PRIESTS' MUTUAL BENEFIT SOCIETY OF THE DIOCESE OF JEFFERSON CITY, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

PRIESTS' MUTUAL BENEFIT SOCIETY OF THE DIOCESE OF JEFFERSON CITY, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Priests' Mutual Benefit Society of the
Diocese of Jefferson City, Inc.
Jefferson City, Missouri

We have audited the accompanying financial statements of Priests' Mutual Benefit Society of the Diocese of Jefferson City, Inc., which comprise the statement of net assets available for benefits as of June 30, 2020, and the related statement of changes in net assets available for benefits 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 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 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 Trustees
Priests' Mutual Benefit Society of the
Diocese of Jefferson City, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of Priests' Mutual Benefit Society of the Diocese of Jefferson City, Inc. as of June 30, 2020, and the changes in its financial status 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
June 29, 2021

PRIESTS' MUTUAL BENEFIT SOCIETY OF THE
DIOCESE OF JEFFERSON CITY, INC.
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
JUNE 30, 2020

ASSETS	
CASH AND CASH EQUIVALENTS	$ 57,375
INVESTMENTS (at Fair Value)	
Funds on Deposit with The Catholic Diocese of Jefferson City Fund	
Depositor's Fund	165,414
Pooled Investments Fund	16,251,990
Total Investments	16,417,404
Total Assets	16,474,779
NET ASSETS PERPETUALLY RESTRICTED FOR ENDOWMENT	5,147,120
NET ASSETS AVAILABLE FOR BENEFITS	$ 11,327,659

See accompanying Notes to Financial Statements.

PRIESTS' MUTUAL BENEFIT SOCIETY OF THE
DIOCESE OF JEFFERSON CITY, INC.
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED JUNE 30, 2020

ADDITIONS:	
INVESTMENT INCOME	
Net Appreciation in Fair Value of Investments	$ 742,756
Interest and Dividends	398,040
Total Investment Income	1,140,796
Less: Investment Expenses	51,067
Net Investment Income	1,089,729
CONTRIBUTIONS	
Employer	26,000
Other	4,862
Total Contributions	30,862
Total Additions	1,120,591
DEDUCTIONS:	
BENEFITS PAID	
Retirement	592,161
Health Insurance	151,412
Total Benefits Paid	743,573
ADMINISTRATIVE EXPENSES	27,714
Total Deductions	771,287
NET INCREASE	349,304
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of Year	10,978,355
End of Year	$ 11,327,659

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF THE PLAN

The Priests' Mutual Benefit Society of the Diocese of Jefferson City, Inc., a nonprofit organization, was established to provide retirement and health benefits for priests of the Diocese of Jefferson City through a Plan known as the Retirement and Disability Allowance Plan for the Priests of the Diocese of Jefferson City, collectively referred herein as the Plan. The financial statements presented, represent the investments and related activity of the Plan.

The following description of the Plan provides only general information. Participants should refer to the Retirement and Disability Allowance Plan for the Priests of the Diocese of Jefferson City plan document for a more complete description of the Plan's provisions.

General

The Plan is a noncontributory defined benefit pension plan established April 1, 1988 to provide retirement and health insurance benefits exclusively for priests of the Diocese who retire after July 1, 1981.

The Plan is administered by the Board of Trustees consisting of the Bishop of the Catholic Diocese of Jefferson City, four elected priests, and two persons appointed by the Bishop. The Board of Trustees has overall responsibility for the operation and administration of the Plan.

The Plan covers all priests on the first day of the month following incardination or ordination.

Pension Benefits

Benefits are determined from time to time by the Bishop of the Catholic Diocese of Jefferson City, following a recommendation of the Board of Trustees. A priest may receive the maximum benefit in effect at the time of his retirement provided he has delayed his retirement until age 70 and has at least 20 years of service. A priest who retires prior to age 70 may receive 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 reduced benefits as determined by the Bishop of the Catholic Diocese of Jefferson City after consultation with the Board of Trustees. Benefits are paid only upon actual retirement and only during the life of the priest. The maximum monthly pension benefit payable was $1,948 through May, 31, 2020 and increased to $1,987 during the year ended June 30, 2020.

