



Consolidated Financial Statements
June 30, 2023 and 2022

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

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Table of Contents
June 30, 2023 and 2022

Independent Auditor’s Report.....	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses – Year Ended June 30, 2023	5
Consolidated Statement of Functional Expenses – Year Ended June 30, 2022	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	9
Independent Auditor’s Report on Supplementary Information	29
Supplementary Information	
Consolidating Statement of Financial Position – June 30, 2023	30
Consolidating Statement of Financial Position – June 30, 2022	31
Consolidating Schedule of Activities – Year Ended June 30, 2023.....	32
Consolidating Schedule of Activities – Year Ended June 30, 2022.....	33



Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Roman Catholic Diocese of Joliet Administration and Ministerial Services (Diocese), a division of the Roman Catholic Diocese of Joliet, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Diocese and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Eide Bailly LLP

Dubuque, Iowa
November 30, 2023

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidated Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 9,053,833	\$ 19,693,018
Accrued interest and dividends receivable	138,318	197,417
Receivables, net of allowance for uncollectibles of \$2,521,000 in 2023 and \$2,390,000 in 2022	3,018,311	2,784,893
Due from other Diocesan agencies	405,840	324,106
Prepaid expenses	-	154,450
Loans to Parishes and others, net of allowance for uncollectibles of \$-0- in 2023 and \$4,662,000 in 2022	3,571,061	13,298,503
Lay pension receivable	-	5,155,231
Investments	75,932,558	116,030,687
Pooled investment funds	710,730	586,772
Property and equipment, net	29,181,839	29,352,657
Beneficial interest in charitable trust held by others	413,115	405,578
	\$ 122,425,605	\$ 187,983,312
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 3,890,779	\$ 4,036,527
Interest payable to Diocese of Joliet Parish Deposit & Loan Trust	4,000,000	-
Due to other Diocesan agencies	2,383,535	641,529
Contributions payable	515,858	439,226
Estimated unpaid insurance claims	11,972,267	11,737,838
Deferred revenue	8,566,811	7,837,753
Deposits from Parishes and others	-	75,221,576
Note payable	3,400,000	3,600,000
Estimated future cemetery care liability	28,275,344	27,295,726
	63,004,594	130,810,175
Net Assets		
Without donor restrictions		
Undesignated	17,725,075	19,646,228
Designated by the Board for future insurance claims	6,393,089	6,513,548
Designated by the Board for future land and building funds	12,789,826	13,104,108
Designated by the Board for special purposes	4,117,841	3,766,033
Designated by the Board for cemetery operations	4,219,440	1,537,011
	45,245,271	44,566,928
With donor restrictions		
Perpetual in nature	2,240,801	1,452,238
Purpose restrictions	11,521,824	10,748,393
Time-restricted for future periods	413,115	405,578
	14,175,740	12,606,209
Total net assets	59,421,011	57,173,137
Total liabilities and net assets	\$ 122,425,605	\$ 187,983,312

Roman Catholic Diocese of Joliet Administration and Ministerial Services
Consolidated Statements of Activities
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains						
Contributions						
Appeal fund drive	\$ 7,216,645	\$ -	\$ 7,216,645	\$ 7,528,914	\$ -	\$ 7,528,914
Parish assessments	4,034,442	-	4,034,442	4,127,564	-	4,127,564
Education fund assessment	647,745	-	647,745	669,156	-	669,156
Other	257,742	1,011,455	1,269,197	472,188	294,331	766,519
Program fees						
Insurance premiums and recoveries	20,755,409	-	20,755,409	21,485,354	-	21,485,354
Fees, sales, and services	8,130,550	-	8,130,550	7,328,317	-	7,328,317
Interest on loans	197,616	-	197,616	391,381	-	391,381
Rental income	209,080	-	209,080	164,249	-	164,249
Net investment return	2,930,321	1,589,308	4,519,629	(8,532,172)	(1,711,201)	(10,243,373)
Gain on sale of property and equipment	569,202	-	569,202	463,991	-	463,991
Other revenue	299,341	-	299,341	141,453	-	141,453
Net assets released from restrictions	1,031,232	(1,031,232)	-	546,669	(546,669)	-
Total revenue, support, and gains	46,279,325	1,569,531	47,848,856	34,787,064	(1,963,539)	32,823,525
Expenses						
Program services expense						
Diocesan ministries	6,445,184	-	6,445,184	6,961,192	-	6,961,192
Catholic cemeteries	7,254,505	-	7,254,505	6,385,566	-	6,385,566
Restricted funds administration	854,637	-	854,637	502,698	-	502,698
Insurance program	21,664,781	-	21,664,781	21,709,366	-	21,709,366
Deposit and loan administration	246,980	-	246,980	961,735	-	961,735
Other Diocesan	3,152,574	-	3,152,574	3,090,884	-	3,090,884
Total program expenses	39,618,661	-	39,618,661	39,611,441	-	39,611,441
Supporting services expense						
Management and general	2,610,901	-	2,610,901	2,265,569	-	2,265,569
Fundraising and development	1,373,346	-	1,373,346	1,401,823	-	1,401,823
Total supporting services expenses	3,984,247	-	3,984,247	3,667,392	-	3,667,392
Total expenses	43,602,908	-	43,602,908	43,278,833	-	43,278,833
Change in Net Assets before Transfers	2,676,417	1,569,531	4,245,948	(8,491,769)	(1,963,539)	(10,455,308)
Transfer to Diocese of Joliet Parish Deposit & Loan Trust	(1,985,817)	-	(1,985,817)	-	-	-
Transfers to Catholic Diocese of Joliet Education Foundation	(12,257)	-	(12,257)	(25,108)	-	(25,108)
Change in Net Assets	678,343	1,569,531	2,247,874	(8,516,877)	(1,963,539)	(10,480,416)
Net Assets, Beginning of Year	44,566,928	12,606,209	57,173,137	53,083,805	14,569,748	67,653,553
Net Assets, End of Year	\$ 45,245,271	\$ 14,175,740	\$ 59,421,011	\$ 44,566,928	\$ 12,606,209	\$ 57,173,137

