Archdiocese of St. Louis

Combined Financial Statements
(Excluding Parishes) as of and for the
Years Ended June 30, 2023 and 2022, and
Independent Auditors' Report

ARCHDIOCESE OF ST. LOUIS

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

The Most Reverend Mitchell T. Rozanski
Archbishop of St. Louis
Archdiocese of St. Louis
St. Louis, Missouri

Report On The Audit Of The Financial Statements

Opinion

We have audited the combined financial statements of the Archdiocese of St. Louis, which comprise the combined statement of financial position as of June 30, 2023 and 2022, and the related combined statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Archdiocese of St. Louis as of June 30, 2023 and 2022, and the changes in 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Combined Financial Statements section of our report. The financial statements of the St. Louis Archdiocesan Fund were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the Archdiocese of St. Louis 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities For The Audit Of The Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* 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 combined financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Archdiocese of St. Louis'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Archdiocese of St. Louis'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.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023 on our consideration of the Archdiocese of St. Louis's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Archdiocese of St. Louis's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Archdiocese of St. Louis's internal control over financial reporting and compliance.

RubinBrown LLP

October 30, 2023

ARCHDIOCESE OF ST. LOUIS

COMBINED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022
(In thousands)

	2023	2022
Assets		
Cash and cash equivalents	$ 18,036	$ 15,671
Restricted cash and investments	5,646	5,931
Investments	941,018	880,454
Accounts receivable and other receivables, net	14,331	9,214
Grants, pledges and bequests receivable, net	22,055	11,667
Loans to Archdiocesan parishes/other Catholic organizations, net	5,005	6,226
Cemetery land and improvements available for interment and mausoleums	10,857	10,105
Other assets	13,283	9,114
Property and equipment, net	169,748	172,343
Beneficial interests in perpetual trusts	8,390	7,201
Total assets	$1,208,369	$1,127,926
Liabilities		
Accounts payable and accrued expenses	$ 16,384	$ 13,322
Claims payable, net	11,524	10,495
Deferred revenues	19,354	17,795
Accrued future care costs	73,345	67,407
Due to Archdiocesan parishes/other Catholic organizations	10,493	8,810
Deposit liabilities	227,530	206,761
Notes payable, net	55,631	56,107
Refundable advances	15,083	14,686
Priests' retirement liability	112,611	110,776
Other liabilities	15,692	13,255
Total liabilities	557,647	519,414
Net Assets		
Without donor restrictions:		
Undesignated	(21,024)	(27,415)
Designated	534,983	514,468
Noncontrolling interest in subsidiaries	3,609	4,304
Total without donor restrictions	517,568	491,357
With donor restrictions	133,154	117,155
Total net assets	650,722	608,512
Total liabilities and net assets	$1,208,369	$1,127,926

See notes to combined financial statements.

ARCHDIOCESE OF ST. LOUIS

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(In thousands)

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues and gains(losses):		
Contributions, pledges, bequests and grants, net of direct fund-raising expenses of $1,961 in 2023 and $1,938 in 2022	$ 43,940	$ 50,143
Government fees and grants	41,788	45,253
Net investment gains(losses), net of fees	59,358	(113,847)
Tuition and student fees, net of scholarships of $10,921 in 2023 and $11,365 in 2022	25,591	25,351
Fees and services, net of expenses of $2,968 in 2023 and $2,868 in 2022	77,809	75,732
Insurance premiums	39,638	39,440
Net gain(loss) on sale, disposal or impairment of property	(6,979)	10,701
Other revenues	1,177	5,844
Total revenues and gains(losses) without donor restrictions	282,322	138,617
Net assets released from restrictions:		
Restrictions satisfied by time	2,256	2,202
Restrictions satisfied by purpose	25,221	19,331
Total net assets released from restrictions	27,477	21,533
Total revenues, gains(losses) and other support without donor restrictions	309,799	160,150
Expenses:		
Program	236,838	172,661
Management and general	37,161	33,833
Fund-raising	9,589	8,786
Total expenses	283,588	215,280
Changes in net assets without donor restrictions	26,211	(55,130)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions, pledges, bequests and grants	32,402	17,672
Net investment gains(losses)	11,074	(16,384)
Net assets released from restrictions	(27,477)	(21,533)
Changes in net assets with donor restrictions	15,999	(20,245)
CHANGE IN NET ASSETS	42,210	(75,375)
NET ASSETS — Beginning of year	608,512	683,887
NET ASSETS — End of year	$ 650,722	$ 608,512

See notes to combined financial statements.

