

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021



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**THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
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YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Catholic Diocese of Jefferson City - Chancery Office, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes of 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The Catholic Diocese of Jefferson City - Chancery Office and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Catholic Diocese of Jefferson City - Chancery Office's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Catholic Diocese of Jefferson City - Chancery Office'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.



CliftonLarsonAllen LLP

St. Louis, Missouri
March 31, 2023

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	2022	2021
Cash and Cash Equivalents	\$ 1,329,843	\$ 1,310,083
Investments:		
Funds Held on Deposit With The Catholic Diocese of Jefferson City Fund:		
Depositor's Fund	14,480,266	14,723,796
Pooled Investments	4,372,526	1,062,822
Other Investments	-	4,319,252
Accounts Receivable	203,709	207,268
Promised Contributions Receivable, Net	176,391	186,629
Prepaid Expenses	85,305	220,608
Loans Made to Parishes and Other Entities, Net	257,197	171,134
Accrued Pension Asset	3,572,603	1,096,090
Land, Buildings, and Equipment, Net	1,225,146	688,816
Pooled Investments Held on Deposit with the Catholic Diocese of Jefferson Fund for Endowment	3,488,707	2,232,938
Total Assets	\$ 29,191,693	\$ 26,219,436
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 357,181	\$ 371,814
Accrued Liabilities:		
Compensated Absences	104,787	86,453
Payroll and Other Employee Benefits	161,448	172,525
Other	518,911	217,748
Property and Casualty Insurance Claims	173,421	180,502
Liability Under Support Agreement	119,481	119,481
Funds Held in Custody for Others	162,053	331,467
Total Liabilities	1,597,282	1,479,990
NET ASSETS		
Without Donor Restrictions	14,214,801	12,976,941
With Donor Restrictions	13,379,610	11,762,505
Total Net Assets	27,594,411	24,739,446
Total Liabilities and Net Assets	\$ 29,191,693	\$ 26,219,436

See accompanying Notes to Financial Statements.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Parish Assessments	\$ 2,010,425	\$ -	\$ 2,010,425
Contributions and Bequests	790,731	4,590,488	5,381,219
Contributions from Related Parties	651,615	2,740,373	3,391,988
Grants	6,025	126,759	132,784
Contributions of Nonfinancial Assets	332,625	-	332,625
Program Sales and Fees	477,496	137,755	615,251
Insurance Premiums:			
Health Insurance	453,531	-	453,531
Property and Casualty Insurance	2,171,871	-	2,171,871
Net Investment Loss	(439,689)	(387,775)	(827,464)
Other	164,677	357	165,034
Net Assets Released from Restrictions	5,590,852	(5,590,852)	-
Total Revenue, Support, and Gains	<u>12,210,159</u>	<u>1,617,105</u>	<u>13,827,264</u>
EXPENSES			
Program Services:			
Faith Formation	735,875	-	735,875
Pastoral Services	5,731,332	-	5,731,332
Mission Advancement	1,324,007	-	1,324,007
Marriage Tribunal	61,865	-	61,865
Clergy Care and Formation	955,906	-	955,906
Catholic Schools	418,600	-	418,600
Total Program Services	<u>9,227,585</u>	<u>-</u>	<u>9,227,585</u>
Supporting Services:			
Management and General:			
Administration	2,911,390	-	2,911,390
Office of Bishop and Curia	1,076,090	-	1,076,090
Fundraising	233,747	-	233,747
Total Supporting Services	<u>4,221,227</u>	<u>-</u>	<u>4,221,227</u>
Total Expenses	<u>13,448,812</u>	<u>-</u>	<u>13,448,812</u>
EXCESS (DEFICIET) OF REVENUES OVER EXPENSES	(1,238,653)	1,617,105	378,452
MINIMUM PENSION LIABILITY ADJUSTMENT	<u>2,476,513</u>	<u>-</u>	<u>2,476,513</u>
CHANGE IN NET ASSETS	1,237,860	1,617,105	2,854,965
Net Assets - Beginning of Year	<u>12,976,941</u>	<u>11,762,505</u>	<u>24,739,446</u>
NET ASSETS - END OF YEAR	<u><u>\$ 14,214,801</u></u>	<u><u>\$ 13,379,610</u></u>	<u><u>\$ 27,594,411</u></u>

