:	
Land, Building, and Equipment	641,295
Property and Casualty Insurance	2,405,905
Aquinas Academy	14,329
Permanent Diaconate	9,415
Seminarian Studies	667,402
PAL League	31,818
Pre Cana	9,329
Infirm Clergy/Consecrated Life	1,582,530
Sacred Heart High School	23,218
Kirksville Newman Center	59,479
Bishop's Designated Fund	119,975
Fr. Tolton Catholic High School	67,027
Total Designated	<u>5,631,722</u>
Total Net Assets Without Donor Restrictions	<u>\$ 9,771,228</u>

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 NET ASSETS (CONTINUED)**

**Net Assets With Donor Restrictions**

Net assets with donor-imposed restrictions were restricted for the following purposes or periods at June 30, 2020:

Subject to Expenditure for Specified Purpose:

Peru and Central American Mission	\$ 340,663
Parish Technology Fund	334,835
Sacred Heart High School	950,000
Kirksville Newman Center	1,000,000
Fr. Tolton Catholic High School	1,000,000
Camp Sienna	106,088
Camp Maccabee	103,706
CHRISTPower	32,206
Totus Tuus	633
Community Reconciliation	839,293
Seminarian Studies	79,286
Hispanic Children School Grant	6,500
Hispanic Ministry-Mission Project	12,025
Ministry to Priests Education	155,614
SPIRE	4,115
Permanent Diaconate Office	5,390
Ext Soc Hispanic Immersion Grant	6,632
Catholic Campaign for Human Development	1,974
Bishop's Fund	327,817
Warack Scholarship Fund	42,511
Women's Ministry Fund	112,289
Stewardship Director	500,000
Technology	318,489
Vocations	10,660
Total	6,290,726

Subject to the Passage of Time:

Catholic Stewardship Appeal	2,546,315
Total	2,546,315

Endowments:

Subject to Spending Policy and Appropriation by Board of Directors:		Corpus
Seminary Burses Fund	9,110	9,110
Sauer Scholarship Endowment	127,772	89,625
Simon Scholarship Fund	580,992	429,108
Albert Johns Education Fund	52,287	52,277
Leong Poetry Project	17,402	12,000
Seminarians and Priests Education Fund	810,802	310,882
Seminarian Endowment Fund	417,166	370,800
Mudd Family Endowment	10,227	7,865
Total Endowments	2,025,758	\$ 1,281,667
Total Net Assets with Donor Restrictions	\$ 10,862,799	

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 NET ASSETS (CONTINUED)**

**Net Assets Released from Donor Restrictions**

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 as follows for the year ended June 30, 2020:

Satisfaction of Time Restrictions:	
Catholic Stewardship Appeal	\$ 2,127,179
Satisfaction of Purpose Restrictions:	
Peru and Central American Mission	312,910
Pro-Life	54,887
Seminarians, Priests, and Religious Education Fund	17,280
Parish Technology Fund	111,631
Camp Sienna	6,832
Camp Maccabee	13,941
Knights of Columbus Youth Ministry Grant	49,985
Totus Tuus	16,243
Community Reconciliation	140,635
Satisfaction of Purpose Restrictions (Continued):	
Seminarian Studies	\$ 36,822
Hispanic Ministry-Mission Project	3,950
Ministry to Priests Education	35,716
ChristPower	5,684
Warack Scholarship	3,000
Bishop's Fund	131,705
Home Mission's - Hispanic Ministry Grant	35,000
Women's Ministry Fund	44,717
Vocations Day	694
Jubilee Retirement	899,494
Technology	34,515
USCCB Home Missions	37,500
Restricted-Purpose Spending-Rate Distributions and Appropriations:	
Sauer Scholarship Fund	8,199
Simon Scholarship Fund	20,000
Albert Johns Education Fund	1,799
Total	<u>2,023,139</u>
 Total Net Assets Released from Donor Restrictions	 <u><u>\$ 4,150,318</u></u>

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 RETIREMENT PLANS**

There are three retirement plans. Substantially all lay personnel and clergy of the Diocese are participants in a defined contribution plan. Priests are also members of a retirement plan through the Priests' Mutual Benefit Society. In addition, the priests also have the option to participate in the Diocesan Priests 403(b) retirement plan. The Bishop authorizes annual contributions to each of the three plans.

