

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

COMBINED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Years Ended June 30, 2020 and 2019

(With Independent Auditor's Report Thereon)

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Riney Hancock CPAs
PSC

INDEPENDENT AUDITOR'S REPORT

Diocesan Finance Council
Roman Catholic Diocese of Owensboro

We have audited the accompanying combined financial statements of the Roman Catholic Diocese of Owensboro (Chancery and Certain Entities) (Diocese) (a nonprofit organization), which comprise the combined statements of financial position as of June 30, 2020 and 2019, and the related combined statements of activities and cash flows for the years then ended, the combined statement of functional expenses for the year ended June 30, 2020, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Roman Catholic Diocese of Owensboro (Chancery and Certain Entities) as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position and the combining statements of activities on pages 32-35 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Owensboro, Kentucky
December 16, 2020

RingDance 16 CPK&PSC

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 2,942,316	\$ 1,668,563
Investments	35,944,585	33,156,728
Real estate held for investment	811,889	811,866
Accounts receivable:		
Due from parishes	427,382	445,955
Other	242,993	225,372
Grants	44,386	37,755
Lease	9,660,881	10,759,775
Loans receivable	3,879,079	4,903,854
Accrued interest receivable	11,346	3,625
Prepaid expenses	7,137	92,118
Inventories	89,723	65,519
Beneficial interests in trusts	210,110	209,484
Cemetery property	67,211	84,982
Property and equipment, net	<u>5,785,268</u>	<u>6,084,899</u>
Total assets	<u><u>\$ 60,124,306</u></u>	<u><u>\$ 58,550,495</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 541,479	\$ 417,956
Due to related party	4,883	4,229
Deferred revenue	1,804,614	718,720
Accrued interest payable	10,815	-
Deposits payable	15,944,369	14,360,923
Collections payable	27,465	39,366
Notes payable	9,660,881	10,759,775
Interest rate swap	131,086	83,500
Accrued retirement obligations	766,285	846,248
Pledge payable	<u>40,000</u>	<u>40,000</u>
Total liabilities	<u>28,931,877</u>	<u>27,270,717</u>
Net assets:		
Without donor restrictions:		
Undesignated	15,433,058	15,499,939
Board designated	12,928,566	12,900,605
Legally mandated	<u>813,509</u>	<u>816,193</u>
	29,175,133	29,216,737
With donor restrictions	<u>2,017,296</u>	<u>2,063,041</u>
Total net assets	<u>31,192,429</u>	<u>31,279,778</u>
Total liabilities and net assets	<u><u>\$ 60,124,306</u></u>	<u><u>\$ 58,550,495</u></u>

See Notes to Combined Financial Statements

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

COMBINED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:						
Parish assessments	\$ 3,227,502	\$ -	\$ 3,227,502	\$ 3,223,575	\$ -	\$ 3,223,575
Contributions and bequests	307,449	1,843,378	2,150,827	293,515	1,680,208	1,973,723
Investment return	2,354,465	(6,745)	2,347,720	1,307,545	13,257	1,320,802
Change in value of beneficial interest in trusts	-	626	626	-	1,563	1,563
Change in value of interest rate swap	(47,586)	-	(47,586)	(104,354)	-	(104,354)
Interest income on loans	193,645	-	193,645	234,186	-	234,186
Rental income	114,638	-	114,638	53,771	-	53,771
Income on real estate investments	27,575	-	27,575	173,702	50,705	173,702
Grants	779,370	108,412	887,782	741,926	-	741,926
Program and service fee income	6,897,938	-	6,897,938	7,779,876	67,527	8,094,453
Gain (loss) on disposal of property and equipment	(89,842)	-	(89,842)	-	-	-
Other income	62,250	-	62,250	95,631	-	95,631
Net assets released from restrictions	1,991,416	(1,991,416)	-	1,887,966	(1,887,966)	-
Total revenue, support and gains	15,818,820	(45,745)	15,773,075	15,770,067	(74,706)	15,695,361
Expenses and losses:						
Salaries and wages	3,708,518	-	3,708,518	3,965,421	-	3,965,421
Payroll taxes	245,532	-	245,532	265,690	-	265,690
Employee benefits	5,806,391	-	5,806,391	5,813,184	-	5,813,184
Other employee assistance	9,181	-	9,181	11,468	-	11,468
Retired priests benefits	576,403	-	576,403	321,816	-	321,816
Professional and technical fees	525,000	-	525,000	592,645	-	592,645
Travel and auto expense	251,433	-	251,433	261,082	-	261,082
Postage and printing	190,064	-	190,064	174,467	-	174,467
Advertising	6,166	-	6,166	9,479	-	9,479
Insurance	96,976	-	96,976	126,448	-	126,448
Telephone and utilities	189,459	-	189,459	224,904	-	224,904
Repairs and maintenance	145,145	-	145,145	135,903	-	135,903
Supplies	199,123	-	199,123	105,271	-	105,271
Miscellaneous	58,155	-	58,155	49,503	-	49,503
Books, materials, subscriptions and dues	98,598	-	98,598	55,610	-	55,610
Assessments	79,660	-	79,660	87,545	-	87,545
Program services expense	1,638,126	-	1,638,126	2,106,850	-	2,106,850
Professional development expense	31,891	-	31,891	37,683	-	37,683
Depreciation expense	267,919	-	267,919	266,618	-	266,618
Interest expense	309,824	-	309,824	286,530	-	286,530
Grants, subsidies, and other direct aid	1,415,336	-	1,415,336	1,259,174	-	1,259,174
Bad debt expense	11,524	-	11,524	4,058	-	4,058
Total expenses and losses	15,860,424	-	15,860,424	16,161,349	-	16,161,349
Change in net assets	(41,604)	(45,745)	(87,349)	(391,282)	(74,706)	(465,988)
Net assets, beginning of year	29,216,737	2,063,041	31,279,778	29,608,019	2,137,747	31,745,766
Net assets, end of year	\$ 29,175,133	\$ 2,017,296	\$ 31,192,429	\$ 29,216,737	\$ 2,063,041	\$ 31,279,778

See Notes to Combined Financial Statements

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2020 and 2019

	2020					2019				
	Program Services	Management and General	Fundraising	Eliminations	Total	Program Services	Management and General	Fundraising	Eliminations	Total
Salaries and wages	\$ 2,785,736	\$ 802,812	\$ 119,970	\$ -	\$ 3,708,518	\$ 3,118,248	\$ 747,210	\$ 99,963	\$ -	\$ 3,965,421
Payroll taxes	182,190	54,435	8,907	-	245,532	207,757	51,044	6,889	-	265,690
Employee benefits	6,224,730	120,380	16,262	(554,981)	5,806,391	6,259,702	113,324	13,848	(573,690)	5,813,184
Other employee assistance	4,426	4,755	-	-	9,181	7,541	3,927	-	-	11,468
Retired priests benefits	576,403	-	-	-	576,403	321,816	-	-	-	321,816
Rent	3,600	-	-	(3,600)	-	7,200	-	-	(7,200)	-
Professional and technical fees	460,399	64,389	212	-	525,000	530,828	61,791	26	-	592,645
Travel and auto expense	212,192	39,241	-	-	251,433	224,929	33,691	2,462	-	261,082
Postage and printing	127,279	21,236	41,549	-	190,064	110,097	7,866	56,504	-	174,467
Advertising	3,142	3,024	-	-	6,166	7,264	2,215	-	-	9,479
Insurance	51,841	45,135	-	-	96,976	84,513	41,935	-	-	126,448
Telephone and utilities	139,284	50,175	-	-	189,459	175,682	49,222	-	-	224,904
Repairs and maintenance	91,349	53,796	-	-	145,145	73,604	62,299	-	-	135,903
Supplies	82,567	116,556	-	-	199,123	67,878	30,690	6,703	-	105,271
Miscellaneous	43,749	14,406	-	-	58,155	34,777	13,836	890	-	49,503
Books, materials, subscriptions and dues	68,523	29,954	121	-	98,598	27,646	22,655	5,309	-	55,610
Assessments	-	79,660	-	-	79,660	-	87,545	-	-	87,545
Program services expense	1,573,289	27,244	43,189	(5,596)	1,638,126	2,040,926	20,948	53,545	(8,569)	2,106,850
Professional development expense	32,656	2,790	-	(3,555)	31,891	35,518	4,434	881	(3,150)	37,683
Depreciation expense	-	267,919	-	-	267,919	-	266,618	-	-	266,618
Interest expense	312,124	-	-	(2,300)	309,824	290,867	-	-	(4,337)	286,530
Grants, subsidies, and other direct aid	1,521,782	40,279	56,357	(203,082)	1,415,336	1,254,585	45,600	83,025	(124,036)	1,259,174
Bad debt expense	9,461	2,063	-	-	11,524	4,058	-	-	-	4,058
	<u>\$ 14,506,722</u>	<u>\$ 1,840,249</u>	<u>\$ 286,567</u>	<u>\$ (773,114)</u>	<u>\$ 15,860,424</u>	<u>\$ 14,885,436</u>	<u>\$ 1,666,850</u>	<u>\$ 330,045</u>	<u>\$ (730,982)</u>	<u>\$ 16,161,349</u>