Roman Catholic Diocese of Joliet Administration and Ministerial Services
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

Program Services

	Diocesan Ministries	Catholic Cemeteries	Restricted Funds Administration	Insurance Program	Deposit and Loan Administration	Other Diocesan Program Expenses	Total	Management and General	Fundraising and Development	Total
Personnel costs	\$2,925,141	\$2,991,239	\$ -	\$ 77,676	\$ -	\$ 303,273	\$ 6,297,329	\$ 1,981,871	\$ 386,131	\$ 8,665,331
Office and program costs	2,443,526	1,762,668	111,660	304,589	19,800	109,458	4,751,701	-	685,555	5,437,256
Travel and professional development	161,917	18,799	-	-	-	17,102	197,818	11,512	7,628	216,958
Professional services	219,599	425,140	-	126,537	9,328	-	780,604	1,876	244,988	1,027,468
Occupancy	576,176	774,020	-	382	-	104,353	1,454,931	-	41,827	1,496,758
Donation distributions	89,728	-	742,977	-	-	2,439,866	3,272,571	-	-	3,272,571
Insurance claims and reinsurance	-	-	-	21,074,925	-	-	21,074,925	-	-	21,074,925
Depreciation and amortization	-	500,626	-	-	-	-	500,626	411,658	-	912,284
Interest	-	-	-	-	217,852	-	217,852	-	-	217,852
Future cemetery care	-	502,036	-	-	-	-	502,036	-	-	502,036
Other	29,097	279,977	-	80,672	-	178,522	568,268	203,984	7,217	779,469
Total	\$6,445,184	\$7,254,505	\$ 854,637	\$ 21,664,781	\$ 246,980	\$ 3,152,574	\$ 39,618,661	\$ 2,610,901	\$ 1,373,346	\$ 43,602,908

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

Program Services

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

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ 2,247,874	\$ (10,480,416)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	912,284	845,532
Realized and unrealized (gains) losses on investments	(2,857,274)	12,014,616
Bad debt expense	80,672	82,152
(Gain) loss on sale of property and equipment	(569,202)	(463,991)
Transfer to the Diocese of Joliet Parish		
Deposit & Loan Trust	1,985,817	-
Changes in operating assets and liabilities		
Loans to Parishes and others, net	1,680,995	2,250,607
Receivables, net	(254,991)	(416,319)
Prepaid expenses	154,450	(143,400)
Due to/from other Diocesan agencies	(91,503)	345,715
Lay pension receivable	374,985	1,563,693
Accounts payable and accrued expenses	(59,664)	309,816
Deposits from Parishes and others	502,537	1,717,984
Estimated unpaid insurance claims	234,429	(526,346)
Estimated future cemetery care liability	979,618	(4,273)
Deferred revenue	729,058	688,770
Net Cash from Operating Activities	6,050,085	7,784,140
Investing Activities		
Purchases of investments	(11,609,389)	(24,499,068)
Proceeds from sales of investments	1,298,441	9,021,647
Purchases of property and equipment	(1,101,387)	(1,019,813)
Proceeds from sale of property and equipment	929,123	1,343,082
Transfer of cash to the Diocese of Joliet Parish		
Deposit & Loan Trust	(6,206,058)	-
Net Cash used for Investing Activities	(16,689,270)	(15,154,152)
Net Change in Cash and Cash Equivalents	(10,639,185)	(7,370,012)
Cash and Cash Equivalents, Beginning of Year	19,693,018	27,063,030
Cash and Cash Equivalents, End of Year	\$ 9,053,833	\$ 19,693,018
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 367,586	\$ 862,531