Priests do not vest in retirement benefits provided under the Plan. In the event a priest in the Plan leaves active service with the Diocese to be incardinated into another diocese, a payment not to exceed an amount established by the Board of Trustees may be made to the other diocese in connection with such transfer.

NOTE 1 DESCRIPTION OF THE PLAN (CONTINUED)

Disability Benefits

Prior to normal retirement age of 70, the Plan provides for disability benefits in an amount equal to the amount of the normal retirement benefit, with reduction for awards made as a result of injuries suffered while engaged in activities that are work-related. To be eligible for disability benefits under the plan the priest must be unable to perform his customary duties and to follow his regular activities by reason of any medically determined physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

Health Insurance Benefits

The Plan pays for health insurance premiums of retired and disabled priests which is a secondary payer to Medicare.

Funding Policy

The Diocese, affiliated entities and other persons may make contributions to the Plan in amounts sufficient to fund the Plan. During the year ended June 30, 2020, the amount contributed was $30,862.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board of Trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

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 Plan also maintains some deposits with its affiliate; The Catholic Diocese of Jefferson City Fund (DJC Fund). However, the Plan does not consider funds on deposit with the DJC Fund to be cash equivalents and accounts for them like other investments.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition

The Plan's investments are managed with investments of The DJC Fund. Pooled investment fund interest and dividends, unrealized and realized gains and losses, and management fees are allocated based on the Plan's proportionate share of the fair value at the time of allocation. These financial statements report the Plan's share of the pooled investment fund held by The Catholic Diocese of Jefferson City Fund.

Investments are reported at fair value. 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. The Board of Trustees of The Catholic Diocese of Jefferson City Fund determines the valuation policies using information provided by their investment broker statements. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

The Plan's expenses are paid by the Plan or by the Diocese. Expenses paid by the Diocese are reimbursed by the Plan.

Subsequent Events

The Plan has evaluated subsequent events through June 29, 2021, the date the financial statements were available to be issued.

NOTE 3 BENEFIT OBLIGATIONS

Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service priests have rendered. Accumulated plan benefits include benefits expected to be paid to retired, disabled and present priests of the Catholic Diocese of Jefferson City. Benefits payable under all circumstances are included to the extent they are deemed attributable to service rendered to the valuation date.

Accumulated postretirement benefit obligations for medical and dental benefits are covered by insurance contracts maintained by the Plan. The Diocese intends to continue obtaining insurance coverage for benefits. Historical claims-cost data is used to estimate future annual incurred costs per participant.

NOTE 3 BENEFIT OBLIGATIONS (CONTINUED)

The actuarial present value of the accumulated plan benefits and the accumulated postretirement benefit obligations were determined by an independent actuarial firm as of June 30, 2020. They are the amounts that result from applying actuarial assumptions to adjust the benefit obligations to reflect the time value of money (through discounts for interest) and the probability of payments (by means of decrements such as death, disability, termination or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation as of June 30, 2020 were:

Retirement Age	75
Discount Rate	2.65%
Termination Rate per Year	2.00% per year prior to age 50, 1.00% thereafter
Mortality Rates	Pri-2012 Mortality Table (Scale MP-2019)
Disability Rates	1985 Males-SSA Set F(93)
Healthcare Cost Trend Rates	7.00% declining to a maximum of 4.00%

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The following is a summary of actuarial present value of benefits as of June 30, 2020:

	Medical and Dental Benefits	Total
Priests Currently Receiving Payments	$ 1,758,959	$ 6,909,740
Other Participants	2,758,913	9,659,243
Total	$ 4,517,872	$ 16,568,983

NOTE 3 BENEFIT OBLIGATIONS (CONTINUED)

The changes in the actuarial present value of benefits are summarized as follows for the year ended June 30, 2020:

	Medical and Dental Benefits	Total
Beginning of Year	$ 4,099,647	$ 15,403,503
Increase (Decrease) During the Year		
Attributable to:		
Change in Actuarial Assumptions	496,228	1,750,918
Plan Amendments	-	211,714
Actuarial Gains (Losses)	(185,578)	(724,061)
Change in Discount Period	138,274	518,580
Benefits Paid	(183,415)	(744,387)
Administrative and Service Costs	152,716	152,716
End of Year	$ 4,517,872	$ 16,568,983

*Changes in actuarial assumptions include the following:

The discount rate decreased from 3.45% to 2.65%.