See Notes to Combined Financial Statements

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

COMBINED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (87,349)	\$ (465,988)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	267,919	266,618
Bad debts written off	11,524	4,058
Realized (gain) loss on investments	55,239	71,296
Unrealized (gain) loss on investments	(1,691,293)	(736,794)
Change in beneficial interest in trusts	(626)	(1,563)
Change in value of interest rate swap	47,586	104,354
Loss (gain) on disposal of property and equipment	89,842	(95,631)
Contribution of property and equipment	26,300	-
Decrease (increase) in operating assets:		
Cash restricted for deposits	-	18,687
Accounts receivable	(17,203)	(114,635)
Loans receivable	1,024,775	675,577
Accrued interest receivable	(7,721)	(797)
Prepaid expenses	84,981	(78,016)
Inventories	(24,204)	37,231
Cemetery property	17,771	35,616
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	123,523	(36,979)
Due to related party	654	(667)
Deferred revenue	1,085,894	(11,958)
Accrued interest payable	10,815	-
Deposits payable	1,583,446	(294,096)
Collections payable	(11,901)	11,116
Accrued retirement obligations	(79,963)	(435,815)
Pledge payable	-	(80,000)
Net cash provided by (used in) operating activities	<u>2,510,009</u>	<u>(1,128,386)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(118,877)	(244,160)
Proceeds from sale of property and equipment	34,447	112,388
Additions to real estate held for investment	(23)	(10,761)
Purchases of investments	(16,609,163)	(8,028,047)
Proceeds from sale of investments	<u>15,457,360</u>	<u>9,445,543</u>
Net cash provided by (used in) investing activities	<u>(1,236,256)</u>	<u>1,274,963</u>
Cash flows from financing activities:		
Repayment of long-term debt	(1,098,894)	(735,300)
Decrease in lease receivable	<u>1,098,894</u>	<u>735,300</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
Net increase in cash	1,273,753	146,577
Cash and cash equivalents, beginning of year	<u>1,668,563</u>	<u>1,521,986</u>
Cash and cash equivalents, end of year	<u>\$ 2,942,316</u>	<u>\$ 1,668,563</u>
Supplemental Cash Flows Information:		
Cash paid for interest	<u>\$ 299,009</u>	<u>\$ 286,530</u>
Noncash operating transactions:		
Food commodities from the U.S. Department of Agriculture	<u>\$ 200,815</u>	<u>\$ 184,617</u>
Noncash investing transactions:		
Property and equipment disposed by contribution	<u>\$ (26,300)</u>	<u>\$ -</u>

See Notes to Combined Financial Statements

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies

Nature of Organization

The Roman Catholic Diocese of Owensboro (Diocese) is a not-for-profit organization, founded under the laws of the Commonwealth of Kentucky and commencing operations in 1937. The Diocese provides support for the administration of pastoral, vocational, educational, and other services to the parishes of Western Kentucky.

Principles of Combination

The combined financial statements include the accounts of the Diocese of Owensboro Chancery and Certain Entities, which are under common control. Such entities are collectively referred to as the Diocese in the financial statements and related notes and include the McRaith Catholic Center (Chancery) and the following entities:

- Deposit and Loan Fund
- Charitable Trust Fund
- Diocesan Benefit Plan
- Bishop Soenneker Home
- Division of School and Community Nutrition
- Owensboro Catholic Cemeteries
- Owensboro Catholic League
- Gasper River Catholic Retreat Center

The Diocese made the decision during the prior fiscal year to discontinue the operations of the Bishop Soenneker Home. As of June 30, 2020, the fund was closed by transferring all remaining balances to the Chancery.

All significant transactions among the entities included in the combined financial statements have been eliminated. The combined financial statements do not include parishes, schools, or other entities not under the control of the Chancery.

Basis of Presentation

The Diocese reports information regarding its financial position and activities on the accrual basis according to two classes of net assets: without donor restrictions and with donor restrictions.

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies, Continued

Cash, Cash Equivalents, and Restricted Cash

The Diocese considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors to be cash and cash equivalents. Cash and highly liquid financial instruments that have donor-imposed restrictions limiting its use is reported as restricted cash in the financial statements. The Diocese had no restricted cash at December 31, 2020 and 2019.

Investments

Investments are stated at fair value. Investments acquired by gift are recorded at the fair value on the date the gift was received. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions. Investment return includes unrealized gains and losses, and is reported net of investment expenses.

Allowances for Uncollectible Receivables

Accounts and loans receivable are stated at face amount, less an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance, as needed, based on its assessment of the current status of individual accounts.

Contributions and Grants

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or a 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 substantially met.

Contributions restricted by donors are reported 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, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies, Continued

Contributions and Grants, Continued

Revenue is also derived from certain cost-reimbursable contracts and grants, which are conditioned upon meeting certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Diocese has met performance requirements or incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to meeting performance requirements or incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Inventories

Inventories, which consist of purchased and commodity food items utilized in the Division of School and Community Nutrition, are stated at the lower of cost or market determined by the first-in, first-out method.

Contributed Goods and Services

A substantial number of volunteers donate significant amounts of their time to benefit the mission and programs of the Diocese. However, the value of these services is not reflected in the combined financial statements as it does not meet the criteria for recognition.

The value of commodities (non-cash assistance) received in the Division of School and Community Nutrition and included in grant revenue in the statements of activities totaled \$200,815 and \$184,617 for the years ended June 30, 2020 and 2019, respectively.

Cemetery Property

Cemetery property consists of mausoleums, columbariums, lots, and lot development costs, stated at cost. As burial sites and vaults are sold, an allocated portion of the costs are expensed.

Property and Equipment

Property and equipment are carried at cost or at estimated fair market value at the date acquired, if donated. Assets donated with explicit restrictions regarding their use are reported as restricted support until such restrictions expire. Absent donor stipulations, contributions of property and equipment are recorded as revenue without donor restrictions. Acquisitions of property and equipment in excess of \$2,500 are capitalized. Depreciation expense is computed by the straight-line method over estimated useful lives of the related assets.

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies, Continued

Derivative Instrument

The Diocese uses an interest-rate swap to mitigate interest-rate risk on a note payable. The related liability or asset is reported at fair value in the combined statements of financial position, and the change in the fair value of the swap is reflected in the combined statements of activities. The difference between amounts paid and received under this agreement are recognized in interest expense.

Functional Expenses

The costs of providing the various programs, management and general, and fundraising activities have been summarized on a natural basis on the combined statements of activities. The combined statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Diocese are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated among the programs and supporting services benefited. Payroll-related costs are allocated based on time and effort. Depreciation has not been allocated to program services.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Advertising

The Diocese expenses the costs of advertising as incurred.

Change in Accounting Principle

In fiscal year 2020, the Diocese adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contribution or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. This ASU clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider receives commensurate value from the grant recipient, the transaction is an exchange transaction. If no commensurate value is received by the grant maker, the revenue is a contribution. There was no material impact to the combined financial statements as a result of adoption.

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies, Continued

Reclassifications

Certain amounts in 2019 have been reclassified to conform with the 2020 presentation.