**Employee Retirement Plan**

The lay retirement plan is a non-ERISA 403(b) plan. Contributions to this plan are not taxable to the employee and are deposited into individual annuity contracts. Individual parishes and diocesan entities contribute a fixed 3% of their eligible employee's gross wages. Beginning July 1, 2012, individual parishes and diocesan entities began providing 100% matching contributions for any elective deferrals made by eligible employees up to 2% of the eligible employee's gross wages. To be eligible, an employee must be customarily employed the equivalent of 20 hours per week. Lay personnel throughout the Diocese who were participating in the plan and hired prior to January 1, 2008 are fully vested. Beginning January 1, 2008, newly hired employees vest over a six-year period. The contribution by the Diocese on behalf of eligible Chancery employees totaled \$27,420 for the year ended June 30, 2020.

The Jubilee Retirement Trust Fund is a nonprofit corporation established June 26, 2008 to provide support to the Bishop, the Catholic Diocese of Jefferson City, and the participating entities to assist them in providing for the retirement needs of the lay employees and permanent deacons covered under the Catholic Diocese of Jefferson City's Tax Deferred Annuity Plan. The trust fund makes contributions to retirement accounts of eligible employees on behalf of individual parishes and diocesan entities to offset one-third of the fixed contribution and 100% of the matching contribution obligations incurred by those entities. During the year ended June 30, 2020, the trust fund contributions on behalf of eligible Chancery employees totaled \$44,969. This amount is included as both contribution income and as an expense in the statement of activities.

**Priests' Retirement and Health Plans**

The Diocese maintains a defined benefit plan to provide retirement, health, and dental insurance benefits exclusively for retired and disabled priests of The Catholic Diocese of Jefferson City who retire after July 1, 1981. The assets of the plan are held in the Priests' Mutual Benefit Society (the Society) which was organized on April 1, 1988. The Society's assets are administered by a board of trustees consisting of the Bishop, four elected priests, and two persons appointed by the Bishop.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

**Priests' Retirement and Health Plans (Continued)**

Benefits provided under the plan are determined by the Bishop following a recommendation by the trustees of the trust. The monthly pension benefit was \$1,948 as of June 30, 2020. A priest is normally eligible to participate in the plan at age 70 with at least 20 years of service. A priest who retires prior to age 70 will have a reduced benefit of one half of one percent per month for every month prior to age 70 the priest actually retires. A priest who retires prior to completing 20 years of service with the Diocese because he was incardinated into the Diocese or ordained after age 50 would have a reduced benefit as determined by the Bishop after consultation with the trustees of the trust. The amount of benefit payable to a participant in the plan may be adjusted upward, downward, or eliminated altogether by the Bishop at any time following consultation with the trustees of the trust.

The following tables provide further information about the plan based on actuarial information at the measurement date of June 30:

Fair Value of Plan Assets	\$ 16,474,779
Projected Benefit Obligation:	
Retirement Benefits	12,051,111
Medical and Dental Insurance	<u>4,517,872</u>
Total Projected Benefit Obligation	<u>16,568,983</u>
Funded Status	<u>\$ (94,204)</u>
Accumulated Benefit Obligation	<u>\$ 16,568,983</u>
Assumptions Used to Determine Projected Benefit Obligation:	
Discount Rate	2.65%
Net Pension Cost	<u>\$ 116,427</u>

Effective July 1, 2020, the maximum monthly pension benefit was increased from \$1,948 to \$1,987 which increased the plan's projected benefit obligation by approximately \$212,000. Also, effective July 1, 2020, the discount rate was changed from 3.45% to 2.65% and the mortality improvement scale was updated from MP-2018 to MP-2019 which increased the plan's projected benefit obligation approximately \$1,750,000.