See accompanying Notes to Financial Statements.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Parish Assessments	\$ 2,237,248	\$ -	\$ 2,237,248
Contributions and Bequests	1,008,323	3,910,376	4,918,699
Contributions from Related parties	8,210	619,922	628,132
Grants	-	154,125	154,125
Contributions of Nonfinancial Assets	332,625	-	332,625
Program Sales and Fees	371,827	58,204	430,031
Insurance Premiums:			
Health Insurance	525,371	-	525,371
Property and Casualty Insurance	2,074,022	-	2,074,022
Net Investment Income	1,222,433	330,572	1,553,005
	448,200	-	448,200
Other	85,777	865	86,642
Net Assets Released from Restrictions	4,174,358	(4,174,358)	-
Total Revenue, Support, and Gains	<u>12,488,394</u>	<u>899,706</u>	<u>13,388,100</u>
EXPENSES			
Program Services:			
Faith Formation	348,300	-	348,300
Pastoral Services	4,213,284	-	4,213,284
Mission Office	1,196,862	-	1,196,862
Marriage Tribunal	262,068	-	262,068
Clergy Care and Formation	1,063,252	-	1,063,252
Catholic Schools	384,144	-	384,144
Total Program Services	<u>7,467,910</u>	<u>-</u>	<u>7,467,910</u>
Supporting Services:			
Management and General:			
Administration	2,161,380	-	2,161,380
Office of Bishop and Curia	659,243	-	659,243
Fundraising	184,442	-	184,442
Total Supporting Services	<u>3,005,065</u>	<u>-</u>	<u>3,005,065</u>
Total Expenses	<u>10,472,975</u>	<u>-</u>	<u>10,472,975</u>
EXCESS OF REVENUES OVER EXPENSES	2,015,419	899,706	2,915,125
MINIMUM PENSION LIABILITY ADJUSTMENT	<u>1,190,294</u>	<u>-</u>	<u>1,190,294</u>
CHANGE IN NET ASSETS	3,205,713	899,706	4,105,419
Net Assets - Beginning of Year	<u>9,771,228</u>	<u>10,862,799</u>	<u>20,634,027</u>
NET ASSETS - END OF YEAR	<u>\$ 12,976,941</u>	<u>\$ 11,762,505</u>	<u>\$ 24,739,446</u>

See accompanying Notes to Financial Statements.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services						Total Program Services	Supporting Services			Total Supporting Services	Total
	Faith Formation	Pastoral Services	Mission Advancement	Marriage Tribunal	Clergy Care and Formation	Catholic Schools		Administration	Office of Bishop and Curia	Fundraising		
Activities	\$ 159,065	\$ 15,731	21,129	\$ -	\$ 103,816	\$ 55,317	\$ 355,058	\$ 771	\$ 2,455	8,616	\$ 11,842	\$ 366,900
Grants and Assistance	17,952	2,076,758	243,425	8,514	126,919	11,429	2,484,997	873,221	332,417	-	1,205,638	3,690,635
Contracts	28,800	-	187,281	9,025	-	-	225,106	-	5,150	-	5,150	230,256
Parish Services:												
Health Insurance Program	-	273,442	-	-	-	-	273,442	-	-	-	-	273,442
Property and Casualty Insurance Program	-	1,829,250	-	-	-	-	1,829,250	44,998	2,362	-	47,360	1,876,610
Retirement for Diocesan Priests	-	1,850	3,700	-	(45,325)	-	(39,775)	-	3,700	-	3,700	(36,075)
Retirement for Employees	-	973,354	-	-	-	-	973,354	-	-	-	-	973,354
Personnel Costs:												
Salary and Wages	280,076	306,204	331,274	50,880	183,916	227,177	1,379,527	618,525	314,518	98,971	1,032,014	2,411,541
Benefits and Taxes	78,164	88,186	81,070	25,740	71,271	44,121	388,552	171,431	74,751	27,920	274,102	662,654
Professional Services	10,070	126,433	50,873	27	38,436	29,680	255,519	294,760	2,431	5,358	302,549	558,068
Furnishings, Fixtures, and Equipment	7,277	2,578	1,253	221	1,674	68	13,071	158,651	41,656	27	200,334	213,405
Supplies	13,538	5,974	25,625	469	9,743	4,140	59,489	30,021	8,664	6,409	45,094	104,583
Communications and Information												
Technology	3,736	2,151	48,584	5,988	3,784	-	64,243	219,248	10,646	43,129	273,023	337,266
Postage and Shipping	135	369	147,770	1,294	772	381	150,721	5,612	4,534	6,596	16,742	167,463
Printing and Publishing	10,426	12,804	123,858	4,768	8,402	7,045	167,303	(42,581)	13,948	20,219	(8,414)	158,889
Travel, Meetings, and Training	116,234	8,243	20,503	7,425	37,477	21,874	211,756	69,754	58,538	3,181	131,473	343,229
Academic Expenses	2,244.00	-	2,057.00	(52,600)	403,361	-	355,062	1,328.00	-	-	1,328	356,390
Rents, Utilities, and Other Occupancy Costs	-	-	-	-	-	-	-	371,781	28,383	-	400,164	400,164
Dues and Assessments	1,400	4,628	2,310	-	2,050	6,172	16,560	3,274	125,470	-	128,744	145,304
Depreciation	-	-	-	-	-	-	-	80,056	11,395	-	91,451	91,451
Other	6,758	3,377	33,295	114	9,610	11,196	64,350	10,540	35,072	13,321	58,933	123,283
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 735,875	\$ 5,731,332	\$ 1,324,007	\$ 61,865	\$ 955,906	\$ 418,600	\$ 9,227,585	\$ 2,911,390	\$ 1,076,090	\$ 233,747	\$ 4,221,227	\$ 13,448,812