ARCHDIOCESE OF ST. LOUIS

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(In thousands)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 42,210	$ (75,375)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	11,134	11,080
Amortization of debt issuance cost included as interest expense	27	21
Realized and unrealized (gains)losses	(54,618)	141,131
Allocation of gains(losses) on Investment Fund investments	8,981	(10,673)
Provision for (recovery of) uncollectible loans and receivables	672	(165)
Net (gain)/loss on sale, disposal or impairment of property	6,979	(10,701)
Forgiveness of notes payable	(84)	(6,926)
Contributions restricted for long-term investment	(1,119)	(635)
Contributions restricted for purchase of property and equipment	(73)	(253)
Contributions received of property and equipment	(235)	(943)
Net (gain)/loss from beneficial interests in perpetual trusts	(523)	1,667
Contributions of beneficial interests in perpetual trusts	(666)	-
Pension-related changes other than net periodic benefit costs	(748)	1,767
Changes in assets and liabilities relating to operating activities:		
Accounts receivable and other receivables	(5,833)	(290)
Grants, pledges and bequests receivable	(10,423)	(433)
Cemetery land and improvements held for interment and mausoleums	(752)	(827)
Other assets	(4,352)	(224)
Accounts payable and accrued expenses	2,583	(1,908)
Claims payable	1,029	(227)
Deferred revenues	1,559	2,059
Accrued future care costs	5,938	3,558
Due to Archdiocesan parishes/other Catholic organizations	1,683	103
Refundable advances	-	(848)
Priests’ retirement liability	1,835	(31,690)
Other liabilities	1,555	(5,534)
Net cash from operating activities	6,759	13,734
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net decrease (increase) in short-term money market investments	14,623	(6,021)
Payments for the purchase of investments	(692,551)	(539,988)
Proceeds from sale of investments	673,315	517,114
Disbursement of loans to Archdiocesan parishes/other Catholic organizations	(654)	(90)
Repayment of loans by Archdiocesan parishes/other Catholic organizations	1,974	3,963
Disbursement of other notes receivable	-	(99)
Repayment of other notes receivable	-	9
Payments for additions to property and equipment	(14,558)	(14,464)
Proceeds from sale of property and equipment	234	11,206
Net cash used in investing activities	(17,617)	(28,370)

See notes to combined financial statements.

(Continued)

COMBINED STATEMENT OF CASH FLOWS — CONTINUED
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(In thousands)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposit liabilities	$ 11,788	$ 13,412
Contributions restricted for long-term investment	1,119	635
Contributions restricted for purchase of property and equipment	73	253
Payments on notes payable	(439)	(404)
Proceeds from continuing care advance fees	2,510	2,472
Repayment of continuing care advance fees	(2,113)	(2,575)
Net cash from financing activities	12,938	13,793
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	2,080	(843)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year	21,602	22,445
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of year	$ 23,682	$ 21,602
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO THE COMBINED STATEMENT OF FINANCIAL POSITION:		
Cash and cash equivalents	$ 18,036	$ 15,671
Restricted cash and investments	5,646	5,931
Total cash, cash equivalents and restricted cash at end of the year	$ 23,682	$ 21,602
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 1,923	$ 1,110
Noncash investing and financing transactions:		
Receivable on unsettled investment sales	330	33
Payable on unsettled investment purchases	1,844	214
Property and equipment additions included in accounts payable and accrued expenses	1,326	847
Contributions received of property and equipment	235	943

See notes to combined financial statements. (Concluded)

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ARCHDIOCESE OF ST. LOUIS

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(In thousands)

	Program						Support			
	Catholic Charities	Education	Adminis-tration	Other Ministries	St. Louis Archdiocesan Fund	Total	Management and General	Fund-Raising	Total	Total Expenses
Salaries	$ 37,103	$ 23,049	$ 186	$ 9,153	$ -	$ 69,491	$ 20,233	$ 4,995	$ 25,228	$ 94,719
Health and retirement benefits	6,353	4,676	116	2,541	-	13,686	4,022	767	4,789	18,475
Payroll taxes	2,712	1,656	6	522	-	4,896	1,465	361	1,826	6,722
Total salaries and related expenses	46,168	29,381	308	12,216	-	88,073	25,720	6,123	31,843	119,916
Occupancy	7,673	3,515	7	1,956	-	13,151	1,338	50	1,388	14,539
Supplies and equipment	3,933	3,861	55	2,336	4	10,189	1,951	1,217	3,168	13,357
Fees and services	8,965	3,252	2,640	4,997	390	20,244	5,666	2,031	7,697	27,941
Assistance to individuals	12,013	-	-	49	-	12,062	-	-	-	12,062
Insurance claims and premiums paid	1,074	798	31,244	322	-	33,438	345	27	372	33,810
Grants and assessments	(26)	3,084	16,849	543	-	20,450	176	24	200	20,650
Interest expense (income)	583	-	-	-	10,341	10,924	6	-	6	10,930
Other expenses	897	354	148	987	92	2,478	398	91	489	2,967
Provision for (recovery of) doubtful accounts	-	-	-	-	(79)	(79)	751	-	751	672
Provision for future care costs	-	-	-	10,364	-	10,364	-	-	-	10,364
Depreciation	4,074	3,369	2	2,626	-	10,071	810	26	836	10,907
Other benefit plan related costs	294	-	5,179	-	-	5,473	-	-	-	5,473
Total expenses	$ 85,648	$ 47,614	$ 56,432	$ 36,396	$ 10,748	$ 236,838	$ 37,161	$ 9,589	$ 46,750	$ 283,588

See notes to combined financial statements.