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Supplemental Disclosure of Noncash Activities		
Transfer of net assets to Diocese of Joliet Parish		
Deposit & Loan Trust		
Accrued interest receivable	\$ 4,029,896	\$ -
Lay pension receivable	4,780,246	-
Loans to parishes and others, net	7,846,447	-
Due to/from other Diocesan entities	1,751,775	-
Deposits from parishes and others	(75,724,113)	-
Interest payable	(10,752)	-
Accrued expenses and other liabilities	(28,596)	-
Investments	53,134,856	-
Transfer of net assets to Diocese of Joliet Parish		
Deposit and Loan Trust	(1,985,817)	-
Net cash transferred	\$ (6,206,058)	\$ -

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The Roman Catholic Diocese of Joliet Administration and Ministerial Services (Diocese), a division of the Roman Catholic Diocese of Joliet, provides support and services to 117 Parishes, 7 missions, and other agencies in seven counties in northeastern Illinois. It provides loans, holds title to property, administers the employee benefit programs, and administers a self-insurance program. Operating support is mainly derived from fees for various programs, the appeal drive, parish assessments, and donations.

Deposit and loan asset and liability balances and activity were previously reported within the Deposit and Loan Fund of the Diocese's financial statements. Assets and liabilities of that fund related to parishes, schools, regional schools, cemeteries, and other related organizations of a parish were transferred into the Diocese of Joliet Parish Deposit & Loan Trust (Deposit & Loan Trust) effective October 1, 2022, at the carrying amounts of the assets and liabilities.

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

Principles of Consolidation

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

Cash and Cash Equivalents

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

Receivables and Credit Policies

Accounts receivable consist primarily of uncollateralized parish obligations due under normal terms requiring payment within 30 days from the invoice date. Parish account balances with invoices dated over 30 days old are considered delinquent. Delinquent accounts are not assessed interest. Net accounts receivable balances were \$3,018,311, \$2,784,893, and \$2,449,861 as of June 30, 2023, 2022, and 2021, respectfully.

Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible.

Promises to Give

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

Loans and Operating Receivables and Deposits Payable

The majority of the loans receivable and deposits payable represented loans to, and deposits made by Parishes and other related Diocesan organizations resulting from a cooperative investment and lending program established for the mutual benefit of the participants. Deposit and loan activity was reported as a fund within the Diocese's financial statements through September 30, 2022, when certain assets, liabilities and net assets were transferred to the Deposit & Loan Trust. The loans were receivable, and deposits were payable on demand. Loans bore an interest rate of 2.5%. Deposits bore an interest rate of 1%.

Property and Equipment

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

The Diocese reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2023 and 2022.

Investments

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

Pooled Investment Funds (Pooled Insurance)

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

Beneficial Interest in Charitable Trust Held by Others

The Diocese has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by a donor and is administered by an outside agent designated by the donor. Therefore, the Diocese has neither possession nor control over the assets of the trust. At the date the Diocese receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interest in the trust is reported at fair value in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions.

Net Assets

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

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

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

Revenue and Revenue Recognition

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

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

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

In-kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Diocese does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2023 and 2022, respectively.

Property/Liability/Medical Insurance Claims

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

Deferred Revenue

Deferred revenue primarily consists of deferred cemetery sales. Deferred revenue as of June 30, 2023, 2022, and 2021 was \$8,566,811, \$7,837,753, and \$7,148,983.

Cemeteries Future Income Care

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

The change in the estimate from the beginning of the year to the end of the year is recorded as operations in the consolidated statements of activities. The policy characterizes the obligation to provide future cemetery care as a liability and is stated at the estimated cost (discounted to present value) of providing such care in the future. The liability is comprised of obligations to fund the future care for the 21 Diocesan cemeteries and the 30 parish cemeteries. The portion of the liability related to Diocesan cemeteries at June 30, 2023 and 2022 was approximately \$24,500,000 and \$23,000,000, respectively. The portion related to deficiencies or underfunding at parish cemeteries at June 30, 2023 and 2022 was approximately \$3,800,000 and \$4,300,000, respectively.