See accompanying Notes to Financial Statements.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services						Total Program Services	Supporting Services			Total Supporting Services	Total
	Faith Formation	Pastoral Services	Mission Advancement	Marriage Tribunal	Clergy Care and Formation	Catholic Schools		Administration	Office of Bishop and Curia	Fundraising		
Activities	\$ 39,254	\$ 2,904	\$ 56	\$ -	\$ 49,962	\$ 30,744	\$ 122,920	\$ -	\$ 424	\$ -	\$ 424	\$ 123,344
Bad Debt	-	-	-	-	-	-	-	38,694	-	-	38,694	38,694
Grants and Assistance	1,663	1,296,562	242,034	24,000	193,727	27,553	1,785,539	10	55,909	-	55,919	1,841,458
Contracts	-	-	159,005	11,050	-	(375)	169,680	288	1,125	-	1,413	171,093
Parish Services:												
Health Insurance Program	-	397,767	-	-	-	-	397,767	-	-	-	-	397,767
Property and Casualty Insurance Program	-	1,666,623	-	-	-	-	1,666,623	38,447	2,663	-	41,110	1,707,733
Retirement for Diocesan Priests	15	-	3,700	3,700	56,425	-	63,840	(175)	3,700	-	3,525	67,365
Retirement for Employees	-	440,630	-	-	-	-	440,630	-	-	-	-	440,630
Personnel Costs:												
Salary and Wages	200,434	217,307	299,593	39,775	224,006	189,429	1,170,544	565,144	212,126	97,781	875,051	2,045,595
Benefits and Taxes	50,247	58,068	75,614	32,041	89,943	39,122	345,035	176,848	50,173	29,436	256,457	601,492
Professional Services	1,572	93,857	27,053	160	39,277	61,959	223,878	247,520	1,716	33	249,269	473,147
Furnishings, Fixtures, and Equipment	2,452	1,224	894	-	435	193	5,198	30,563	20,551	-	51,114	56,312
Supplies	5,640	2,151	864	375	4,434	1,007	14,471	17,150	7,213	1,209	25,572	40,043
Communications and Information												
Technology	2,023	3,659	107,623	7,390	10,370	-	131,065	215,376	10,218	34,907	260,501	391,566
Postage and Shipping	263	1,402	132,773	1,513	2,286	480	138,717	4,367	2,646	25	7,038	145,755
Printing and Publishing	5,553	1,375	123,176	1,711	5,311	1,758	138,884	(1,816)	2,947	2,296	3,427	142,311
Travel, Meetings, and Training	25,348	5,627	4,276	3,971	32,129	19,659	91,010	42,948	34,159	12,843	89,950	180,960
Academic Expenses	15.00	-	5,500.00	135,658	326,471	-	467,644	-	-	-	-	467,644
Rents, Utilities,, and Other Occupancy Costs	-	6,871	-	-	2,500	-	9,371	695,796	100,724	-	796,520	805,891
Dues and Assessments	1,350	6,963	1,025	100	1,594	7,505	18,537	3,064	86,991	-	90,055	108,592
Depreciation	-	-	-	-	-	-	-	78,194	7,967	-	86,161	86,161
Other	12,471	10,294	13,676	624	24,382	5,110	66,557	8,962	57,991	5,912	72,865	139,422
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 348,300	\$ 4,213,284	\$ 1,196,862	\$ 262,068	\$ 1,063,252	\$ 384,144	\$ 7,467,910	\$ 2,161,380	\$ 659,243	\$ 184,442	\$ 3,005,065	\$ 10,472,975