2. Liquidity and Availability of Funds

The financial assets of the Diocese available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,942,316	\$ 1,668,563
Investments	35,944,585	33,156,728
Accounts receivable, excluding lease	714,761	686,961
Loans receivable	3,879,079	4,903,854
Accrued interest receivable	11,346	3,625
Beneficial interests in trusts	210,110	209,484
Total financial assets	43,702,197	40,629,215
Less amounts not available to be used within one year:		
Board designated	(8,725,954)	(8,426,637)
Legally mandated:		
Owensboro Catholic Cemeteries	(813,509)	(816,193)
Donor restricted by time or purpose:		
Chancery	(1,726,041)	(1,794,132)
Bishop Soenneker Home	-	(150,600)
Gasper River Catholic Retreat Center	(127,690)	(118,309)
Donor restricted in perpetuity:		
Chancery	(163,565)	(163,428)
Deposits payable:		
Deposit and Loan Fund	(15,944,369)	(14,360,923)
Loans receivable not expected to be received within one year	(3,173,372)	(4,155,152)
Financial assets available to meet general expenditures over the next twelve months	\$ <u>13,027,697</u>	\$ <u>10,643,841</u>

As part of the Diocese's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

2. Liquidity and Availability of Funds, Continued

That plan includes a commitment not to expend amounts reflected as Board designated, and to invest excess cash as deemed prudent. In the event of unexpected liquidity needs, Board-designated funds could be made available for general expenditure, but only after appropriate Board approval.

3. Investments

Investments in securities are stated at fair value and consisted of the following at June 30:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 542,535	\$ 542,545	\$ 443,977	\$ 444,021
Corporate stocks	2,491,599	3,502,097	2,602,461	3,148,127
Exchange-traded funds and closed-end funds	21,504,760	22,899,785	18,829,544	19,366,558
Government securities	705,791	739,887	784,284	816,831
Mutual funds	7,344,012	8,260,271	8,830,993	9,381,191
	<u>\$ 32,588,697</u>	<u>\$ 35,944,585</u>	<u>\$ 31,491,259</u>	<u>\$ 33,156,728</u>

Real estate held for investment totaled \$811,889 and \$811,866 at June 30, 2020 and 2019, respectively, and represent donated properties which were recorded at fair value at the date of gift. Farming, logging, oil and mineral rights income generated from certain of these properties is recorded as distributed by the agents of the properties.

The following schedule summarizes investment return and its classification for the years ended June 30:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 870,348	\$ 4,864	\$ 875,212
Realized gains (losses)	(58,014)	2,775	(55,239)
Unrealized gains (losses)	1,704,798	(13,505)	1,691,293
Investment fees	(162,667)	(879)	(163,546)
	<u>\$ 2,354,465</u>	<u>\$ (6,745)</u>	<u>\$ 2,347,720</u>

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3. Investments, Continued

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 820,187	\$ 6,095	\$ 826,282
Realized gains (losses)	(75,928)	4,632	(71,296)
Unrealized gains (losses)	733,321	3,473	736,794
Investment fees	(170,035)	(943)	(170,978)
	<u>\$ 1,307,545</u>	<u>\$ 13,257</u>	<u>\$ 1,320,802</u>

4. Deposit and Loan Fund

A deposit and loan fund is maintained for the benefit of parishes, schools, and certain other Catholic organizations across the Diocese. Deposit and Loan Fund deposits, as reflected in the combining statements of financial position, at June 30, 2020 and 2019, totaled \$15,944,369 and \$14,360,923, respectively. Depositors earned 2% on deposit balances during fiscal years 2020 and 2019, and may add or withdraw funds on demand.

Deposit and Loan Fund loans receivable, as reflected in the combining statements of financial position, at June 30, were as follows:

	2020		2019	
Type of Loan	Number of Loans	Balance	Number of Loans	Balance
Non-interest bearing	1	\$ 107,967	1	\$ 111,591
4.50%	7	3,752,057	8	4,792,263
	<u>8</u>	<u>\$ 3,860,024</u>	<u>9</u>	<u>\$ 4,903,854</u>

The loans, which are uncollateralized, generally mature five years from the date of the first payment; however, non-interest bearing notes do not have a maturity date. An allowance for loan losses was not recorded as of June 30, 2020 and 2019, as in management's opinion, all known and anticipated losses have been written off.

Loans committed but not yet disbursed totaled \$5,257,000 and \$5,357,000 at June 30, 2020 and 2019, respectively.

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5. Beneficial Interests in Trusts

Perpetual Trust

The Diocese is a beneficiary under an irrevocable perpetual trust administered by a third-party trustee. Under the trust agreement, the Diocese receives 6.25% of the trust's net income each year. Based on the fair value of the assets held within the trust, as reported by the trustee, the Diocese's beneficial interest in the trust at June 30, 2020 and 2019, totaled \$163,565 and \$163,428, respectively. The beneficial interest is reported in the statement of financial position as net assets with donor restrictions (permanently restricted), as the Diocese will never receive the assets or have the ability to direct the trustee to redeem them, and the change in this beneficial interest is reported as revenue with donor restrictions. The income received from the trust is recorded as revenue with donor restrictions (temporarily restricted), as the agreement specified that such income be used for the support of Catholic schools.

Charitable Trust

The Diocese is also a lead and remainder beneficiary under an irrevocable charitable trust administered by a third-party trustee. Under the agreement, upon the donor's death in 1999, the Diocese began to receive 5% of the net income of the trust for a period of 25 years, after which all of the remaining assets of the trust will be distributed to the beneficiaries in the same percentages. Based on the fair value of the assets held within the trust, as reported by the trustee, the Diocese's beneficial interest in the trust at June 30, 2020 and 2019, totaled \$46,545 and \$46,056, respectively. The beneficial interest is reported in the statement of financial position as net assets with donor restrictions (temporarily restricted), as the Diocese will receive their proportionate share in 2024 after the passage of time specified. The income received from the trust and the change in this beneficial interest are recorded as revenue with donor restrictions (temporarily restricted), as the agreement directed that such income and remaining assets be used for the support of the poorest mission churches in the Diocese.

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6. Property and Equipment

Property and equipment consisted of the following at June 30:

	2020	2019
Land	\$ 1,094,242	\$ 1,120,542
Buildings and improvements	7,891,823	8,201,690
Furnishings and equipment	492,728	585,264
Computer and software	51,267	51,267
Vehicles	197,527	221,132
Land improvements	150,687	150,687
	<u>9,878,274</u>	<u>10,330,582</u>
Accumulated depreciation	<u>(4,093,006)</u>	<u>(4,245,683)</u>
	<u>\$ 5,785,268</u>	<u>\$ 6,084,899</u>

Depreciation expense for the years ended June 30, 2020 and 2019, totaled \$267,919 and \$266,618, respectively.

7. Notes Payable

Project Financing

Notes payable for project financing are as follows at June 30:

	2020	2019
John Paul II Catholic School	\$ 5,368,303	\$ 6,160,260
Holy Spirit Parish	<u>4,292,578</u>	<u>4,599,515</u>
	<u>\$ 9,660,881</u>	<u>\$ 10,759,775</u>

John Paul II Catholic School

In May of 2013, the Diocese obtained financing to pay for the costs associated with the acquisition, construction, equipping and installation of John Paul II Catholic School in Morganfield, Kentucky (School). The note payable bears interest at a variable rate equal to sixty-five percent (65%) of the sum of the Daily LIBOR Rate, plus 150 basis points (1.5%), not to exceed a maximum rate of 10%. Principal and interest is due monthly, with the rates of interest being 1.098585% and 2.537360% at June 30, 2020 and 2019,

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7. Notes Payable, Continued

Project Financing, Continued

John Paul II Catholic School, Continued

respectively. The note was secured by the revenues and pledged revenues of the parishes to be served by the school, with a maturity date of May 1, 2018, at which time all outstanding principal and interest would have been due and payable. The note was refinanced in October of 2017 at the same interest rates and collateral terms as the previous note. Principle payments of \$33,479 plus interest, are due monthly through November 1, 2034.

In conjunction with the issuance of the 2013 debt, the Diocese and the School entered into a lease agreement wherein the School agreed to pay to the Diocese lease payments in amounts equal to the principal and interest due on the debt. The lease agreement was effective through May of 2018, and was renewable for an additional three terms at five years each. The School shall have the option to purchase the leased premises for \$1 at the end of each renewal period. The lease agreement was amended on June 17, 2019, to extend the lease through November 1, 2024.