Contributions:	
The Catholic Diocese of Jefferson City Chancery Office	<u>\$ 30,862</u>
Benefits Paid	<u>\$ 744,387</u>
Assumptions Used to Determine Net Pension Cost:	
Discount Rate	2.65%
Expected Rate of Return on Plan Assets	6.00%

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

**Priests' Retirement and Health Plans (Continued)**

Amounts recognized in the accompanying financial statements are as follows for the year ended June 30, 2020:

Total Liability Recognized in the Statements of Financial Position	<u>\$ (94,204)</u>
Minimum Pension Liability Adjustment Recognized in the Statement of Activities	<u>\$ (816,176)</u>

The plan provides health and dental insurance coverage for retired or disabled priests of The Catholic Diocese of Jefferson City. The assumed health care cost trend rate used to measure the expected cost of benefits under the plan was 7% during the year ended June 30, 2020. This rate is assumed to gradually decrease each year until it reaches 4.5%.

The fair values of the Priests' Retirement and Health Plan assets at June 30, 2020 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ -	\$ 58,190	\$ -	\$ 58,190
Pooled Investments:				
Cash and Cash Equivalents	-	105,832	-	105,832
Equity Securities	-	8,603,982	-	8,603,982
Fixed Income Securities	-	7,541,361	-	7,541,361
Total	-	16,309,365	-	16,309,365
Depositor's Fund	-	165,414	-	165,414
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 16,474,779</u>	<u>\$ -</u>	<u>\$ 16,474,779</u>

The expected rate of return on plan assets is determined by the plan asset's historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class. The plan adopted an investment policy, approved by the board of trustees of the Priests' Mutual Benefit Society that attempts to provide a predictable stream of funding to the plan while also maintaining the purchasing power of the plan's assets. Accordingly, the investment process seeks to achieve an average total annual rate of return which consists of the Consumer Price Index (CPI) plus 4%. Accordingly, the composition of the plan assets is broadly targeted at a 50%/50% allocation between equity securities and fixed income securities.

The Diocese expects to contribute \$75,000 to the defined benefit plan in the year ending June 30, 2021.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

**Priests' Retirement and Health Plans (Continued)**

The pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid to beneficiaries as follows for the year ended June 30, 2020:

<u>Year Ending June 30,</u>	<u>Retirement Benefits</u>	<u>Health and Dental</u>	<u>Total</u>
2021	\$ 611,920	\$ 164,383	\$ 776,303
2022	615,664	172,302	787,966
2023	640,154	194,924	835,078
2024	617,670	198,979	816,649
2025	593,913	198,930	792,843
2026-2030	2,860,696	1,062,702	3,923,398
2031	575,126	216,648	791,774

The Diocese also administers the Diocesan Priest 403(b) Retirement Plan which was created February 1, 2001, as a supplement to the Priests' Mutual Benefit Society. For the fiscal year ended June 30, 2020, individual parishes and Diocesan entities contributed \$3,700, per priest to the priest 403(b) plan. The amount is paid 100% by the parish unless a priest is assigned to multiple parishes or other diocesan entities, in which case the amount is allocated proportionately. All active priests are eligible. Priests are 100% vested in both the employer contribution and any elective deferrals they may make. The amount paid by the Diocese for its share of priest's 403(b) contribution allocation was \$15,211 for the year ended June 30, 2020.

Detailed information on specific coverage and eligibility under each plan is available in the respective plan documents which is available from the Finance Office of the Diocese.

**NOTE 9 COMMUNITY RECONCILIATION**

As part of the Charter for the Protection of Children and Young People, the Diocese must undergo an on-site compliance audit every three years to measure its compliance. The most recent compliance audit was completed December 11, 2017. The results of that audit showed that the Diocese was fully compliant with the Charter for the Protection of Children and Young People and there were no recommendations or required actions to be taken.

In addition to committing to the protection of children and young people, the Bishop also assured the people of the Diocese that "no part of your contributions to the Catholic Stewardship Appeal will be used for any costs related to the abuse issue. Nor will these needs be met from any parish assessments. For these costs, we are raising funds from private donors." As such, all expenses incurred because of the abuse have been paid from restricted donations made specifically for that purpose and other funds that have not come from any Stewardship Appeal or parish assessment.