Performance Indicator

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

Functional Allocation of Expenses

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

Income Taxes

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

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

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, and for each account ownership category. At June 30, 2023 and 2022, the Diocese had approximately \$6,161,000 and \$18,749,000 in excess of FDIC-insured limits. To date, the Diocese has not experienced losses in any of these accounts.

Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from related organizations and other Catholic entities. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Diocesan Finance Council. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Diocese.

Reclassifications

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

Subsequent Events

The Diocese has evaluated subsequent events through November 30, 2023, the date the consolidated financial statements were available to be issued.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 9,053,833	\$ 19,693,018
Receivables, due within one year	2,767,227	2,808,836
Investments	75,932,558	116,030,687
Total financial assets available	87,753,618	138,532,541
Less funds unavailable for general expenditures		
Parish funds on deposit, net of parish loans	-	54,299,688
Cemetery Future Care Trust	30,791,422	28,396,218
Restricted and designated funds		
Restricted for non-operating activities	15,368,763	14,267,777
Donor restricted with liquidity horizons greater than one year	3,186,326	2,305,295
Total financial assets not available to be used within one year	49,346,511	99,268,978
Financial assets available to meet general expenditures within one year	\$ 38,407,107	\$ 39,263,563

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

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

Additionally, the Diocese maintains a \$10 million line of credit, as discussed in more detail in Note 7. As of June 30, 2023, \$10 million remained available on the Diocese's line of credit.

Note 3 - Fair Value Measurements and Disclosures

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

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

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

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

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

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

There have been no changes in valuation techniques used for any assets measured at fair value during the years ended June 30, 2023 and 2022.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The following table presents assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient at June 30, 2023:

<u>Assets</u>	<u>Total</u>	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds	\$ 55,676,367	\$ 55,676,367	\$ -	\$ -
At NAV				
Real estate investment trusts	7,218,056	-	-	-
Managed volatility funds	3,158,366	-	-	-
Alternative fixed income funds	7,519,848	-	-	-
Private equity debt fund	680,000	-	-	-
Private equity funds	1,679,921	-	-	-
	<u>\$ 75,932,558</u>	<u>\$ 55,676,367</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interest in Charitable Trust Held by Others	<u>\$ 413,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,115</u>

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

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

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

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>June 30, 2023</u>					
Real estate investment trusts	2	\$ 7,218,056	\$ -	Quarterly	1-45 days
Managed volatility funds	1	3,158,366	-	Monthly	(1)
Alternative fixed income funds	2	7,519,848	-	Bi-monthly,	3 days, 15 Days
Private equity debt fund	1	\$ 680,000	\$ 2,720,000	Quarterly	60 Days
Private equity funds	2	1,679,921	1,599,000	Illiquid	(2)
		<u>\$ 20,256,191</u>	<u>\$ 4,319,000</u>		
<u>June 30, 2022</u>					
Real estate investment trusts	2	\$ 13,148,202	\$ -	Quarterly	1-45 days
Managed volatility funds	1	2,925,064	-	Monthly	(1)
Alternative fixed income funds	2	9,702,705	-	Bi-monthly,	3 days, 15 Days
Private equity fund	1	1,276,381	455,000	Quarterly	Illiquid
		<u>\$ 27,052,352</u>	<u>\$ 455,000</u>		(2)

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

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

Real Estate Investment Trusts:

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

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

Managed Volatility Funds:

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

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Alternative Fixed Income Funds:

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

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

Private Equity Debt Fund:

WindSail Capital Fund, L.P. works in conjunction with WindSail Credit Fund, L.P. and WindSail Credit QP Fund, L.P. (a collective "Fund"), seeking to generate strong risk-adjusted returns by providing loans to companies focused on energy innovation and sustainability. The Fund's investments are generally structured as corporate level secured loans. The secured loans are structured so that the Fund will receive cash interest, paid-in-kind interest, and returns on equity, typically in the form of penny warrants. It is also anticipated that on a limited basis the Fund will provide project level lines of credit. In addition, the Fund may invest up to 15% of its net assets in equity or equity like securities of existing portfolio companies.

Private Equity Funds:

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

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

Note 4 - Net Investment Return

Net investment return consists of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 1,845,223	\$ 2,025,309
Net realized and unrealized gain (loss)	2,857,274	(12,014,616)
Investment fees	<u>(182,868)</u>	<u>(254,066)</u>
	<u>\$ 4,519,629</u>	<u>\$ (10,243,373)</u>

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 5 - Promises to Give

Included in receivables are amounts pledged to the Diocese. The net amount of the promises to give were \$675,547 and \$885,136 at June 30, 2023 and 2022, respectively. Amounts included in receivables were recorded net of an allowance for uncollectible promises to give of \$350,000 and \$300,000 at June 30, 2023 and 2022. All promises to give are due within one year and are included in net assets without donor restrictions since they are intended for current operations.