See accompanying Notes to Financial Statements.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,854,965	\$ 4,105,419
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	91,451	86,161
Bad Debt Expense	-	25,432
Gain on Sale of Assets	-	(2,226)
Forgiveness of Paycheck Protection Program Loan	-	(448,200)
Net Unrealized and Realized Loss (Gain) on Investments	1,124,134	(1,203,766)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	3,559	(1,870)
Promised Contributions Receivable, Net	10,238	71,594
Prepaid Expenses	135,303	(65,767)
Accrued Pension Asset	(2,476,513)	(1,096,090)
Accounts Payable	(14,633)	57,976
Accrued Liabilities	301,339	162,544
Accrued Pension Liability	-	(94,204)
Liability Under Support Agreement	-	292
Funds Held in Custody for Others	(169,414)	50,754
Net Cash Provided by Operating Activities	1,860,429	1,648,049
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Collections from Parishes and Other Entities	37,422	97,483
Loans Issued to Parishes and Other Entities	(123,485)	(158,584)
Purchase of Investments	(4,879,484)	(5,474,651)
Sale of Investments	3,752,659	3,201,388
Purchase of Land, Buildings, and Equipment	(627,781)	(152,956)
Proceeds from Sale of Land, Buildings and Equipment	-	21,500
Net Cash Used by Investing Activities	(1,840,669)	(2,465,820)
CHANGE IN CASH AND CASH EQUIVALENTS	19,760	(817,771)
Cash and Cash Equivalents - Beginning of Year	1,310,083	2,127,854
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,329,843	\$ 1,310,083

See accompanying Notes to Financial Statements.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 Advancement 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, 2022 AND 2021

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, 2022 AND 2021

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.

Noncash 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, 2022 AND 2021

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

Noncash Contributed Services and Facilities (Continued)

The residence is currently leased to the Diocese for a nominal amount under an informal arrangement. For the years ended June 30, 2022 and 2021, use of the donated facility was valued at \$320,625 and the residence at \$12,000 for both years, and both are reported as a contribution and related rent expense in the accompanying statements of activities. The Diocese estimates the fair value of donated in-kind goods and services on the basis of estimates of the current market rates for similar goods and services in their market. Noncash contributed assets are used by the Diocese, not monetized, and did not have donor-imposed restrictions associated with them.

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 years ended June 30, 2022 and 2021. The Diocese has three primary assessments. The Cathedralicum 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, 2022 AND 2021

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. Christian Brothers Employee Benefit Trust bills 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 statements of functional expenses present 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 years ended June 30, 2022 and 2021.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences could be material.

Change in Accounting Principles

In September 2020, FASB issued Accounting Standards (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendment to this ASU requires Not-for-Profits to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and (2) include a disclosure of the disaggregation of the amount of contributed nonfinancial assets recognized by category that depicts the type of contributed nonfinancial assets. No cumulative-effect adjustment in net assets was recorded as a result of the adoption.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

Subsequent Events

We have evaluated subsequent events through March 31, 2023, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The following represents financial assets as of June 30, 2022 and 2021, 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.

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,329,843	\$ 1,310,083
Investments	18,852,792	20,105,870
Accounts Receivable, Net	203,709	207,268
Promised Contributions Receivable, Net	176,391	186,629
Loans Made to Parishes and Other Entities, Net	257,197	171,134
Pooled Investments Held for Endowment	<u>3,488,707</u>	<u>2,232,938</u>
Total Financial Assets	24,308,639	24,213,922
Loans Made to Parishes and Other Entities to be Collected in More than One Year	(257,197)	(171,134)
Contractual or Donor-Imposed Restrictions:		
Restricted by Donor for Time or Purpose	(9,890,903)	(9,529,567)
Endowment Funds	(3,488,707)	(2,232,938)
Board-Designated Funds	<u>(5,694,236)</u>	<u>(6,307,778)</u>
Total	<u>\$ 4,977,596</u>	<u>\$ 5,972,505</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, 2022 AND 2021

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

Accounts receivable as of June 30 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Parishes Within the Catholic Diocese of Jefferson City	\$ 136,801	\$ 130,131
Other Accounts Receivable	66,908	77,137
Total	<u>\$ 203,709</u>	<u>\$ 207,268</u>