For the fiscal year ended June 30, 2020, The Diocese had expenses of \$140,635, directly related to the Community Reconciliation efforts described above. As of June 30, 2020, the balance of net assets restricted for Community Reconciliation was \$839,293 as listed in Note 7 to these financial statements.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 RELATED PARTIES**

The Diocese is related through the Bishop of the Diocese of Jefferson City to the following entities: Priests' Mutual Benefit Society; The Catholic Diocese of Jefferson City Fund; Diocesan Excellence in Education Fund, Inc.; My Community, Our Mission; The Jefferson City Diocesan Chancery Building Fund, Inc.; Parishes within the Jefferson City Diocese; the Fr. Augustine Tolton Regional Catholic High School in Columbia; Helias Catholic High School in Jefferson City; The Diocese of Jefferson City Parish Development Corporation; Catholic Charities of Central and Northern Missouri; Diocese of Jefferson City Real Estate Corporation and Jubilee Retirement Trust Fund. The Diocese maintains separate books and records. All financial information for the above entities is presented separately and is excluded from this report.

The Catholic Diocese of Jefferson City Fund holds deposits on account of \$14,094,496 and investment of \$4,364,650 as of June 30, 2020, for the Diocese and periodically makes grants to the Diocese. During the year ended June 30, 2020, The Catholic Diocese of Jefferson City Fund contributed \$250,000 to the Diocese.

The Diocese had the following transactions with related parties during the years ended June 30, 2020:

The Catholic Diocese of Jefferson City Fund:	
Depositor's Fund Interest	\$ 264,288
Net Investment from Pooled Investments	283,265
Payments for Accounting Services Provided for the Fund	52,000
The Priest' Mutual Benefit Society:	
Contributions to the Plan	30,862
Amounts Invoiced to the Plan for Reimbursement of Health Insurance premiums, Accounting, Professional, Administrative Support, Conference Fees, and Office Supplies	9,814
Catholic Charities of Central and Northern Missouri:	
Amounts Contributed to Catholic Charities by the Diocese	100,000
Diocese of Jefferson City Jubilee Retirement Trust Fund:	
Payments for Accounting Services Provided by the Diocese	9,000
Pension Benefit Payments for Chancery and Diocesan Employees Made by the Jubilee Retirement Trust Fund	902,942
Diocesan Excellence in Education Fund:	
Payments for Accounting Services Provided by the Diocese	10,000



**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 RELATED PARTIES (CONTINUED)**

The Diocese recognized revenue of \$2,595,587 from the various parishes for the year ended June 30, 2020. As of June 30, 2020, the Diocese holds \$148,727, in loans outstanding for various parishes and related entities, net of any allowance for uncollectable loans.

During the fiscal year ended June 30, 2020, the Diocese invoiced Helias Catholic High School \$80,377 for miscellaneous expenses paid on its behalf.

As of June 30, the Diocese held related party accounts receivable for:

Parishes Within the Catholic Diocese of Jefferson City	\$ 179,972
Jubilee Retirement Trust Fund	750
Total	<u>\$ 180,722</u>

**NOTE 11 CONCENTRATION OF CREDIT RISK**

The Diocese places its cash and cash equivalents with creditworthy high-quality financial institutions. Balances on accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time-to-time, cash balances may exceed FDIC insurance limits. The Diocese has not experienced any losses in its accounts with the financial institutions and believes it is not exposed to any significant credit risk.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the financial statements.

**NOTE 12 DONOR-RESTRICTED ENDOWMENTS**

The Diocese holds and maintains the following endowments: Albeit Johns Education Fund, Seminarians, Priests, and Religious Education Fund, Leong Poetry Project, Mudd Family Endowment, Sauer Scholarship Endowment, Seminary Burses Fund, Seminarian Endowment Fund, and Simon Scholarship Fund. Each endowment has been established with donor-restricted funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 DONOR-RESTRICTED ENDOWMENTS (CONTINUED)**

The board of directors of the Diocese has interpreted Missouri’s enacted version of the 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. As a result of this interpretation, the Diocese classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts donated to the perpetual endowment and (c) accumulations of the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not retained in perpetuity is appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with the UPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

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

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 2,025,758</u>	<u>\$ 2,025,758</u>

Changes in endowment net assets as of June 30, 2020 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance - June 30, 2019	\$ -	\$ 1,729,135	\$ 1,729,135
Contributions	-	252,635	252,635
Net Investment Income	-	90,266	90,266
Amounts Appropriated for Expenditure	-	(46,278)	(46,278)
Balance - June 30, 2020	<u>\$ -</u>	<u>\$ 2,025,758</u>	<u>\$ 2,025,758</u>

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 13 INVESTMENTS AND FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for the asset or liability. Fair value of investments are determined using Level 1 inputs for common stock, and equity, fixed income, and alternative mutual funds, which are quoted market prices for identical securities in active markets. Fair value is determined using Level 2 inputs for cash and cash equivalents, municipal bonds, U.S. government agency securities, and certificates of deposit, which are quoted prices for similar securities in active markets. Level 2 inputs are derived using the market approach, which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets, liabilities or a group of assets and liabilities. As the investments of the Diocese are managed by the DJC Fund, they are valued using Level 2 inputs.