(Continued)

ARCHDIOCESE OF ST. LOUIS

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(In thousands)

	Program						Support			
	Catholic Charities	Education	Adminis- tration	Other Ministries	St. Louis Archdiocesan Fund	Total	Management and General	Fund- Raising	Total	Total Expenses
Salaries	$ 37,456	$ 20,906	$ 163	$ 8,953	$ -	$ 67,478	$ 19,045	$ 4,538	$ 23,583	$ 91,061
Health and retirement benefits	9,450	753	110	2,582	-	12,895	3,984	696	4,680	17,575
Payroll taxes	2,738	1,513	5	496	-	4,752	1,353	332	1,685	6,437
Total salaries and related expenses	49,644	23,172	278	12,031	-	85,125	24,382	5,566	29,948	115,073
Occupancy	6,200	3,130	3	1,737	-	11,070	1,246	37	1,283	12,353
Supplies and equipment	4,404	3,631	37	1,987	3	10,062	1,837	1,089	2,926	12,988
Fees and services	7,339	2,514	3,391	4,559	552	18,355	4,372	1,917	6,289	24,644
Assistance to individuals	12,008	-	-	20	-	12,028	-	-	-	12,028
Insurance claims and premiums paid	1,101	793	39,637	332	-	41,863	310	26	336	42,199
Grants and assessments	51	538	13,930	662	-	15,181	96	43	139	15,320
Interest expense (income)	321	-	-	-	(10,167)	(9,846)	29	-	29	(9,817)
Other expenses	816	274	314	829	30	2,263	358	84	442	2,705
Provision for (recovery of) doubtful accounts	-	-	-	-	(633)	(633)	468	-	468	(165)
Provision for future care costs	-	-	-	7,604	-	7,604	-	-	-	7,604
Depreciation	4,223	3,174	-	2,710	-	10,107	735	24	759	10,866
Other benefit plan related costs	(323)	-	(30,195)	-	-	(30,518)	-	-	-	(30,518)
Total expenses	$ 85,784	$ 37,226	$ 27,395	$ 32,471	$ (10,215)	$ 172,661	$ 33,833	$ 8,786	$ 42,619	$ 215,280

See notes to combined financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization — The combined financial statements include the accounts of certain organizations (excluding parishes), which report to the Archbishop of St. Louis and which operate under the auspices of the Archdiocese of St. Louis (the "Archdiocese"). The parishes of the Archdiocese are excluded from the combined financial statements because the Archdiocese does not maintain an economic interest in the parishes. The combined organizations are generally grouped as follows:

Catholic Charities — Entities of the Archdiocese which provide social services to residents of the Archdiocese through three primary areas: elderly services, children services, and family and community services.

Education — The Office of Catholic Education and Formation, Archdiocesan and regional high schools, Archdiocesan elementary schools (excluding parish schools), Department of Special Education, and St. Mary's Special Services, all of which maintain a mission to deliver high quality Catholic education to residents of the Archdiocese. At the end of the 2022-23 school year, the Archdiocese relinquished control of two of their high schools.

Administration — Entities of the Archdiocese which provide administrative services and financial support to parishes, schools, and agencies of the Archdiocese.

Other Ministries — Catholic Cemeteries ("Cemeteries"), Kenrick-Glennon Seminary, clergy-related offices, St. Louis Review, Mission Office, and other entities that serve the other pastoral needs of the residents of the Archdiocese.

The St. Louis Archdiocesan Fund (the "Fund") — A separate charitable trust that encompasses the majority of the financial and investment activities of the Archdiocese.

All significant intradiocesan balances and transactions have been eliminated.

Basis of Accounting — The financial statements of the Archdiocese have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents — Cash and cash equivalents consist of cash and liquid investments with original maturities of three months or less. Carrying amounts approximate fair value. The Archdiocese has cash balances on deposit with banks at June 30, 2023 in the amount of $18,307 that exceed the balance insured by the Federal Deposit Insurance Corporation.