The mortality table has been updated to the Pri-2012 Table (Scale MP-2019) to properly reflect the Plan's population.

Monthly retirement benefit increased from $1,948 to $1,987.

NOTE 4 FAIR VALUE OF INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

As the investments of the Plan are managed by The DJC Fund, they are valued using Level 2 inputs. There have been no changes in the valuation methodologies used at June 30, 2020.

A portion of the Plan's investments are held in a pooled investment account with The DJC 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 valuation of the pooled investment account is based on the Plan's allocated share of the fair value of the securities held within the account.

The Plan deposits funds in excess of three months of operating needs in The DJC 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.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Depositor's Fund	$ -	$ 165,414	$ -	$ 165,414
Pooled Investment Fund	-	16,251,990	-	16,251,990
Total Investments at Fair Value	$ -	$ 16,417,404	$ -	$ 16,417,404

NOTE 5 PLAN TERMINATION

Although has not expressed any intention to do so, the Bishop has the right to amend or terminate the Plan or adjust the benefits payable to any participant at any given time. The benefit may be adjusted upward, downward or eliminated altogether by the Bishop of the Catholic Diocese of Jefferson City following consultation with the College of Consulters, the Presbyteral Council and the Board of Trustees of the Plan. In the event the Plan is terminated, the assets of the Plan will continue to be used exclusively to provide retirement and health insurance benefits for the retired and disable priests of the Catholic Diocese of Jefferson City.

NOTE 6 PLAN TAX STATUS

The Plan is exempt from taxation pursuant to Section 501(a) as an organization described in Section 501 (c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements. As a "church plan," it is generally not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

NOTE 7 RISKS AND UNCERTAINTIES

The Plan places its cash and cash equivalents with credit-worthy, high quality financial institutions. Balances on accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. There were no uninsured balances as of June 30, 2020.

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 8 ENDOWMENT

The Plan has donor-restricted endowment funds established through the Grateful Memories Faithful Future Capital campaign. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Plan has interpreted Missouri's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIF A) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Plan classifies as net assets with donor restrictions (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of the subsequent gifts to the perpetual endowment, and (c) accumulation to 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.

NOTE 8 ENDOWMENT (CONTINUED)

The Plan's donor-restricted endowment as of June 30, 2020 was $5,147,120. There were no additional contributions made to the donor-restricted endowment during the year then ended.

NOTE 9 RELATED PARTIES

The Plan is related through the Bishop of the Catholic Diocese of Jefferson City to the following entities: The Catholic Diocese of Jefferson City – Chancery Office; 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.; The Diocese of Jefferson City Parish Development Corporation; Jubilee Retirement Trust Fund; 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; and all parishes within the Jefferson City Diocese. The Fund maintains separate books and records. All financial information for the above entities is presented separately and is excluded from this report.

The Plan had the following investment account balances held by The DJC Fund as of June 30, 2020:

Depositor's Fund	$	165,414
Pooled Investments Fund		16,251,990

The Plan had the following transactions with The DJC Fund during the year ended June 30, 2020:

Interest Depositor's Fund	$	14,655
Net Appreciation in Fair Value of Pooled Investments Fund		1,078,258

The Plan had the following transactions with The Catholic Diocese of Jefferson City – Chancery Office during the year ended June 30, 2020:

Contributions to the Plan	$	30,862
Amounts Invoiced to the Plan for Reimbursement of health isurance premiums, accounting, professional, administrative support, conference fees, and office supplies.		9,814