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

	<u>2022</u>	<u>2021</u>
Restricted for Catholic Stewardship Appeal	\$ 182,422	\$ 272,179
Receivable in Less than One Year	\$ 182,422	\$ 200,585
Less: Allowance for Doubtful Accounts	(6,031)	(13,956)
Promised Contributions Receivable, Net	<u>\$ 176,391</u>	<u>\$ 186,629</u>

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

	<u>2022</u>	<u>2021</u>
Immaculate Conception	\$ 2,991	\$ 5,036
St. Clement	74,312	79,421
Other Entities	218,588	125,371
Total	295,891	209,828
Less: Allowance for Doubtful Accounts	(38,694)	(38,694)
Total	257,197	171,134
Less: Current Loans Outstanding	(37,147)	(39,409)
Total Long-Term Loans Outstanding	<u>\$ 220,050</u>	<u>\$ 131,725</u>

NOTE 4 LAND, BUILDINGS, AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Buildings and Improvements	\$ 2,259,339	\$ 1,689,172
Equipment, Vehicles, and Furnishings	590,756	533,141
Subtotal	2,850,095	2,222,313
Less: Accumulated Depreciation	(1,874,033)	(1,782,581)
Subtotal	976,062	439,732
Land	249,084	249,084
Total Land, Buildings, and Equipment	<u>\$ 1,225,146</u>	<u>\$ 688,816</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 \$91,451 and \$86,161 for the years ended June 30, 2022 and 2021, respectively.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 FUNDS HELD IN CUSTODY FOR OTHERS

These amounts represent funds received and held by the Diocese as an agent for others. The composition of balances as of June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Overseas Relief Collection	\$ 5,086	\$ 26,422
Mission Sunday Collection	11,491	8,199
Catholic Campaign for Human Development	22,475	10,632
Communications/Education Collection	12,105	33,169
Retired Religious Collection	34,977	30,389
Home Missions Collection	38,463	46,557
Mass Stipends	2,158	1,632
Operation Rice Bowl	22,369	20,772
Catholic Charities	12,073	157,713
Other	856	(4,018)
Total Funds Held in Custody for Others	<u>\$ 162,053</u>	<u>\$ 331,467</u>

NOTE 6 NET ASSETS

Net Assets Without Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 7,295,419	\$ 5,980,347
Designated:		
Land, Building, and Equipment	1,225,146	688,816
Property and Casualty Insurance	1,524,093	2,411,227
Aquinas Academy	18,317	20,646
Permanent Diaconate	9,221	8,311
Seminarian Studies	747,727	724,423
PAL League	61,053	33,817
Pre Cana	8,462	8,523
Infirm Clergy/Consecrated Life	1,946,928	1,727,174
Sacred Heart High School	13,678	218,942
Kirksville Newman Center	92,863	279,095
Bishop's Designated Fund	1,086,229	558,150
Columbia Newman MF Funds	-	804
School Technology Fund	(1,834)	(917)
NCYC	7,657	31,350
Fr. Tolton Catholic High School	179,842	286,233
Total Designated	<u>6,919,382</u>	<u>6,996,594</u>
Total Net Assets Without Donor Restrictions	<u>\$ 14,214,801</u>	<u>\$ 12,976,941</u>

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

Net assets with donor-imposed restrictions were restricted for the following purposes or periods as of June 30:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Peru and Central American Mission	\$ 773,614	\$ 596,045
Catholic Stewardship Renewal Fund	1,101,927	-
Catholic Extension	5,004	-
Parish Technology Fund	222,025	302,358
Sacred Heart High School	930,819	930,819
Kirksville Newman Center	1,000,732	1,000,732
Fr. Tolton Catholic High School	1,000,732	1,000,732
K of C Youth Ministry	57,719	44,426
Camp Sienna	128,528	128,882
Camp Maccabee	113,787	105,746
Camp Lolek	36,008	-
CHRISTPower	31,457	32,034
Totus Tuus	(11,459)	3,741
Community Reconciliation	613,500	675,998
Seminarian Studies	53,403	79,286
Hispanic Children School Grant	3,000	3,000
Hispanic Ministry-Mission Project	10,047	11,424
Ministry to Priests Education	134,516	157,660
SPIRE	3,376	4,115
Permanent Diaconate Office	5,437	5,437
Ext Soc Hispanic Immersion Grant	6,632	6,632
Catholic Campaign for Human Development	1,974	1,974
Jubilee Retirement Fund	151,395	151,395
USCCB Mission	817	82,178
Bishop's Fund	689,768	787,519
Warack Scholarship Fund	35,699	38,511
Women's Ministry Fund	173,591	77,736
Stewardship Director	334,864	436,202
Technology	245,350	282,547
Vocations	40,795	19,225
Total	<u>7,895,057</u>	<u>6,966,354</u>
Subject to the Passage of Time:		
Catholic Stewardship Appeal	1,995,846	2,563,213
Total	<u>1,995,846</u>	<u>2,563,213</u>
Endowments:		
Subject to Spending Policy and Appropriation by Board of Directors:		
Seminary Burses Fund	9,110	9,110
Sauer Scholarship Endowment	146,904	152,313
Simon Scholarship Fund	592,377	666,706
Albert Johns Education Fund	52,484	52,426
Leong Poetry Project	18,432	17,924
Seminarians and Priests Education Fund	667,127	782,990
Seminarian Endowment Fund	444,116	540,947
Lemke Endowment Fund	1,547,345	-
Mudd Family Endowment	10,812	10,522
Total Endowments	<u>3,488,707</u>	<u>2,232,938</u>
Total Net Assets with Donor Restrictions	<u>\$ 13,379,610</u>	<u>\$ 11,762,505</u>