Restricted Cash and Investments — Restricted cash and investments represent funds whose use is limited under U.S. Department of Housing and Urban Development (HUD) regulatory agreements, State of Missouri Department of Labor (MDOL) requirements, escrow amounts related to environmental liabilities and other purposes. HUD regulatory agreements limit the use of $4,266 of the total restricted cash and investments in 2023 and $4,477 in 2022. MDOL requirements limit the use of certain U.S. government securities.

Investments — Investments are measured at fair value based on quoted market prices when available. When a market price is not readily available, management estimates the fair value based on information obtained from external investment managers. Net realized gains or losses on sales of investments are calculated as the difference between proceeds received from investment sales and the cost of the investments sold. Sales and purchases of investments are recognized based upon the trade date of each transaction. Recording transactions based upon trade date results in a payable or receivable at year end on unsettled purchases and sales. Interest income is recognized when earned. Dividend income is recognized when dividends are declared. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as an increase or decrease in net assets without donor restrictions within net investment earnings, unless such income or loss is explicitly restricted by donor stipulation or by law.

Accounts Receivable and Other Receivables, net — Accounts receivable consists primarily of services earned at the various entities and billed monthly or as services are rendered. Each entity has established an allowance for doubtful accounts based on prior collectability experience. Balances deemed uncollectible are written off through a charge against the allowance. The allowance for doubtful accounts was $550 and $369 as of June 30, 2023 and 2022, respectively.

The Archdiocese has other receivables resulting from operating and investing transactions with the parishes. There was no allowance for doubtful accounts (see Note 14 — Related Party Transactions for additional information). Further, other receivables include loans made to nonaffiliated entities of the Archdiocese. The allowance for loans was $251 and $331 as of June 30, 2023 and 2022, respectively.

Grants, Pledges and Bequests Receivable — Grants, pledges and bequests receivable that are expected to be collected within one year are recorded at net realizable value. Grants, pledges, and bequests receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give that include a measurable performance or other barrier are not recognized as support until the conditions on which they depend have been met. Each entity has established an allowance for doubtful grants, pledges and bequests based on past due aging and prior collectability experience. Balances deemed uncollectible are written off through a charge against the allowance.

Loans to Archdiocesan Parishes/Other Catholic Organizations — Archdiocesan loans are carried at the unpaid principal balance, net of an allowance for loan loss. Interest income is accrued on the unpaid principal balance as earned.

Interest income on loans is discontinued at the time a loan becomes 90 days past due. Past due status is based on contractual terms of the loan. Loans are placed on nonaccrual status, or are charged off at an earlier date, if collection of principal or interest is considered doubtful. All interest accrued but not received for loans placed on nonaccrual status is charged against interest income. Interest received on such loans is accounted for on a cash-basis until qualifying for return to accrual status.

A loan is considered impaired when, based on current information and events, it is probable that the Archdiocese will be unable to collect the scheduled payments of principal and interest when due in accordance with the contractual terms of the loan agreements. Factors considered by the Archdiocese in determining impairment include payment status and the probability of collecting scheduled principal and interest payments when due.

Restructured loans involve the granting of some concession to the borrower through a loan modification, such as payment schedule changes or principal charge-offs. A troubled debt restructuring (TDR) includes a loan modification where the borrower is experiencing financial difficulty and a concession is granted to that borrower that would not otherwise be considered. A TDR may be accrual or nonaccrual based on the performance of the borrower and the Archdiocese's assessment of collectability.

Allowance for Loan Loss (ALL) – The ALL represents the Archdiocese's estimate of probable and inherent credit losses within the loan portfolio. Estimating the ALL requires the exercise of significant judgment, the use of estimates, assumptions and historical data related to the loans and respective borrowers, and the use of qualitative factors such as economic conditions, all of which are subject to change. Loan losses are charged against the ALL, while recoveries of amounts previously charged off are credited to the ALL.

The Archdiocese's ALL consists of specific reserves on certain impaired loans and general reserves for non-impaired loans based on regular analysis of the loan portfolio. The general reserve is based on qualitative factors driven by the Archdiocese's internal credit rating system as well as consideration of historical losses. All loans in the portfolio are assigned an initial credit rating at the time of origination. The Archdiocese has established a systematic review on an annual basis to assess credit risk, which covers a majority of loans within the portfolio. When assessing credit risk, the Archdiocese considers such factors as payment history, financial stability, and leadership. All loans that have not been identified for specific reserves are included in the general reserve pool, segregated by internal credit ratings, and allocated a reserve amount based on credit rating. Once the allocations have been made, the ALL is reviewed and approved by the Fund's Board of Trustees.

Cemetery Land and Improvements Available for Interment and Mausoleums — Land and improvements available for interment and mausoleums are recorded at original cost plus the cost of improvements, reduced by the cost of items sold.

Other Assets — Other assets primarily include prepayments for goods or services not yet received, accrued investment income and assets held for sale.