In October of 2017, the Diocese entered into an interest rate swap agreement with a financial institution to reduce the impact of changes in interest rates on \$4,000,000 of this variable rate note payable. At June 30, 2020 and 2019, the amortized notional amount of the swap agreement was \$3,375,610 and \$3,609,756, respectively. The agreement, which effectively changed the Diocese's interest rate exposure on the notional amount to a fixed 2.927%, matures at the time the related note matures.

Changes in the interest rate swap asset (liability) were as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Beginning of year	\$ (83,500)	\$ 20,854
Change in value	<u>(47,586)</u>	<u>(104,354)</u>
End of year	<u>\$ (131,086)</u>	<u>\$ (83,500)</u>

Holy Spirit Parish

In December of 2009, Holy Spirit Parish of Bowling Green, Kentucky (Parish) and the Diocese entered into a Supplemental Loan Agreement with a local financial institution to finance costs associated with the construction of a new church for the Parish. The

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7. Notes Payable, Continued

Project Financing, Continued

Holy Spirit Parish, Continued

Parish and the Diocese were jointly and severally liable under the related promissory note, which is secured by a real estate mortgage on the property. All required monthly payments in the amount of \$43,800, including interest at 5.95%, were paid by the Parish, with a final balloon payment to be made in December of 2019. The Parish reflected the obligation on its financial statements, and the Diocese reported the obligation as a commitment and contingency in the footnotes to its financial statements.

In October of 2011, the terms were revised to obtain a reduced interest rate of 4.90%, with all other provisions of the borrowing arrangements remaining unchanged. The Parish continued to make monthly payments of \$43,800 in a timely manner and reflect the obligation on its financial statements. The Diocese continued to report the obligation as a commitment and contingency in the footnotes to its financial statements through June 30, 2015.

In April of 2016, a Mortgage and Loan Modification Agreement was entered into by the Parish, the Diocese, and the financial institution to extend the maturity date to April 2026. The modification agreement requires monthly payments of \$36,919, including interest at an unchanged rate of 4.90% for 10 years, with a balloon payment due in April of 2026.

In conjunction with the modification of this debt, the Diocese and the Parish entered into an agreement wherein the Diocese assumed the outstanding balance of the debt, and the Parish agreed to pay to the Diocese the required monthly payments of \$36,919, equal to the principal and interest payments to be made on the debt, plus additional amounts to be applied to principal for a total monthly payment of \$43,800. The agreement terminates in April of 2036, or such earlier date as the debt may be retired. Payments to be received from the Parish are to remain at \$43,800 monthly at an interest rate of 4.90% until the debt is retired, without regard to the anticipated refinancing of the debt in April of 2026.

Future scheduled maturities of payments relating to these project financing arrangements, for which lease receivables and notes payable have been recorded, are as follows:

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7. Notes Payable, Continued

Project Financing, Continued

	John Paul II Catholic School	Holy Spirit Parish	Total
2021	\$ 401,756	\$ 322,441	\$ 724,197
2022	401,756	338,601	740,357
2023	401,756	355,570	757,326
2024	401,756	373,389	775,145
2025	401,756	392,102	793,858
Thereafter	3,359,523	2,510,475	5,869,998
	<u>\$ 5,368,303</u>	<u>\$ 4,292,578</u>	<u>\$ 9,660,881</u>

Interest received from the School and the Parish on the lease receivables and paid by the Diocese to the financial institutions on the notes payable totaled \$377,696 and \$439,821 for the years ended June 30, 2020 and 2019, respectively. In addition, interest receivable from the Parish and payable to the financial institution at June 30, 2020 and 2019, totaled \$14,983 and \$15,548, respectively. At June 30, 2020 and 2019, there were no interest accruals relating to the note payable for the School.

8. Pledge Payable

In February of 2017, the Diocese pledged \$100,000 to an archdiocese in Mexico for seminary education and formation, payable in annual installments of \$20,000. In September of 2019, the Diocese pledged \$25,000 for the construction of a new seminary in India, payable in annual installments of \$5,000. The outstanding pledge balances will be paid in the following fiscal years:

	Archdiocese	Seminary	Total
2021	\$ 20,000	\$ 5,000	\$ 25,000
2022	-	5,000	5,000
2023	-	5,000	5,000
2024	-	5,000	5,000
	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 40,000</u>

The future payments have not been discounted to present value, as management has determined that the discount is insignificant.

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9. Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following at June 30:

	2020	2019
Undesignated	\$ 15,433,058	\$ 15,499,939
Board-designated:		
Disaster Relief	571	18,410
Contingency Fund	-	6,043
Catholic Schools	9,105	23,882
Bishop's Fund	220,397	210,809
Youth/Young Adult Ministries	-	2,481
Social Concerns Ministries	47,454	-
Bishop McRaith Bequest Fund	210,156	210,156
Deposit and Loan Fund	1,940,358	1,441,869
Charitable Trust Fund	2,024,053	2,190,400
Diocesan Benefit Plan	4,476,064	4,289,909
Bishop Soenneker Home	-	147,286
Division of School and Community Nutrition	(145,729)	6,100
Catholic Cemeteries	854,737	903,729
Owensboro Catholic League	60,157	70,047
Gasper River Catholic Retreat Center	3,231,243	3,379,484
	<u>12,928,566</u>	<u>12,900,605</u>
Legally mandated:		
Perpetual care and maintenance fund	<u>813,509</u>	<u>816,193</u>
Total	\$ <u>29,175,133</u>	\$ <u>29,216,737</u>

Legally mandated net assets consist of funds held in segregated accounts for the cemeteries. Kentucky Revised Statutes require that the following percentages of burial site sales be placed in the fund: 20% for graves; 5% for underground and mausoleum crypts; and 10% for columbariums. The balance is included in investments in the statement of financial position.

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10. Net Assets With Donor Restrictions

Net assets with donor restrictions and balances released are as follows for the years ended June 30:

	2020		2019	
	Restricted	Released	Restricted	Released
By time and purpose:				
Social Concerns Ministry	\$ 160,747	\$ 592,834	\$ 249,408	\$ 465,988
Catholic Charities	167,751	95,985	191,732	45,782
Disciples Response Fund	201,370	672,213	214,374	730,571
Social Needs	36,383	6,000	36,359	12,333
Seminary Education	297,097	359,315	150,521	475,071
Youth and Young Adult Ministries	30,286	29,059	3,896	11,186
Capital Campaign Designations	785,862	100,000	738,358	129,018
Gaspar River Catholic Retreat Center	127,690	6,086	118,309	10,655
Bishop Soenneker Home	-	129,924	150,600	7,362
Beneficial interest in charitable trust for missions	46,545	-	46,056	-
	<u>1,853,731</u>	<u>\$ 1,991,416</u>	<u>1,899,613</u>	<u>\$ 1,887,966</u>
In perpetuity:				
Beneficial interest in perpetual trust for catholic schools	<u>163,565</u>		<u>163,428</u>	
Total	<u>\$ 2,017,296</u>		<u>\$ 2,063,041</u>	

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11. Functional Expenses

A summary of expenses by functional classification is as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Program services:		
Adoption Fund	\$ -	\$ 9,130
Education	1,736,021	1,498,771
Worship and Spiritual Life	237,883	237,025
Social Concerns	1,645,277	1,268,401
Vocation Development	1,005,458	1,223,095
Grants to other organizations	167,756	187,565
Bishop Soenneker Home	212,133	942,641
Catholic Cemeteries	359,408	377,444
Charitable Trust Fund	641,399	451,941
Deposit and Loan Fund	299,009	288,024
Diocesan Benefit Plan	6,126,299	6,109,189
Gasper River Catholic Retreat Center	317,615	433,079
Owensboro Catholic League	29,748	95,186
Division of School and Community Nutrition	<u>1,728,716</u>	<u>1,763,945</u>
Total program services	<u>14,506,722</u>	<u>14,885,436</u>
Management and general:		
General and administrative	1,572,330	1,400,232
Depreciation	<u>267,919</u>	<u>266,618</u>
Total management and general	<u>1,840,249</u>	<u>1,666,850</u>
Fundraising	<u>286,567</u>	<u>330,045</u>
Total expenses before eliminations	16,633,538	16,882,331
Less eliminations	<u>(773,114)</u>	<u>(720,982)</u>
Total expenses	<u>\$ 15,860,424</u>	<u>\$ 16,161,349</u>

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12. Retirement Plans

The retirement plans of the Diocese consist of the following:

Retired Priests Benefit

The Diocese has a monthly retirement benefit commitment for priests who retired on or before June 1, 2012. The Charitable Trust Fund holds the assets which are used to fund these benefits. The actuarial present value of these future benefits totaled \$551,239 and \$656,402 at June 30, 2020 and 2019, respectively, and is reflected as a liability in the statement of financial position. Benefits provided to retired priests under this plan totaled \$78,700 and \$92,400 for the years ended June 30, 2020 and 2019, respectively. Priests who retired after June 1, 2012, participate in the defined benefit plan.