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions (Continued)

	2022	2021
Corpus Endowments included in the totals above:		
Board of Directors:		
Seminary Burses Fund	\$ 9,110	\$ 9,110
Sauer Scholarship Endowment	96,175	90,125
Simon Scholarship Fund	429,108	429,108
Albert Johns Education Fund	52,277	52,277
Leong Poetry Project	12,000	12,000
Seminarians and Priests Education Fund	310,882	310,882
Seminarian Endowment Fund	373,865	373,865
Lemke Endowment Fund	1,729,459	-
Mudd Family Endowment	7,865	7,865
Total Endowments	\$ 3,020,741	\$ 1,285,232

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 years ended June 30:

	2022	2021
Satisfaction of Time Restrictions:		
Catholic Stewardship Appeal	\$ 2,666,334	\$ 2,753,302
Satisfaction of Purpose Restrictions:		
Peru and Central American Mission	297,367	-
Pro-Life	-	26
Seminarians, Priests, and Religious Education Fund	75,422	-
Parish Technology Fund	78,583	32,478
Camp Sienna	33,979	3,171
Camp Maccabee	24,609	25,420
Camp Lolek	10,941	-
Knights of Columbus Youth Ministry Grant	31,582	449
Totus Tuus	50,050	9,705
Community Reconciliation	77,498	163,295
Hispanic Ministry-Mission Project	1,377	600
Ministry to Priests Education	98,824	27,260
ChristPower	577	222
Warack Scholarship	3,000	4,000
Bishop's Fund	697,751	40,298
Home Mission's - Hispanic Ministry Grant	-	303,972
Women's Ministry Fund	56,897	34,883
Vocations Day	7,079	53
Jubilee Retirement	1,033,565	478,521
Stewardship Fund	101,338	63,798
Technology	37,197	35,942
Sacred Heart High School	-	19,849
Stipend Account	-	1,055
USCCB Home Missions	112,731	25,522

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 NET ASSETS (CONTINUED)

Net Assets Released from Donor Restrictions (Continued)

	2022	2021
Restricted-Purpose Spending-Rate Distributions and Appropriations:		
Simon Scholarship Fund	\$ 15,000	\$ 18,000
Seminarian Endowment Fund	16,803	6,332
Seminarian, Priest and Religious Education Fund	60,516	124,406
Albert Johns Education Fund	1,832	1,799
Total	2,924,518	1,421,056
Total Net Assets Released from Donor Restrictions	\$ 5,590,852	\$ 4,174,358

NOTE 7 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 \$42,761 and \$45,799 for the years ended June 30, 2022 and 2021, respectively.

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 years ended June 30, 2022 and 2021, the trust fund contributions on behalf of eligible Chancery employees totaled \$60,211 and \$37,890, respectively. These amounts are included as both contribution income and as an expense in the statements of activities.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 RETIREMENT PLANS (CONTINUED)

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.