Note 6 - Property and Equipment

Property and equipment consists of the following:

	2023	2022
Land		
Vacant	\$ 3,998,452	\$ 4,358,874
Cemeteries	4,581,199	4,388,469
Blanchette Center	1,753,575	1,753,575
Shrines	213,492	213,492
Buildings and Equipment		
Cemeteries	16,420,270	15,599,866
Operating	15,980,175	15,343,422
Site improvements	529,885	529,885
Construction in progress	90,637	638,635
	43,567,685	42,826,218
Less Accumulated Depreciation and Amortization	(14,385,846)	(13,473,561)
Total property and equipment, net	\$ 29,181,839	\$ 29,352,657

Note 7 - Line of Credit

The Diocese has a \$10,000,000 revolving line of credit with a bank, secured by the collateral under existing and subsequent security documents, including mortgages, security agreements and collateral assignments by any Borrower or Guarantor. At June 30, 2023 and 2022, borrowings under the line bear interest at 1.35% and 1.25% above the secured overnight financing rate published by CME Group Benchmark Administration Limited (6.44% and 2.75% at June 30, 2023 and 2022). Accrued interest and principal are due at maturity (June 30, 2024). At June 30, 2023, the Diocese had no amount drawn on the line of credit.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 8 - Letter of Credit

The Diocese has a letter of credit with a bank for the purpose of securing agreements related to construction projects at Diocesan parishes. The letter expires on demand. Borrowings under the letter bear interest at 1.35% above the secured overnight financing rate in effect with a maximum loan amount of \$1,500,000. As of June 30, 2023 and 2022, \$132,366 and \$0 of this letter of credit has been utilized related to parish projects.

Note 9 - Note Payable

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

The note payable consists of the following:

	2023	2022
All Saints Catholic Academy note payable	\$ 3,400,000	\$ 3,600,000

Future maturities of the note payable are as follows:

Years Ending June 30,	Amount
2024	\$ 200,000
2025	3,200,000
Total	\$ 3,400,000

Note 10 - Endowments

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

The Diocese has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

At June 30, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the Diocese retains in perpetuity (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. All endowment funds are subject to an annual spending rate of 5% of the average balance of the prior two fiscal year ends, including those endowments that are deemed to be underwater. The Diocese considers the following factors in making a determination whether to appropriate or accumulate donor-restricted endowment funds:

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2023			
Donor-restricted Endowment Funds			
Original donor-restricted gift amounts required to be maintained in perpetuity	\$ -	\$ 2,240,801	\$ 2,240,801
Accumulated investment gains	-	2,233,984	2,233,984
	\$ -	\$ 4,474,785	\$ 4,474,785
June 30, 2022			
Donor-restricted Endowment Funds			
Original donor-restricted gift amounts required to be maintained in perpetuity	\$ -	\$ 1,452,238	\$ 1,452,238
Accumulated investment gains	-	1,869,187	1,869,187
	\$ -	\$ 3,321,425	\$ 3,321,425

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Diocese has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023 and 2022, the Diocese did not have any endowments that were underwater.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Investment and Spending Policies

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

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

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

Changes in Endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Year ended June 30, 2023			
Endowment net assets, beginning of year	\$ -	\$ 3,321,425	\$ 3,321,425
Investment return, net	-	529,622	529,622
Contributions	-	816,263	816,263
Appropriation of endowment assets pursuant to spending-rate policy	-	(192,525)	(192,525)
Endowment net assets, end of year	\$ -	\$ 4,474,785	\$ 4,474,785
	Without Donor Restrictions	With Donor Restrictions	Total
Year ended June 30, 2022			
Endowment net assets, beginning of year	\$ -	\$ 3,781,223	\$ 3,781,223
Investment return, net	-	(436,654)	(436,654)
Contributions	-	62,902	62,902
Appropriation of endowment assets pursuant to spending-rate policy	-	(86,046)	(86,046)
Endowment net assets, end of year	\$ -	\$ 3,321,425	\$ 3,321,425

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 11 - Net Assets with Donor Restrictions