Defined Benefit Plan

The Diocese participates in the Christian Brothers Employee Retirement Plan (Plan) a contributory, multi-employer, defined benefit pension plan for Catholic organizations administered by Christian Brothers Retirement Services. The Plan name is the *Christian Brothers Employee Retirement Plan* and covers all permanent full-time employees and active Diocesan priests of the Chancery and Certain Entities, as well as various Catholic schools and parishes. The Diocese, schools and parishes contributed 6.5% of each participant's compensation to the plan for fiscal years 2020 and 2019. The actuarial information for the multi-employer plan as of July 1, 2020, indicates that it is in compliance with ERISA regulations regarding funding. Information regarding the Plan is publicly available at www.cbsservices.org.

The risks of participating in multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Diocese chooses to stop participating in its multi-employer plan, it may be required to pay a withdrawal liability to the plan. Depending on the number of employees withdrawn in any future period and the financial condition of the multi-employer Plan at the time of withdrawal, the associated withdrawal liabilities could be material to the Diocese's change in net assets in the period of the withdrawal. The Diocese has no plans to withdraw from its multi-employer pension Plan.

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12. Retirement Plans, Continued

Defined Benefit Plan, Continued

The following presents information about the multi-employer pension Plan as of and for the years ended June 30, 2020 and 2019:

EIN and Plan Number	Pension Protection Act Zone Status		FIP/RP Status	Contributions for the Year Ended June 30,		Surcharge Imposed
	2020	2019		2020	2019	
36-2671613 Plan No. 333	Red 6/30/20	Yellow 6/30/19	N/A	\$358,282	\$365,317	No

The Diocese did not contribute more than 5% of total contributions to the Plan in fiscal years 2020 or 2019.

13. Fair Value Measurements

The Diocese has adopted the provisions of FASB ASC 820, *Fair Value Measurements*. FASB ASC 820 establishes a framework for measuring fair value and establishes a three-tier hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows:

- Level 1: Quoted prices for identical assets or liabilities in active markets. Level 1 investments include money market funds, mutual funds, and corporate stocks.
- Level 2: Observable inputs, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in inactive markets, or unobservable inputs that are derived principally from or corroborated by observable market data.
- Level 3: Unobservable inputs that are based on the Diocese's own assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data.

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13. Fair Value Measurements, Continued

Fair values of assets measured on a recurring basis at June 30, 2020, were as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash and cash equivalents	\$ 542,545	\$ 542,545	\$ -	\$ -
Corporate stocks:				
Energy	68,302			
Materials	231,383			
Industrials	266,636			
Consumer discretionary	468,208			
Consumer staples	184,379			
Health care	470,607			
Financials	387,973			
Information technology	944,760			
Telecommunication services	366,758			
Utilities	113,091			
	<u>3,502,097</u>	3,502,097	-	-
Exchange-traded and closed-end funds	<u>22,899,785</u>	22,899,785	-	-
Government securities:				
Treasury	282,180			
Federal	<u>457,707</u>			
	<u>739,887</u>	-	739,887	-
Mutual funds:				
Equities	6,903,085			
Real estate	26,003			
Alternative	89,093			
Fixed income and preferreds	<u>1,242,090</u>			
	<u>8,260,271</u>	8,260,271	-	-
Total investments	<u>35,944,585</u>			
Beneficial interests in trusts	210,110	-	46,545	163,565
Interest rate swap	<u>(131,086)</u>	-	<u>(131,086)</u>	-
	<u>\$ 36,023,609</u>	<u>\$ 35,204,698</u>	<u>\$ 655,346</u>	<u>\$ 163,565</u>

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13. Fair Value Measurements, Continued

Fair values of assets measured on a recurring basis at June 30, 2019, were as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash and cash equivalents	\$ 444,021	\$ 444,021	\$ -	\$ -
Corporate stocks:				
Energy	146,851			
Materials	192,995			
Industrials	305,618			
Consumer discretionary	294,613			
Consumer staples	184,791			
Health care	418,229			
Financials	514,692			
Information technology	680,760			
Telecommunication services	314,833			
Utilities	94,745			
	<u>3,148,127</u>	3,148,127	-	-
Exchange-traded and closed-end funds	<u>19,366,558</u>	19,366,558		
Government securities:				
Treasury	304,386			
Federal	512,445			
	<u>816,831</u>	-	816,831	-
Mutual funds:				
Equities	7,227,702			
Real estate	18,461			
Alternative	76,970			
Fixed income and preferreds	<u>2,058,058</u>			
	<u>9,381,191</u>	9,381,191	-	-
Total investments	33,156,728			
Beneficial interests in trusts	209,484	-	46,056	163,428
Interest rate swap	<u>(83,500)</u>	<u>-</u>	<u>(83,500)</u>	<u>-</u>
	<u>\$ 33,282,712</u>	<u>\$ 32,339,897</u>	<u>\$ 779,387</u>	<u>\$ 163,428</u>

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Years Ended June 30, 2020 and 2019

13. Fair Value Measurements, Continued

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Interest-bearing cash: The carrying amount approximated fair value due to the short-term highly-liquid nature.

Corporate stocks: Valued at the closing price reported in the active market on which the individual securities are traded.

Exchange-traded and closed-end funds: Valued at the market price as reported by the funds, based on the most recent closing prices of the underlying securities.

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities, including yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds: Valued at the daily closing price as reported by the fund, based on quoted market prices. Mutual funds held by the Diocese are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Diocese are deemed to be actively traded.

Beneficial interests in trusts: Valued at the fair value of the assets within the trusts, as reported by the trustees. The Diocese considers its beneficial interest in the charitable trust to be a Level 2 measurement because it will receive those assets in the future. The Diocese considers its beneficial interest in the perpetual trust to be a Level 3 measurement because the Diocese will never receive those assets or have the ability to direct the trustee to redeem them.

Interest rate swap: Valued using the cash flow model utilized by the financial institution, which considers past, present, and future assumptions regarding interest rates and market conditions to estimate the fair value of the agreement.

Transfers between fair value hierarchy are recognized at the end of the reporting period. There were no transfers between levels for the years ended June 30, 2020 and 2019.

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13. Fair Value Measurements, Continued

Changes in the fair value of Level 3 investments were as follows for the year ended June 30:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 163,428	\$ 163,305
Change in value of perpetual trust	<u>137</u>	<u>123</u>
Balance, end of year	<u>\$ 163,565</u>	<u>\$ 163,428</u>

At least annually, management and the Diocesan Finance Council review and approve the Diocese's fair value measurement policies and procedures and determine if the valuation techniques used in fair value measurements are still appropriate.

14. Concentrations of Credit Risk

Financial instruments that potentially expose the Diocese to concentrations of credit and market risk consist primarily of cash on deposit at financial institutions, investments, and accounts and loans receivable.

The Diocese attempts to limit its cash credit risk exposure by maintaining accounts at high-quality financial institutions where deposits are insured by the FDIC. Cash on deposit exceeded the insured limits by \$2,163,390 and \$1,119,577 at June 30, 2020 and 2019, respectively.

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

Although the realization of accounts and loans receivable balances due from parishes and schools in the Diocese, which are uncollateralized, is dependent on the various economic conditions of each locality, the Diocese considers these balances to be fully collectible. Management periodically reviews receivables for collectability and records these balances at estimated net realizable values.