Property and Equipment — Property and equipment are recorded at cost. All acquisitions of property in excess of $10 and expenditures for improvements and betterments in excess of $10 that prolong the useful lives of assets are capitalized. Maintenance and repairs are charged to expense as incurred.

Property and equipment is depreciated on a straight-line basis over the following estimated useful lives:

Land improvements	10–25 years
Buildings and building improvements	5–40 years
Furniture, fixtures, and equipment	3–10 years

Beneficial Interests in Perpetual Trusts — The Archdiocese is the income beneficiary under various perpetual trusts, the corpus of which is not controlled by the Archdiocese. Although the Archdiocese has no control over the administration of investment of the funds held in the perpetual trusts, the current fair value of the beneficial interests in various perpetual trusts is recognized as an asset in the accompanying combined financial statements.

Impairment of Assets — If facts and circumstances suggest that a long-lived asset, or related group of assets, may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset, or related group of assets, is not recoverable based on projected undiscounted net cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value. During the year ended June 30, 2023, the Archdiocese determined the fair value of certain fixed assets had decreased and as a result recorded a write down of $6,440 within net loss on sale, disposal or impairment of property. The fair value was determined from an independent appraisal of the property utilizing a sales comparison approach. There was no impairment during the year ended June 30, 2022.

Claims Payable — Claims payable represents claims known and pending payment, in addition to the estimated aggregate liability expected to be incurred, based upon actual claims data and estimates of claims incurred but not yet reported for the Self-Funded Employee Benefit Plan and the Office of Risk Management (see Note 6 — Self-Insurance for additional information). Estimates for legal actions include attorney fees anticipated to resolve unsettled matters.

Deferred Revenues — Deferred revenues consist of tuition and student fees collected in advance, non-refundable entrance fees for retirement living accommodations, grant funds that have not been spent on program services, proceeds received for interment services not yet performed, and subscription proceeds received in advance of circulation. Tuition and student fees collected in advance are recorded as deferred revenue until the period in which instruction is provided. Grant funds that have not been spent on program services are deferred until the expense is incurred. Revenues for interment services not yet performed are deferred until the services are performed. Revenues for subscriptions are deferred until the circulation is performed.

Residents of retirement living facilities pay a one-time entrance fee entitling them to accommodations for as long as they are able to live independently. A portion of the entrance fee is recorded as deferred revenue and is amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. The remaining portion of the entrance fee is recorded as a refundable advance liability and, upon leaving the facility, the resident, or resident's estate, is entitled to recovery of the refundable advance.

Accrued Future Care Costs — In connection with each sale of a lot or crypt, the Cemeteries contractually agrees to provide certain perpetual endowed care maintenance of the cemetery and its property as well as the specific lot or crypt. This is accounted for as an assurance-type warranty. Accrued future care costs represent the estimated contractual costs of the Cemeteries to maintain its existing graves and crypts in the future. A five-year rolling average of maintenance costs is used to estimate the liability along with the differential between the estimated discount and inflation rates. A differential of 5.25% was used in 2023 and 2022. The change in this estimated liability from the beginning to the end of each year is recorded as a provision for future care costs within program expenses in the combined statement of activities.

Funds designated for endowed care are invested and are contractually restricted; however, they are not segregated in the accompanying combined statement of financial position. The Cemeteries have deposited a portion of the proceeds from the sale of plots and crypts in accounts maintained separately at the Fund. Total amounts invested are approximately $125,000 in 2023 and $114,000 in 2022.

Due to Archdiocesan Parishes — The Archdiocese has payables resulting from operating and investing transactions with the parishes. In addition, grants were accrued at year-end for awards to for student scholarships and other various reasons. All grants and scholarships will be paid within the next year.

Deposit Liabilities — The Archdiocese holds deposits from Archdiocesan parishes and other Catholic agencies in two separate sub-funds, the Depositor Fund and the Investment Fund.

The Depositor Fund consists of demand, money market and time deposit accounts on which fixed rate interest is paid approximating market returns. Time deposit accounts have stated maturity dates from three months to five years. Depositors may make deposits and withdrawals from accounts at any time subject to early withdrawal penalties on time deposit accounts and excess withdrawal penalties on money market accounts.

The Investment Fund consists of investment accounts that earn a rate of return tied to the market performance of the investment portfolio held by the Archdiocese and are generally considered long-term investments by the depositors. Earnings and principal may generally be withdrawn from the Investment Fund once a year. Each account is invested according to one of several assigned allocation plans that are selected by the depositor and which consist of an investment mix of fixed income securities and equity securities (e.g. Plan "A" consists of 25% fixed income securities and 75% equity securities). The entire return from the investment portfolio is allocated to the Investment Fund accounts each month.