Benefits provided under the plan are determined by the Bishop following a recommendation by the trustees of the trust. The monthly pension benefit was \$2,027 and \$1,987 as of June 30, 2022 and 2021, respectively. 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 1% 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:

	<u>2022</u>	<u>2021</u>
Fair Value of Plan Assets	\$ 16,463,224	\$ 19,001,995
Projected Benefit Obligation:		
Retirement Benefits	10,301,091	12,169,218
Medical and Dental Insurance	<u>2,589,530</u>	<u>5,736,687</u>
Total Projected Benefit Obligation	<u>12,890,621</u>	<u>17,905,905</u>
Funded Status	<u>\$ 3,572,603</u>	<u>\$ 1,096,090</u>
Accumulated Benefit Obligation	<u>\$ 12,890,621</u>	<u>\$ 17,905,905</u>
Assumptions Used to Determine Projected Benefit Obligation:		
Discount Rate	4.60%	2.75%
Net Pension Cost	<u>\$ 75,907</u>	<u>\$ 48,313</u>

Effective July 1, 2022, the maximum monthly pension benefit was increased from \$2,027 to \$2,128, which increased the plan's projected benefit obligation by approximately \$241,000. Also, effective July 1, 2021, the discount rate was changed from 2.75% to 4.6 % and the mortality improvement scale was updated from MP-2020 to MP-2021. A decrease to the plan's projected accumulated benefit obligation totaled approximately \$5,015,284.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 RETIREMENT PLANS (CONTINUED)

Priests' Retirement and Health Plans (Continued)

	<u>2022</u>	<u>2021</u>
Contributions:		
The Catholic Diocese of Jefferson City Chancery Office	<u>\$ 55,541</u>	<u>\$ 83,428</u>
Benefits Paid	<u>\$ 778,853</u>	<u>\$ 790,305</u>
Assumptions Used to Determine Net Pension Cost:		
Discount Rate	4.60%	2.75%
Expected Rate of Return on Plan Assets	6.00%	6.00%

Amounts recognized in the accompanying financial statements are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Total Asset Recognized in the Statements of Financial Position	<u>\$ 3,572,603</u>	<u>\$ 1,096,090</u>
Minimum Pension Liability Adjustment Recognized in the Statement of Activities	<u>\$ 2,476,513</u>	<u>\$ 1,190,294</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 6.2% and 6.5% during the years ended June 30, 2022 and 2021, respectively. This rate is assumed to gradually decrease each year until it reaches 3.9%.

The fair values of the Priests' Retirement and Health Plan assets are as follows for the years ended June 30:

	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ -	\$ 313,625	\$ -	\$ 313,625
Pooled Investments:				
Equity Securities	-	9,312,406	-	9,312,406
Fixed Income Securities	-	6,835,768	-	6,835,768
Total	-	16,461,799	-	16,461,799
Depositor's Fund	-	1,425	-	1,425
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 16,463,224</u>	<u>\$ -</u>	<u>\$ 16,463,224</u>
	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ -	\$ 114,501	\$ -	\$ 114,501
Pooled Investments:				
Equity Securities	-	10,956,816	-	10,956,816
Fixed Income Securities	-	7,772,261	-	7,772,261
Total	-	18,843,578	-	18,843,578
Depositor's Fund	-	158,417	-	158,417
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 19,001,995</u>	<u>\$ -</u>	<u>\$ 19,001,995</u>

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 RETIREMENT PLANS (CONTINUED)

Priests' Retirement and Health Plans (Continued)

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 \$42,321 to the defined benefit plan in the year ended June 30, 2023.

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, 2022:

<u>Year Ending June 30.</u>	<u>Retirement Benefits</u>	<u>Health and Dental</u>	<u>Total</u>
2023	\$ 747,818	\$ 120,752	\$ 868,570
2024	722,676	127,803	850,479
2025	695,382	136,712	832,094
2026	666,718	145,224	811,942
2027	637,036	145,375	782,411
2028-2032	3,125,110	838,251	3,963,361

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 years ended June 30, 2022 and 2021, individual parishes and Diocesan entities contributed \$230,731 and \$213,675 to the priest 403(b) plan, respectively. 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 \$36,075 and \$18,340 for the years ended June 30, 2022 and 2021, respectively.

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.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 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 June 30, 2022. 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 years ended June 30, 2022 and 2021, the Diocese had expenses of \$77,498 and \$154,572, respectively, directly related to the Community Reconciliation efforts described above. As of June 30, 2022 and 2021, the balance of net assets restricted for Community Reconciliation was \$613,500 and \$675,998, respectively, as listed in Note 6 to these financial statements.

NOTE 9 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 \$14,480,266 and investments of \$7,861,233 as of June 30, 2022, for the Diocese and periodically makes grants to the Diocese. The Catholic Diocese of Jefferson City Fund holds deposits on account of \$14,732,796 and investment of \$3,295,760 as of June 30, 2021, for the Diocese and periodically makes grants to the Diocese. During the years ended June 30, 2022 and 2021, The Catholic Diocese of Jefferson City Fund contributed \$1,250,000 and \$250,000 for the years ended June 30, 2022 and 2021, respectively, to the Diocese.