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

	2023	2022
Subject to Expenditure for Specified Purpose		
Parish operations	\$ 1,531,540	\$ 1,645,064
Masses	68,653	62,361
Seminarians/needly deacons	108,046	106,032
Senior housing	1,169,931	1,050,508
Needly children	788,222	744,858
Priests' medical costs	1,019,501	950,812
Priests' continued education	1,546,526	1,475,814
Missions and undistributed special collections	2,707,693	2,488,583
Other purposes	347,728	355,174
	9,287,840	8,879,206
Subject to the Passage of Time		
Beneficial interest in charitable trust held by others	413,115	405,578
	9,700,955	9,284,784
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Cemetery maintenance	332,593	300,657
Parish operations	433,334	339,633
Senior housing	1,295,502	1,176,452
Other purposes	172,555	52,445
	2,233,984	1,869,187
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Cemetery maintenance	182,191	182,191
Parish operations	1,105,899	1,105,899
Masses	25,000	25,000
Senior housing	87,179	87,179
Other purposes	840,532	51,969
	2,240,801	1,452,238
Total endowments	4,474,785	3,321,425
	\$ 14,175,740	\$ 12,606,209

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Satisfaction of Purpose Restrictions		
Cemetery maintenance	\$ 23,983	\$ 2,757
Parish operations	366,258	135,157
Masses	5,931	4,653
Seminarians/needly deacons	17,494	14,948
Senior housing	75,526	13,187
Needly children	46,141	34,277
Priests' medical costs	47,237	34,865
Priests' continued education	101,800	66,119
Missions and undistributed special collections	273,903	238,096
Other purposes	72,959	2,610
	\$ 1,031,232	\$ 546,669

Note 12 - Insurance Claims

The Diocese self-insures for losses related to health benefits, property and liability coverage, automobile coverage, and workers' compensation. Excess commercial insurance coverage is maintained for per incident and aggregate liability losses over specified amounts. A provision for estimated claims payable is provided for in the consolidated statements of financial position in the amount of \$11,972,267 and \$11,737,838 at June 30, 2023 and 2022, respectively.

Note 13 - Property/Liability Reinsurance

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

The Diocese's contribution to CUP was \$134,330 and \$124,227 for the years ended June 30, 2023 and 2022, respectively. The Diocese's equity interest and participation percentage in CUP was \$710,730 (3.2%) and \$586,772 (2.9%) at June 30, 2023 and 2022, respectively.

Note 14 - Related Party Transactions

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

Included in loans to Parishes and others – net of allowance are related net loans of \$342,146 and \$9,582,752 as of June 30, 2023 and 2022, respectively. Excluded from these values are amounts receivable from All Saints Catholic Academy as described in Note 9.

Included in receivables – net of allowance are related net receivables of \$674,851 and \$605,751 as of June 30, 2023 and 2022, respectively.

Included in deposits from Parishes and others are related deposits of \$-0- and \$75,181,012 as of June 30, 2023 and 2022, respectively.

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

Note 15 - Commitments and Contingencies

As of June 30, 2023 and 2022, commitments on construction pending or in process amounted to approximately \$7,500,000 and \$11,500,000, respectively. These commitments will be fully funded by Parishes and/or Diocesan loans to Parishes, and the sale of property.

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

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

Note 16 - Defined Benefit Plans**Employees' Retirement Plan**

The Diocese participates in the Christian Brothers Employee Retirement Plan which is a defined benefit pension plan that covers all full-time benefited employees. Benefits paid to retirees are based on age at retirement, years of credited service, and average compensation. The Diocese contributes 7.2% of the covered employee's compensation to the plan as of June 30, 2023 and 2022.

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

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

Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan

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

The maximum pension benefits for retired or terminated Priests were \$2,000 per month from July 1, 2021 through January 31, 2022, \$2,060 per month from February 1, 2022 through January 31, 2023, and \$2,125 per month from February 1, 2023 through June 30, 2023. Priests entitled to the maximum benefit will have provided at least 30 years of service and have 30 years of annual contributions (whether or not paid by the priests, or on behalf of the priests by a Parish or agency of this Diocese, or by a Religious Community).

Annual contributions to the Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan (one total amount is paid and then allocated to each plan by management) are set by the Clergy Retirement Board to adequately fund the plans. During the years ended June 30, 2023 and 2022, the amount contributed per priest was either \$1,750 or \$3,500 depending on the amount of Sunday collections at a parish. The annual contribution is due on October 1 of each year, beginning with the first July after the priest is assigned to the Parish, agency, or institution in the Diocese. The Priests' Pension Plan of the Roman Catholic Diocese of Joliet was 111% and 110% funded, respectively, as of June 30, 2023 and 2022. The Diocese of Joliet Retired Priests' Other Benefits Plan was 115% and 113% funded, respectively, as of June 30, 2023 and 2022.