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

15. Self-Insurance

In the Diocesan Benefit Plan, the Diocese maintains a comprehensive self-insurance plan through a third-party administrator for employees' medical, dental, prescription, life, and long-term disability coverage. The plan provides for specific claims coverage up to \$150,000 and \$125,000 per employee for periods ending June 30, 2020 and 2019, respectively, and maximum aggregate insurance up to \$1,000,000 per policy period. Settled claims have not exceeded insurance coverage, nor has there been any reduction in insurance coverage from the prior year.

The Diocese recorded an estimated claims liability at June 30, 2020 and 2019, totaling \$74,542 and \$64,616, respectively, based on actual activity occurring subsequent to year end.

16. Related Party Transactions

Legal services are provided to the Diocese by a member of the Diocesan Finance Council, for which the Diocese paid \$16,945 and \$26,362 for the years ended June 30, 2020 and 2019, of which \$2,070 and \$4,763 was included in accounts payable at each fiscal year end, respectively.

Accounting assistance and program services provided to the Diocese by family members of management or employees totaled \$10,780 and \$30,661 for the years ended June 30, 2020 and 2019, respectively, none of which was payable at each fiscal year end.

Program services provided to the Diocese by board members or family of board members totaled \$1,025 and \$10,572 for the years ended June 30, 2020 and 2019, respectively, none of which was payable at each fiscal year end.

Administrative, human resources, and accounting support are provided at no charge to the Catholic Foundation of Western Kentucky, Inc. (Foundation). While the Diocese and the Foundation share a common purpose to support the region's Catholic community, the Diocese does not control the Foundation. Transactions between the Foundation and the Diocese were as follows for the years ended June 30:

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

16. Related Party Transactions, Continued

	2020	2019
Due to the Foundation:		
Vocare offerings	\$ <u>4,883</u>	\$ <u>4,229</u>
Contributions to the Foundation:		
On behalf of donors, including Vocare	\$ <u>66,884</u>	\$ <u>99,579</u>
Revenue from the Foundation for program services:		
Operating Fund:		
Seminarians	\$ 371,113	\$ 358,053
Religious education	28,196	27,567
Outreach	13,934	13,623
Catholic charities	11,929	11,662
Other programs	<u>18,768</u>	<u>-</u>
	\$ <u>443,940</u>	\$ <u>410,905</u>
Funds managed by the Foundation in assets held for others:		
Bishop Soenneker Home	\$ -	\$ 150,600
Gaspar River Catholic Retreat Center	<u>124,195</u>	<u>116,101</u>
	\$ <u>124,195</u>	\$ <u>266,701</u>

17. Income Taxes

The Diocese is a nonprofit organization exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Diocese believes that it has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the combined financial statements. As a religious organization, the Diocese is not required to file annual federal or state information returns.

18. Contingencies

The Division of School and Community Nutrition (Division) exists to administer the National School Lunch Program in participating Catholic schools throughout the Diocese. Its revenue is comprised primarily of meal sales, federal reimbursements, and state matching funds under the federal program. These funds are to be used for designated purposes only. For government grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, or if program compliance requirements have not

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

18. Contingencies, Continued

been met, the grantor may request a refund of monies previously received, or refuse to reimburse the Division for meals served. The amount of such future refunds or unreimbursed meals, if any, is not expected to be significant. Continuation of the Division's operations is predicated upon the grantor's satisfaction that the funds provided are being spent in accordance with program requirements, and the grantor's intent to continue the federal program.

19. Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The amendments of this ASU will be effective for annual reporting periods beginning after December 15, 2019. Management is currently evaluating the impact that the standard may have on its combined financial statements.

20. Impact of COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Fortunately, by fiscal year end markets had rebounded considerably and the negative impact on the Diocese's financial statements at June 30, 2020, was minimized. The Diocese, in conjunction with its investment advisors, is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of any declines.

In April 2020, the Chancery and certain other entities included in the combined financial statements were granted loans totaling \$1,122,519 under the Paycheck Protection Program "PPP" administered by a U. S. Small Business Administration (SBA) approved partner. The loans are uncollateralized, accrue interest at 1%, and are fully guaranteed by the federal government. All entities are eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements, including maintaining employment levels during its 24-week covered period, and using the funds for certain payroll, rent, and utility expenses.

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

20. Impact of COVID-19, Continued

Subsequent to year end, management began the process of applying for forgiveness of these loans, and anticipates that the debt will be forgiven in its entirety; therefore, the loans have been recorded as refundable advances/deferred revenue at June 30, 2020, in accordance with current authoritative guidance for conditional contributions.

The extent of the impact of COVID-19 on the Diocese's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Diocese's parishes, employees and donors, all of which at present cannot be determined. Possible effects may include, but are not limited to, disruptions to the Diocese's donors and revenue, absenteeism in the Diocese's labor workforce, ministry restrictions placed under social distancing guidelines, and a decline in value of assets held by the Diocese, including receivables and the beneficial interests in assets held by others. The extent to which COVID-19 may impact the Diocese's financial position, changes in net assets, and cash flows is uncertain and the accompanying combined financial statements include no adjustments relating to the effect of this pandemic.

21. Subsequent Events

Prior to fiscal year-end, the Diocese entered into a contract to sell at auction certain real estate held for investment with a June 30, 2020, carrying value of \$217,534. In September 2020, the land was sold. Post-closing, proceeds of approximately \$1,500,000 were received by the Diocese.

The Diocese has evaluated subsequent events through December 16, 2020, the date the combined financial statements were available to be issued.

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS	Chancery	Deposit and Loan Fund	Charitable Trust Fund	Diocesan Benefit Plan	Bishop Soenneker Home	Division of School and Community Nutrition	Owensboro Catholic Cemeteries	Owensboro Catholic League	Gasper River Catholic Retreat Center	Eliminations	Combined
Cash and cash equivalents	\$ 973,420	\$ 1,566,620	\$ 42,151	\$ 189,680	\$ -	\$ 36,912	\$ 80,133	\$ 50,606	\$ 2,794	\$ -	\$ 2,942,316
Investments	15,422,544	12,508,720	2,837,425	4,238,192	-	-	813,509	-	124,195	-	35,944,585
Real estate held for investment	811,889	-	-	-	-	-	-	-	-	-	811,889
Accounts receivable:											
Due from parishes	433,468	-	-	-	-	-	-	-	-	(6,086)	427,382
Other	22,214	-	47,170	122,734	-	-	50,607	-	268	-	242,993
Grants	-	-	-	-	-	44,386	-	-	-	-	44,386
Lease	9,660,881	-	-	-	-	-	-	-	-	-	9,660,881
Loans receivable	19,055	3,904,137	-	-	-	-	-	-	-	(44,113)	3,879,079
Accrued interest receivable	-	11,346	-	-	-	-	-	-	-	-	11,346
Due from related party	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	106,911	-	-	-	-	-	-	-	-	(106,911)	-
Prepaid expenses	6,184	-	-	-	-	-	953	-	-	-	7,137
Inventories	-	-	-	-	-	89,723	-	-	-	-	89,723
Beneficial interests in trusts	210,110	-	-	-	-	-	-	-	-	-	210,110
Cemetery property	-	-	-	-	-	-	67,211	-	-	-	67,211
Property and equipment, net	1,740,543	-	-	-	-	2,871	713,658	39,132	3,289,064	-	5,785,268
Total assets	\$ 29,407,219	\$ 17,990,823	\$ 2,926,746	\$ 4,550,606	\$ -	\$ 173,892	\$ 1,726,071	\$ 89,738	\$ 3,416,321	\$ (157,110)	\$ 60,124,306
LIABILITIES AND NET ASSETS											
Accounts payable and accrued expenses	\$ 400,819	\$ -	\$ 13,471	\$ 74,542	\$ -	\$ 36,142	\$ 14,925	\$ 5,842	\$ 2,639	\$ (6,901)	\$ 541,479
Due to related party	4,883	-	-	-	-	-	-	-	-	-	4,883
Due to other funds	-	106,096	-	-	-	-	-	-	-	(106,096)	-
Deferred revenue	1,331,738	-	112,122	-	-	239,366	42,900	23,739	54,749	-	1,804,614
Accrued interest payable	-	-	10,815	-	-	-	-	-	-	-	10,815
Deposits payable	-	15,944,369	-	-	-	-	-	-	-	-	15,944,369
Collections payable	27,465	-	-	-	-	-	-	-	-	-	27,465
Note payables	9,660,881	-	-	-	-	44,113	-	-	-	(44,113)	9,660,881
Interest rate swap	131,086	-	-	-	-	-	-	-	-	-	131,086
Accrued retirement obligations	-	-	766,285	-	-	-	-	-	-	-	766,285
Pledge payable	40,000	-	-	-	-	-	-	-	-	-	40,000
Total liabilities	11,596,872	16,050,465	902,693	74,542	-	319,621	57,825	29,581	57,388	(157,110)	28,931,877
Net assets:											
Without donor restrictions:											
Undesignated	15,433,058	-	-	-	-	-	-	-	-	-	15,433,058
Board designated	487,683	1,940,358	2,024,053	4,476,064	-	(145,729)	854,737	60,157	3,231,243	-	12,928,566
Legally mandated	-	-	-	-	-	-	813,509	-	-	-	813,509
With donor restrictions	15,920,741	1,940,358	2,024,053	4,476,064	-	(145,729)	1,668,246	60,157	3,231,243	-	29,175,133
Total net assets	1,889,606	-	-	-	-	-	-	-	127,690	-	2,017,296
Total net assets	17,810,347	1,940,358	2,024,053	4,476,064	-	(145,729)	1,668,246	60,157	3,358,933	-	31,192,429
Total liabilities and net assets	\$ 29,407,219	\$ 17,990,823	\$ 2,926,746	\$ 4,550,606	\$ -	\$ 173,892	\$ 1,726,071	\$ 89,738	\$ 3,416,321	\$ (157,110)	\$ 60,124,306