Refundable Advances — Refundable advances represent amounts owed to residents of Our Lady of Life, an entrance fee community and are due to residents upon their leaving the facility and is payable upon the subsequent tenant paying his/her entrance fee.

Other Liabilities — Other liabilities primarily include the present value of annuity liabilities, environmental liabilities, including those for which an escrow is recorded in restricted cash and investments, funds held for others, early teacher retirement liabilities, and unfunded pension obligations.

Environmental Liabilities — The Archdiocese establishes an accrual for environmental liabilities when it is probable that a liability has been incurred and the Archdiocese has the ability to reasonably estimate the liability. The Archdiocese is subject to environmental remediation related to a previously donated property. The Archdiocese subsequently sold the property but retained the liability for a portion of the obligation after the sale. At June 30, 2023 and 2022, the Archdiocese accrued $606 and $601, respectively, for the estimated cost of remediation. The estimate is not discounted, as the timing of the anticipated cash payments is not fixed or readily determinable. The Archdiocese is unable to predict with certainty the ultimate resolution of such liability, but expects it to extend several years into the future.

The costs associated with the eventual remediation and abatement of asbestos have been recognized in the financial statements for properties owned by the Archdiocese. As of June 30, 2023 and 2022, the conditional asset retirement liability is $3,512 and $3,409, respectively, and is included in as other liabilities on the combined statement of financial position. No interest is included in the balance.

A conditional asset retirement obligation includes a legal obligation associated with the retirement of a tangible long-lived asset in which the timing, and or method of settling the obligation, is conditional on a future event that may or may not be within the control of the Archdiocese. Recognition of a liability is required for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated, even if conditioned on a future event. The Archdiocese records the fair value of a liability for a legal obligation associated with an asset retirement in the period in which the obligation is incurred.

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

Net Assets without donor restrictions represent those net assets whose use is not restricted by donors (or certain grantors). Net assets without donor restrictions include amounts designated by the Archdiocese or agency boards of directors for specific purposes. Net assets without donor restrictions of certain combined organizations are designated because such net assets are to be used solely to support the operations of those specific organizations. Net assets that are to the net book value of property and equipment, net of the related notes payable, are classified as designated, given the existence of such net assets creates a limitation on their usage.

Net Assets with donor restrictions represent those net assets subject to donor-imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, whereby the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when stipulated time has elapsed or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Noncontrolling Interest in Subsidiaries — The Archdiocese records the noncontrolling interest in the net assets of combined entities as a separate component of the appropriate class of net assets in the combined statement of financial position. Distributions to and contributions from noncontrolling owners are reported in the combined statement of activities and as financing activities on the combined statement of cash flows.

Revenue Recognition — The Archdiocese has contracts with customers for the following major revenue streams:

Government fees and grants – Government fees and grants include all revenue received or accrued from government sources – federal, state and local. Funding is received in the form of grants and fees for services. All revenue streams are evaluated to determine if they are exchange transactions (fees) or contributions (grants).

Government grants to service the public are considered conditional contributions. Conditional contributions are not recognized until the conditions on which they depend are substantially met, which is generally at the time the service is provided to the public on behalf of the government and qualifying expenses are incurred. The Archdiocese has elected to record donor-restricted contributions, that were initially conditional contributions, as without donor restrictions if the donor restriction is satisfied at the same time as the condition is met. Amounts received in advance of goods or services provided are recorded as deferred revenue. For the years ended June 30, 2023 and 2022, government grants totaled $23,226 and $27,918, respectively.

Government fee for services revenue is recognized over time as services are provided generally utilizing costs incurred as a measure of progress. Billings generally occur monthly with amounts due upon billing. No discounts are offered and revenue is recognized as services are provided. The amounts recognized but not settled in cash are reported as billed accounts receivable. For the years ended June 30, 2023 and 2022, government fee revenue was $18,562 and $17,335, respectively.

Tuition and student fees – Tuition and student fees revenue, net of scholarships and other implicit price concessions, is recognized over time using the output method of measuring progress in the fiscal year in which the educational programs are conducted. Students are invoiced at the commencement of each academic period with amounts due prior to the end of the school year.

Fees and services – Fees and services revenue contains many different types of contracts which have been combined into the following categories:

Consolidated billing – The Administrative Office and other departments of the Archdiocese stand ready to provide centralized administration, payroll processing, employee benefits, insurance and pension plans, education administration and other administrative services. Assessments are levied upon parishes of the Archdiocese based on a percentage of external income reported by the parishes two years prior. Assessments are billed monthly to parishes and are recognized as revenue over time in the month billed.