The plans invest in mutual funds, real estate investment trusts, private equity funds, and alternative fixed income funds. There were no significant non-benefit liabilities within the plans at June 30, 2023 and 2022.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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

For the year ended June 30, 2023, pension costs recognized by the Diocese for the Employees' Retirement Plan, the Diocese of Joliet Priests' Pension Plan / Diocese of Joliet Retired Priests' Other Benefits Plan, and the Christian Brothers Multi-Employer Plan were \$139,425, \$42,700, and \$358,522, respectively, and \$145,330, \$57,166 and \$356,024, respectively, for the year ended June 30, 2022.

Union Employees Retirement Plan

Diocesan cemetery field workers are members of the Service Employees International Union (SEIU) and participate in the SEIU National Industry Pension Fund. Benefits are determined based on age of retirement, the period of time they were employed, various contributory formulas, and the type of pension elected. The Diocese contributes \$2.035 per standard working hours for each union employee. Due to the endangered state of the fund, there is an additional surcharge contribution of 99.9% of the monthly contribution. For the years ended June 30, 2023 and 2022, pension costs were \$159,228 and \$151,811, respectively.



Supplementary Information
June 30, 2023 and 2022

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



Independent Auditor's Report on Supplementary Information

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

We have audited the consolidated financial statements of the Roman Catholic Diocese of Joliet Administration and Ministerial Services (Diocese) as of and for the years ended June 30, 2023 and 2022, and our report thereon dated November 30, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following supplementary information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

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

Dubuque, Iowa
November 30, 2023

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidating Statement of Financial Position

June 30, 2023

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
Assets				
Cash and cash equivalents	\$ 8,946,164	\$ 107,669	-	\$ 9,053,833
Accrued interest and dividends receivable	138,206	112	-	138,318
Receivables, net	3,018,311	-	-	3,018,311
Due from other Diocesan agencies	429,785	174,124	(198,069)	405,840
Loans to Parishes and others, net	3,571,061	-	-	3,571,061
Investments	45,141,136	30,791,422	-	75,932,558
Pooled investment funds	710,730	-	-	710,730
Property and equipment, net	29,181,839	-	-	29,181,839
Beneficial interest in charitable trust held by others	413,115	-	-	413,115
Beneficial interest in perpetual trust	31,048,382	-	(31,048,382)	-
Total assets	\$ 122,598,729	\$ 31,073,327	\$ (31,246,451)	\$ 122,425,605
Liabilities and Net Assets				
Accounts payable and accrued expenses	\$ 3,889,779	\$ 1,000	\$ -	\$ 3,890,779
Interest payable	4,000,000	-	-	4,000,000
Due to other Diocesan agencies	2,557,659	23,945	(198,069)	2,383,535
Contributions payable	515,858	-	-	515,858
Estimated unpaid insurance claims	11,972,267	-	-	11,972,267
Deferred revenue	8,566,811	-	-	8,566,811
Note payable	3,400,000	-	-	3,400,000
Future cemetery care liability	28,275,344	-	-	28,275,344
Total liabilities	63,177,718	24,945	(198,069)	63,004,594
Net Assets				
Without donor restrictions				
Undesignated	17,725,075	31,048,382	(31,048,382)	17,725,075
Designated by the Board for future insurance claims	6,393,089	-	-	6,393,089
Designated by the Board for future land and building funds	12,789,826	-	-	12,789,826
Designated by the Board for special purposes	4,117,841	-	-	4,117,841
Designated by the Board for cemetery operations	4,219,440	-	-	4,219,440
	45,245,271	31,048,382	(31,048,382)	45,245,271
With donor restrictions				
Perpetual in nature	2,240,801	-	-	2,240,801
Purpose restrictions	11,521,824	-	-	11,521,824
Time-restricted for future periods	413,115	-	-	413,115
	14,175,740	-	-	14,175,740
Total net assets	59,421,011	31,048,382	(31,048,382)	59,421,011
Total liabilities and net assets	\$ 122,598,729	\$ 31,073,327	\$ (31,246,451)	\$ 122,425,605

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidating Statement of Financial Position