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Chancery	Deposit and Loan Fund	Charitable Trust Fund	Diocesan Benefit Plan	Bishop Seemeyer Home	Division of School and Community Nutrition	Owensboro Catholic Cemeteries	Owensboro Catholic League	Gasper River Catholic Retreat Center	Eliminations	Combined
Revenue, support and gains:											
Parish assessments	\$ 3,090,786	\$ -	\$ 147,966	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,250)	\$ 3,227,502
Contributions and bequests	2,058,326	-	131,091	-	-	215	480	1,000	154,515	(104,800)	2,150,827
Investment return	897,872	707,649	195,995	574,140	(20,676)	7	(21,339)	-	14,072	-	2,347,720
Change in value of beneficial interest in trusts	636	-	-	-	-	-	-	-	-	-	636
Change in value of interest rate swap	(47,586)	-	-	-	-	-	-	-	-	-	(47,586)
Interest income on loans	-	195,945	-	-	-	-	-	-	-	-	195,945
Rental income	98,138	-	-	-	-	-	-	-	-	-	98,138
Income on real estate investments	27,575	-	-	-	-	-	-	-	-	-	27,575
Grants	185,933	-	-	-	-	-	20,100	-	-	(2,300)	193,645
Program and service fee income	417,370	-	-	5,738,314	-	703,711	-	-	-	(3,600)	114,638
Gain (loss) on disposal of property and equipment	(86,391)	-	-	-	(3,451)	831,009	344,549	22,081	103,917	(1,862)	887,782
Other income	16,635	-	-	-	1,345	43,630	530	-	110	(559,302)	6,897,938
											(89,842)
											62,250
Total revenue, support and gains	6,659,284	903,594	475,052	6,312,454	(22,782)	1,578,572	344,320	23,081	272,614	(773,114)	15,773,075
Expenses and losses:											
Salaries and wages	2,571,456	-	-	35,015	31,667	728,219	162,036	-	180,125	-	3,708,518
Payroll taxes	165,120	-	-	-	2,415	53,161	11,716	-	13,120	-	245,532
Employee benefits	467,545	-	-	5,716,997	15,188	120,001	19,128	-	22,513	(554,981)	5,806,391
Other employee assistance	9,181	-	-	-	-	-	-	-	-	-	9,181
Retired priests benefits	-	-	576,403	-	-	-	-	-	-	-	576,403
Rent expense	-	-	3,600	-	-	-	-	-	-	(3,600)	-
Professional and technical fees	118,646	-	-	373,565	3,840	6,634	619	211	11,347	-	525,000
Travel and auto expense	201,525	-	25,213	-	1,946	10,851	5,953	-	5,945	-	251,433
Postage and printing	188,021	-	-	34	55	779	293	-	882	-	190,064
Advertising	4,048	-	-	-	-	-	-	-	-	-	4,048
Insurance	51,810	-	2,942	-	7,229	7,993	13,777	-	13,225	-	96,976
Telephone and utilities	127,080	-	7,297	-	9,132	4,470	6,473	4,369	30,638	-	189,459
Repairs and maintenance	83,033	-	3,161	-	6,574	418	33,030	-	16,929	-	145,145
Supplies	187,339	-	-	254	22	2,048	5,504	-	3,956	-	199,123
Miscellaneous	44,787	-	-	-	984	10,314	1,048	-	1,022	-	58,155
Books, materials, subscriptions and dues	95,410	-	282	-	-	1,199	1,200	-	507	-	98,598
Assessments	79,660	-	-	-	-	-	-	-	-	-	79,660
Program services expense	732,582	-	-	434	1,070	773,349	96,631	25,168	14,488	(5,596)	1,638,126
Professional development expense	26,618	-	1,548	-	-	6,980	-	-	300	(3,555)	31,891
Depreciation expense	124,497	-	-	-	8,067	1,685	36,588	3,223	93,859	-	267,919
Interest expense	-	299,009	10,815	-	-	2,300	-	-	-	(2,300)	309,834
Grants, subsidies, and other direct aid	1,495,368	-	-	-	122,550	-	-	-	500	(203,082)	1,415,336
Bad debt expense	2,063	-	-	-	9,461	-	-	-	-	-	11,524
Total expenses and losses	6,775,789	299,009	641,399	6,126,299	220,200	1,730,401	395,996	35,971	411,474	(773,114)	15,860,424
Excess (deficiency) of revenue, support and gains over expenses and losses	(116,505)	604,585	(166,347)	186,155	(242,982)	(151,829)	(51,676)	(9,890)	(138,860)	-	(87,349)
Transfers	161,000	(106,096)	-	-	(54,904)	-	-	-	-	-	-
Change in net assets	44,495	498,489	(166,347)	186,155	(297,886)	(151,829)	(51,676)	(9,890)	(138,860)	-	(87,349)
Net assets, beginning of year	17,765,852	1,441,869	2,190,400	4,289,909	297,886	6,100	1,719,922	70,047	3,497,793	-	31,279,778
Net assets, end of year	17,810,347	1,940,358	2,024,053	4,476,064	-	(145,729)	1,668,246	60,157	3,358,933	-	31,192,429