THE CATHOLIC DIOCESE OF JEFFERSON CITY - CHANCERY OFFICE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 RELATED PARTIES (CONTINUED)

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

	2022	2021
The Catholic Diocese of Jefferson City Fund:		
Depositor's Fund Interest	\$ 251,027	\$ 272,493
Net Investment from Pooled Investments	(1,083,143)	1,276,264
Payments for Accounting Services Provided for the Fund	53,000	53,000
The Priest' Mutual Benefit Society:		
Contributions to the Plan	55,541	83,428
Amounts Invoiced to the Plan for Reimbursement of Health Insurance premiums, Accounting, Professional, Administrative Support, Conference Fees, and Office Supplies	58,782	12,000
Diocese of Jefferson City Jubilee Retirement Trust Fund:		
Payments for Accounting Services Provided by the Diocese	11,999	12,001
Pension Benefit Payments for Chancery and Diocesan Employees Made by the Jubilee Retirement Trust Fund	1,033,565	617,917
Balance Due as of June 30	41,138	-

The Diocese recognized revenue of \$3,257,619 and \$2,574,163 from the various parishes for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the Diocese holds \$257,197 and \$171,134, respectively, in loans outstanding for various parishes and related entities, net of any allowance for uncollectable loans.

During the fiscal years ended June 30, 2022 and 2021, the Diocese invoiced Helias Catholic High School \$52,660 and \$45,285, respectively, for miscellaneous expenses paid on its behalf. Total assistance to affiliated organizations included in grants and assistance expense totaled \$4,325,792 and \$1,828,664 for the years ended June 30, 2022 and 2021.

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

	2022	2021
Parishes Within the Catholic Diocese of Jefferson City	\$ 136,801	\$ 130,131

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NOTE 10 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 11 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 GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11 DONOR-RESTRICTED ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restrictions	Total
<u>June 30, 2022</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 3,488,707	\$ 3,488,707
<u>June 30, 2021</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 2,232,938	\$ 2,232,938

Changes in endowment net assets are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Balance - June 30, 2021	\$ -	\$ 2,232,938	\$ 2,232,938
Contributions	-	1,737,695	1,737,695
Net Investment Income	-	(387,775)	(387,775)
Amounts Appropriated for Expenditure	-	(94,151)	(94,151)
Balance - June 30, 2022	<u>\$ -</u>	<u>\$ 3,488,707</u>	<u>\$ 3,488,707</u>
Balance - June 30, 2020	\$ -	\$ 2,025,758	\$ 2,025,758
Contributions	-	27,144	27,144
Net Investment Income	-	330,572	330,572
Amounts Appropriated for Expenditure	-	(150,536)	(150,536)
Balance - June 30, 2021	<u>\$ -</u>	<u>\$ 2,232,938</u>	<u>\$ 2,232,938</u>

NOTE 12 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 56% equities and 44% fixed income and 56% equities and 44% fixed income at June 30, 2022 and 2021, respectively.

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NOTE 12 INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

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, 2022 from 1.00% to 3.25% and at June 30, 2021, 1.5% to 3.75%, 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 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
<u>June 30, 2022</u>				
Pooled Investments:				
Equity Securities	\$ -	\$ 1,686,068	\$ -	\$ 1,686,068
Fixed Income Securities	-	<u>1,311,425</u>	-	<u>1,311,425</u>
Total	-	2,997,493	-	2,997,493
Depositor's Fund	-	14,481,070	-	14,481,070
Mission Diocese Fund	-	<u>4,862,936</u>	-	<u>4,862,936</u>
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 22,341,499</u>	<u>\$ -</u>	<u>\$ 22,341,499</u>
<u>June 30, 2021</u>				
Pooled Investments:				
Equity Securities	\$ -	\$ 1,849,125	\$ -	\$ 1,849,125
Fixed Income Securities	-	<u>1,446,635</u>	-	<u>1,446,635</u>
Total	-	3,295,760	-	3,295,760
Depositor's Fund	-	14,723,796	-	14,723,796
Mission Diocese Fund	-	<u>4,319,252</u>	-	<u>4,319,252</u>
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 22,338,808</u>	<u>\$ -</u>	<u>\$ 22,338,808</u>

NOTE 13 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.

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 \$173,421 and \$180,502 at June 30, 2022 and 2021, respectively, 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.

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NOTE 14 CONTINGENCIES

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.



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