A portion of the Diocese investments is held in a pooled investment account with The Catholic Diocese of Jefferson City Fund. Pooled investments include cash and cash equivalents, common stock, certificates of deposit, municipal bonds, U.S. government agency securities, fixed income mutual funds, and alternative mutual funds. The Diocese investments were allocated 48% equities and 52% fixed income at June 30, 2020.

The Diocese deposits funds in excess of three months of operating needs in The Catholic Diocese of Jefferson City Fund. The Depositor's fund program operates similar to a money market account and pays interest on the deposited funds competitive with current market rates. Interest rates on deposits varied at June 30, 2020 from 1.25% to 3.25%, depending on the term of the deposit.

A portion of the Diocese investments is held in a pooled investment account with the Mission Diocese Fund, LLC.

Fair values of assets at June 30, 2020 are as follows:

	Level 1	Level 2	Level 3	Fair Value
Pooled Investments:				
Equity Securities	\$ -	\$ 2,960,840	\$ -	\$ 2,960,840
Fixed Income Securities	-	1,403,810	-	1,403,810
Total	-	4,364,650	-	4,364,650
Depositor's Fund	-	14,094,496	-	14,094,496
Mission Diocese Fund	-	402,633	-	402,633
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 18,861,779</u>	<u>\$ -</u>	<u>\$ 18,861,779</u>

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 PROPERTY AND CASUALTY INSURANCE**

The Diocese administers a property and casualty insurance program for the Diocese, parishes, schools, and other Diocesan entities. The Diocese's risk management plan includes retention of the first \$45,000 for each property claim, \$95,000 to \$498,000 for each flood claim, and \$25,000 of each general liability claim. Claim amounts in excess of the self-insured retentions are covered by commercial excess insurance.

U.S. GAAP requires that a liability be accrued for reported claims as well as claims incurred but not reported. The Diocese has recorded an estimated liability for losses under this self-insured program of \$319,088 at June 30, 2020, which includes an estimate for known losses and for estimated losses incurred but not reported. The estimated loss for incurred but not reported claims is based on an actuarial determination. Although management believes the estimated liability for losses is adequate, the ultimate liabilities may be in excess of or less than the amounts provided.

**NOTE 15 CONTINGENCIES**

In December 2010, the Diocese guaranteed regularly scheduled principal and interest payments to the Missouri Health and Educational Facilities Authority on behalf of Fr. Augustine Tolton Regional Catholic High School for construction bonds. The original bonds were refinanced in November 2016 with a new maturity date of December 2031. The terms of this refinancing require the Diocese to continue to guaranty the regularly scheduled principal and interest payments. In conjunction with this guarantee, the High School and Diocese executed a reimbursement agreement requiring the High School to reimburse the Diocese for any amounts paid by the Diocese under the guarantee agreement. The High School and Diocese also executed a subordinated deed of trust and security agreement that grants to the Diocese a security interest in the real and personal property of the High School. The principal balance of the High School bonds outstanding at June 30, 2020 was \$5,835,750. The High School is current with its scheduled principal and interest payments.

The Diocese is involved in various pending or potential claims. At this time, few of the matters have involved formal complaints, demands for specific remedies, or litigation. Among the pending or potential legal claims against the Diocese, some are related to allegations of past misconduct by priests. Based upon consultation with outside council, the ultimate resolution of the pending or potential claims cannot be predicted with certainty, thus it is impossible to estimate the amount or range of potential loss.

**THE CATHOLIC DIOCESE OF JEFFERSON CITY – CHANCERY OFFICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 16 RISKS AND UNCERTAINTIES**

In March of 2020, The World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Project for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.