June 30, 2022

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
Assets				
Cash and cash equivalents	\$ 19,555,235	\$ 137,783	\$ -	\$ 19,693,018
Accrued interest and dividends receivable	197,305	112	-	197,417
Receivables, net	2,784,893	-	-	2,784,893
Due from other Diocesan agencies	348,061	141,782	(165,737)	324,106
Prepaid expenses	154,450	-	-	154,450
Loans to Parishes and others, net	13,298,503	-	-	13,298,503
Lay pension receivable	5,155,231	-	-	5,155,231
Investments	87,634,469	28,396,218	-	116,030,687
Pooled investment funds	586,772	-	-	586,772
Property and equipment, net	29,352,657	-	-	29,352,657
Beneficial interest in charitable trust held by others	405,578	-	-	405,578
Beneficial interest in perpetual trust	28,650,940	-	(28,650,940)	-
Total assets	\$ 188,124,094	\$ 28,675,895	\$ (28,816,677)	\$ 187,983,312
Liabilities and Net Assets				
Accounts payable and accrued expenses	\$ 4,035,527	\$ 1,000	\$ -	\$ 4,036,527
Due to other Diocesan agencies	783,311	23,955	(165,737)	641,529
Contributions payable	439,226	-	-	439,226
Estimated unpaid insurance claims	11,737,838	-	-	11,737,838
Deferred revenue	7,837,753	-	-	7,837,753
Deposits from Parishes and others	75,221,576	-	-	75,221,576
Note payable	3,600,000	-	-	3,600,000
Future cemetery care liability	27,295,726	-	-	27,295,726
Total liabilities	130,950,957	24,955	(165,737)	130,810,175
Net Assets				
Without donor restrictions				
Undesignated	19,646,228	28,650,940	(28,650,940)	19,646,228
Designated by the Board for future insurance claims	6,513,548	-	-	6,513,548
Designated by the Board for future land and building funds	13,104,108	-	-	13,104,108
Designated by the Board for special purposes	3,766,033	-	-	3,766,033
Designated by the Board for cemetery operations	1,537,011	-	-	1,537,011
	44,566,928	28,650,940	(28,650,940)	44,566,928
With donor restrictions				
Perpetual in nature	1,452,238	-	-	1,452,238
Purpose restrictions	10,748,393	-	-	10,748,393
Time-restricted for future periods	405,578	-	-	405,578
	12,606,209	-	-	12,606,209
Total net assets	57,173,137	28,650,940	(28,650,940)	57,173,137
Total liabilities and net assets	\$ 188,124,094	\$ 28,675,895	\$ (28,816,677)	\$ 187,983,312

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidating Schedule of Activities

Year Ended June 30, 2023

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
Revenue, Support and Gains				
Contributions				
Appeal fund drive	\$ 7,216,645	\$ -	\$ -	\$ 7,216,645
Parish assessments	4,034,442	-	-	4,034,442
Education fund assessment	647,745	-	-	647,745
Other	1,236,855	32,342	-	1,269,197
Program fees				
Insurance premiums and recoveries	20,755,409	-	-	20,755,409
Fees, sales, and services	8,130,550	-	-	8,130,550
Interest on loans	197,616	-	-	197,616
Rental income	209,080	-	-	209,080
Net investment return	2,147,889	2,371,740	-	4,519,629
Gain on sale of property and equipment	569,202	-	-	569,202
Other revenue	299,341	-	-	299,341
	<u>45,444,774</u>	<u>2,404,082</u>	<u>-</u>	<u>47,848,856</u>
Total revenue, support and gains				
Expenses				
Program services expense				
Diocesan ministries	6,445,184	-	-	6,445,184
Catholic cemeteries	7,247,865	6,640	-	7,254,505
Restricted funds administration	854,637	-	-	854,637
Insurance program	21,664,781	-	-	21,664,781
Deposit and loan administration	246,980	-	-	246,980
Other Diocesan	3,152,574	-	-	3,152,574
	<u>39,612,021</u>	<u>6,640</u>	<u>-</u>	<u>39,618,661</u>
Total program expenses				
Supporting services expense				
Management and general	2,610,901	-	-	2,610,901
Fundraising and development	1,373,346	-	-	1,373,346
	<u>3,984,247</u>	<u>-</u>	<u>-</u>	<u>3,984,247</u>
Total supporting services expenses				
	<u>43,596,268</u>	<u>6,640</u>	<u>-</u>	<u>43,602,908</u>
Total expenses				
Change in Net Assets before Change in Beneficial Interest and Transfers	1,848,506	2,397,442	-	4,245,948
Change in Beneficial Interest in Perpetual Trust	2,397,442	-	(2,397,442)	-
Transfer to Diocese of Joliet Parish				
Deposit & Loan Trust	(1,985,817)	-	-	(1,985,817)
Transfers to Catholic Diocese of Joliet Education Foundation	(12,257)	-	-	(12,257)
	<u>2,247,874</u>	<u>2,397,442</u>	<u>(2,397,442)</u>	<u>2,247,874</u>
Change in Net Assets				
Net Assets, Beginning of Year	57,173,137	28,650,940	(28,650,940)	57,173,137
Net Assets, End of Year	<u>\$ 59,421,011</u>	<u>\$ 31,048,382</u>	<u>\$ (31,048,382)</u>	<u>\$ 59,421,011</u>

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

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