Cemeteries revenue – The Cemeteries generates revenue primarily through the sale of the right of sepulture (the legal authority to order an interment in a particular place) and cemetery services (interments and other burial services). Cemetery services and products are provided on both an at-need and pre-need basis. In an at-need contract, a death has occurred and the family of the deceased makes arrangements on behalf of the deceased. Payment is due in an at-need contract at the date of burial or earlier. In a pre-need contract, an individual makes arrangements for cemetery services prior to their death or the death of a loved one. In a pre-need sale, all of the payments may be collected at the time the contract is signed or payments may be made in installments. At a minimum, a 20% deposit is required at signing.

Cemeteries services revenue is recognized over time when the services are performed. The sale of the right of sepulture revenue is recognized at a point in time upon transfer of the right.

Room and board – Room and board revenue is earned over time as the tenant controls the use of the underlying property and equipment. The revenue is recognized evenly over the term of the arrangement, which is short-term in nature (i.e., one year or less). Given that this revenue stream qualifies as a lease, it was accounted for under Accounting Standards Codification (ASC) 840, *Leases*, in 2022 and under ASC 842 in 2023.

Patient services – Patient services revenue from sources such as Medicare, Medicaid, commercial insurance and private pay is recognized when routine services are provided. Payments received in advance of service are recorded as deferred revenue. Service revenue is reported at the estimated net realizable amounts from residents/patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and are adjusted in future periods as final settlements are determined.

Payment for services under the Medicaid program is based on defined prospective cost of service rather than on the basis of standard billing rates for such services. Services rendered to Part A Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a resident/patient's classification within the "resource utilization grouping" system. Services rendered to Part B Medicare program beneficiaries are paid based on the Medicare allowable fee schedule.

Patient services revenue is recognized over time as patient care is provided (i.e., as service is provided). Revenue is recognized at contracted rates (for insurance pay) and amounts expected to be collected for self-pay. Amounts are billed after completion of service and are due within 30 days of billing.

Other fees and service revenue – All other fees and service revenue includes fees from short-term agreements that are recognized over time as the services are performed.

Following is a summary of the revenue classification by accounting treatment.

	2023	2022
ASC 606 revenue	$ 56,854	$ 55,958
Non-ASC 606 revenue	20,955	19,774
	$ 77,809	$ 75,732

	2023	2022
Point in time revenue	$ 3,557	$ 3,057
Over time revenue	53,297	52,901
	$ 56,854	$ 55,958

Insurance premiums – Fiscal year annual premiums for property, general liability, workers' compensation, and employee health insurance coverage are allocated to parishes and schools of the Archdiocese based on either the property in their possession or payroll information. The premium allocation is billed to all affiliate locations monthly to reimburse the Archdiocese for premiums paid on their behalf. Insurance reimbursements are recognized as revenue in the month billed and are due upon billing.

Contributions, Pledges, Bequests and Grants — The Archdiocese recognizes contributions, pledges, bequests, and grants as revenue at the time an unconditional promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are specified for future periods, or restricted by the donor for specific purposes, are reported as revenue with donor restrictions.

For the year ended June 30, 2023 and 2022, fund-raising event revenue was $8,588 and $8,584, respectively, net of direct fund-raising expenses of $1,961 and $1,938, respectively, and is included in contributions, pledges, bequests, and grants in the combined statement of activities.

In-Kind Contributions — Donated services are recorded at fair value as of the date of donation within contribution revenue without donor restrictions and must either: (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people with those skills. In addition, the Archdiocese received many volunteer hours which supported its mission. However, these donated services have not been recognized as contributions in the combined statement of activities since the aforementioned criteria were not met. Certain donated goods are received for the purpose of being sold at its various auctions and fund-raisers. Contributed auction items are valued at the gross selling price received. The proceeds from the sale of the auction items are used for general purposes by the agencies hosting the auctions. Other donated merchandise, that is given to clients or used within the ministry, are valued at the fair value at the date of donation.

Functional Expenses — The Archdiocese categorizes its expenses as follows:

Program expenses relate to activities that result in goods and services being distributed to beneficiaries that fulfill the purposes or mission for which the Archdiocese exists.

Management and general expenses relate to administrative activities that are not identifiable with a single program or fund-raising activity, but that are indispensable to the conduct of those activities and to the Archdiocese's existence.

Fund-raising expenses relate to activities that involve inducing potential donors to contribute financially or in-kind to the Archdiocese.

The costs of providing program and other activities have been summarized on a functional basis in the combined statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries, health and retirement benefits and payroll taxes, which are allocated on the basis of estimates of time and effort. All remaining expenses are directly identifiable with a specific function and are allocated directly to that function.

To properly reflect employee benefits by function, the premiums for health, dental and workers compensation insurance and priests benefits paid by each agency are included in health and retirement benefits expense in the applicable program or supporting function with an offsetting credit reducing insurance claims and premiums paid expense under the administration program on the combined statement of functional expenses.