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS	Chancery	Deposit and Loan Fund	Charitable Trust Fund	Diocesan Benefit Plan	Bishop Soenneker Home	Division of School and Community Nutrition	Owensboro Catholic Cemeteries	Owensboro Catholic League	Gasper River Catholic Retreat Center	Eliminations	Combined
Cash and cash equivalents	\$ 278,678	\$ 824,255	\$ 161,441	\$ 298,468	\$ 1,329	\$ 27,757	\$ 38,415	\$ 32,517	\$ 5,703	\$ -	\$ 1,668,563
Investments	14,483,959	10,810,950	2,812,767	3,966,158	150,600	-	816,193	-	116,101	-	33,156,728
Real estate held for investment	811,866	-	-	-	-	-	-	-	-	-	811,866
Accounts receivable:											
Due from parishes	442,030	-	7,100	-	-	-	-	-	-	-	-
Other	24,663	-	46,968	89,899	10,298	-	47,573	-	6,158	(3,175)	445,955
Grants	-	-	-	-	-	37,755	-	-	-	(187)	225,372
Lease	10,759,775	-	-	-	-	-	-	-	-	-	37,755
Loans receivable	-	4,960,638	-	-	-	-	-	-	-	-	10,759,775
Accrued interest receivable	1,927	1,698	-	-	-	-	-	-	-	(56,784)	4,903,854
Due from other funds	794,908	-	60,000	-	-	-	-	-	-	-	3,625
Prepaid expenses	92,118	-	-	-	-	-	-	-	-	(854,908)	-
Inventories	-	-	-	-	-	65,519	-	-	-	-	92,118
Beneficial interests in trusts	209,484	-	-	-	-	-	-	-	-	-	65,519
Cemetery property	-	-	-	-	-	-	84,982	-	-	-	209,484
Property and equipment, net	1,761,432	-	-	-	143,387	4,556	750,246	42,355	3,382,923	-	84,982
Total assets	\$ 29,660,840	\$ 16,597,541	\$ 3,088,276	\$ 4,354,525	\$ 305,614	\$ 135,587	\$ 1,737,409	\$ 74,872	\$ 3,510,885	\$ (915,054)	\$ 58,550,495
LIABILITIES AND NET ASSETS											
Accounts payable and accrued expenses	\$ 242,444	\$ -	\$ 49,128	\$ 64,616	\$ 7,541	\$ 36,737	\$ 13,487	\$ 4,825	\$ 2,512	\$ (3,334)	\$ 417,956
Due to related party	4,229	-	-	-	-	-	-	-	-	-	4,229
Due to other funds	60,000	794,749	-	-	187	-	-	-	-	(854,936)	-
Deferred revenue	665,674	-	2,500	-	-	35,966	4,000	-	10,580	-	718,720
Deposits payable	-	14,360,923	-	-	-	-	-	-	-	-	14,360,923
Collections payable	39,366	-	-	-	-	-	-	-	-	-	39,366
Note payable	10,759,775	-	-	-	-	56,784	-	-	-	(56,784)	10,759,775
Interest rate swap	83,500	-	-	-	-	-	-	-	-	-	83,500
Accrued retirement obligations	-	-	846,248	-	-	-	-	-	-	-	846,248
Pledge payable	40,000	-	-	-	-	-	-	-	-	-	40,000
Total liabilities	11,894,988	15,155,672	897,876	64,616	7,728	129,487	17,487	4,825	13,092	(915,054)	27,270,717
Net assets:											
Without donor restrictions:											
Undesignated	15,499,939	-	-	-	-	-	-	-	-	-	15,499,939
Board designated	471,781	1,441,869	2,190,400	4,289,909	147,286	6,100	903,729	70,047	3,379,484	-	12,900,605
Legally mandated	-	-	-	-	-	-	816,193	-	-	-	816,193
With donor restrictions	15,971,720	1,441,869	2,190,400	4,289,909	147,286	6,100	1,719,922	70,047	3,379,484	-	29,216,737
Total net assets	1,794,132	-	-	-	150,600	-	-	-	118,309	-	2,063,041
Total net assets	17,765,852	1,441,869	2,190,400	4,289,909	297,886	6,100	1,719,922	70,047	3,497,793	-	31,279,778
Total liabilities and net assets	\$ 29,660,840	\$ 16,597,541	\$ 3,088,276	\$ 4,354,525	\$ 305,614	\$ 135,587	\$ 1,737,409	\$ 74,872	\$ 3,510,885	\$ (915,054)	\$ 58,550,495

ROMAN CATHOLIC DIOCESE OF OWENSBORO
(Chancery and Certain Entities)

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Chancery	Deposit and Loan Fund	Charitable Trust Fund	Diocesan Benefit Plan	Bishop Senneker Home	Division of School and Community Nutrition	Owensboro Catholic Cemeteries	Owensboro Catholic League	Gasper River Catholic Retreat Center	Eliminations	Combined
Revenue, support and gains:											
Parish assessments	\$ 3,086,283	-	\$ 149,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,500)	\$ 3,223,575
Contributions and bequests	1,768,071	-	169,249	-	5,264	1,201	12,200	3,800	131,209	(117,271)	1,973,723
Investment return	654,175	429,279	110,736	69,799	12,215	30	43,332	-	2,731	(1,495)	1,320,802
Change in value of beneficial interest in trusts	1,563	-	-	-	-	-	-	-	-	-	1,563
Change in value of interest rate swap	(104,354)	-	-	-	-	-	-	-	-	-	(104,354)
Interest income on loans	-	237,028	-	-	-	-	-	-	-	-	234,186
Rental income	93,323	-	-	-	-	-	-	-	-	(2,842)	104,476
Income on real estate investments	173,702	-	-	-	-	-	18,353	-	-	(7,200)	173,702
Grants	143,706	-	-	-	-	-	-	-	-	(700)	809,453
Program and service fee income	301,027	-	-	-	-	666,447	-	-	-	-	7,779,876
Gain (loss) on disposal of property and equipment	95,631	-	-	5,549,988	711,912	1,048,451	353,904	102,683	290,885	(578,974)	95,631
Other income	14,598	-	-	-	5,101	45,189	450	-	17,390	-	82,728
Total revenue, support and gains	6,227,725	666,307	429,777	5,619,787	734,492	1,761,318	428,239	106,483	442,215	(720,982)	15,695,361
Expenses and losses:											
Salaries and wages	2,319,649	-	-	33,495	581,526	650,543	167,719	500	211,989	-	3,965,421
Payroll taxes	149,172	-	-	-	41,640	47,050	18,109	-	15,594	(5,875)	265,690
Employee benefits	426,561	-	19,657	5,707,365	74,845	120,843	15,777	-	21,826	(573,690)	5,813,184
Other employee assistance	9,010	-	-	-	2,458	-	-	-	-	-	11,468
Retired priests' benefits	-	-	321,816	-	-	-	-	-	-	-	321,816
Rent expense	-	-	7,200	-	-	-	-	-	-	(7,200)	-
Professional and technical fees	123,671	-	51,565	367,423	6,356	6,377	576	3,867	26,935	5,875	592,645
Travel and auto expense	196,357	-	28,330	-	1,452	20,143	8,670	-	6,130	-	261,082
Postage and printing	171,751	-	-	44	381	842	225	-	1,224	-	174,467
Advertising	7,705	-	-	-	241	-	-	-	1,533	-	9,479
Insurance	47,901	-	3,065	-	24,073	15,766	23,166	-	12,477	-	126,448
Telephone and utilities	117,547	-	8,435	-	48,949	4,275	7,067	-	31,986	-	224,904
Repairs and maintenance	74,398	-	5,486	-	12,528	9,043	9,043	6,645	34,448	-	135,903
Supplies	70,590	-	3,983	325	12,528	1,752	7,184	1,018	8,165	-	105,271
Miscellaneous	27,821	-	993	-	1,744	10,596	5,525	-	2,824	-	49,503
Books, materials, subscriptions and dues	51,648	-	346	-	45	1,838	1,646	-	87	-	55,610
Assessments	87,545	-	-	-	-	-	-	-	-	-	87,545
Program services expense	864,932	-	-	537	130,002	873,479	112,140	83,157	51,172	(8,569)	2,106,850
Professional development expense	29,737	-	1,065	-	87	7,600	599	-	1,745	(3,150)	37,683
Depreciation expense	118,145	-	-	-	11,813	1,684	37,031	2,348	95,597	-	266,618
Interest expense	-	288,025	-	-	-	2,842	-	-	-	(4,337)	286,530
Grants, subsidies, and other direct aid	1,378,265	-	-	-	-	-	-	-	4,945	(124,036)	1,259,174
Bad debt expense	-	-	-	-	4,058	-	-	-	-	-	4,058
Total expenses and losses	6,272,405	288,025	451,941	6,109,189	954,452	1,765,630	414,477	97,535	538,677	(720,982)	16,161,349
Excess (deficiency) of revenue, support and gains over expenses and losses	(44,680)	378,282	(22,164)	(489,402)	(219,960)	(4,312)	13,762	8,948	(86,462)	-	(465,988)
Transfers	39,564	(161,105)	-	-	121,541	-	-	-	-	-	-
Change in net assets	(5,116)	217,177	(22,164)	(489,402)	(98,419)	(4,312)	13,762	8,948	(86,462)	-	(465,988)
Net assets, beginning of year	17,770,968	1,224,692	2,212,564	4,779,311	396,305	10,412	1,706,160	61,099	3,584,255	-	31,745,766
Net assets, end of year	\$ 17,765,852	\$ 1,441,869	\$ 2,190,400	\$ 4,289,909	\$ 297,886	\$ 6,100	\$ 1,719,922	\$ 70,047	\$ 3,497,793	\$ -	\$ 31,279,778