Income Taxes — The individual agencies that comprise the Archdiocese are listed in the *Official Catholic Directory* and, therefore, are tax-exempt public charities under Section 501(c)(3) and Section 509(a) of the Internal Revenue Code, except for Holy Infant & St. Joseph Associates, LP, Rosati Apartments, LP and St. John Neumann Associates, LP. As such, the Archdiocese can only be taxed on income from any activities unrelated to their charitable purpose. At June 30, 2023 and 2022, the Archdiocese had not identified any such income; therefore, no tax expense has been recorded. Holy Infant & St. Joseph Associates, LP, Rosati Apartments, LP and St. John Neumann Associates, LP are partnerships established as pass-through entities for tax purposes. The Archdiocese does not have any uncertain tax positions.

Fair Value Measurements — The Archdiocese reports its entire investment portfolio at fair value on a recurring basis in accordance with Financial Accounting Standards Board (FASB) ASC 820, Fair Value Measurements.

The ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability at the measurement date. Assets and liabilities are classified and disclosed into one of four categories, as follows:

Level 1 — Quoted prices (unadjusted) in active markets/exchanges for identical assets and liabilities.

Level 2 — Pricing inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar assets and liabilities in active markets/exchanges or prices quoted for identical or similar assets and liabilities in markets that are not active. If the asset or liability has a specified (contractual) term, a level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Significant pricing inputs (such as professional appraisals, quoted prices from inactive markets that require adjustment based on significant assumptions or data that is not current, or data from independent sources) that are unobservable for the asset or liability.

Net Asset Value — Values are based on the calculated net asset value. The calculated net asset values for underlying investments are fair value estimates determined by an external fund manager and other sources based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector factors.

In some cases, inputs used to measure an asset or liability may fall into different levels of the fair value hierarchy. In those instances, the fair value measurement is required to be classified using the lowest level of input that is significant to the fair value measurement. Such determination requires significant management judgment.

See Note 3 — Investments and Fair Value Measurements, for further details on the Archdiocese's assets measured at fair value.

The fair value of the beneficial interests in perpetual trusts held by others is determined by the fair value of the assets in the trust as a practical expedient, unless facts and circumstances indicate that the fair value of the assets in the trust differs from the fair value of the beneficial interests.

Use of Estimates — The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications — Certain 2022 balances have been reclassified, where appropriate, to conform with the 2023 financial statement presentation.

2. AVAILABILITY OF FINANCIAL ASSETS AND LIQUIDITY

The following represents the financial assets of the Archdiocese of St. Louis available to meet general expenditures over the next twelve months at June 30, 2023 and 2022:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	$ 18,036	$ 15,671
Investments	941,018	880,454
Receivable on unsettled investment sales	-	33
Accounts receivable and other receivables, net	14,331	8,446
Grants, pledges and bequests receivable	22,055	11,667
Loans receivable, net of allowance	5,005	6,226
Total financial assets	1,000,445	922,497
Less amounts not available to be used within one year:		
Grants, pledges and bequests receivable due in more than one year	2,411	1,893
Loans receivable due in more than one year	4,382	4,623
Designated for deposits	227,530	206,761
Net assets with donor restrictions	126,154	111,287
Designated net assets, less property and equipment portion	420,867	398,232
Noncontrolling interest in subsidiaries	3,609	4,304
Less net assets with purpose restrictions to be met in less than one year	(5,591)	(6,677)
	779,362	720,423
Financial assets available to meet general expenditures over the next twelve months	$ 221,083	$ 202,074

The Archdiocese of St. Louis receives income from tuition, government grants, contributions from donors, fees for services, and assessments to parishes and other organizations. The Archdiocese actively manages its resources to maintain adequate liquid assets to fund near-term operating needs, to maintain sufficient reserves to provide a reasonable assurance of delivering the long term mission of the Archdiocese, and to operate within a prudent range of financial soundness and stability.

The Archdiocese regularly monitors the availability of resources required to meet operating needs and other contractual commitments. A comprehensive budgeting process is conducted to ensure sufficient revenues will be collected to cover general expenses. The budget must be approved by various Boards before it is finalized. Actual results are measured against the budget on a monthly basis. Additionally, the Archdiocese forecasts its future cash flows and monitors reserves on a quarterly basis.

As noted above, and as described in Note 12, a portion of net assets are designated to specific organizations because those net assets are to be used solely to support the operations of those specific organizations. Thus, each of those entities monitors its resources to meet its individual needs and commitments, participates in the budget process and forecasts its future cash flows and monitors its reserves.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The valuation of assets measured at fair value, by level, in the Archdiocese's combined statement of financial position at June 30, 2023 and 2022 is summarized below:

	Fair Value Measurements at June 30, 2023			
	Level 1	Level 2	Level 3	Total
Short-term money market investments	$ 8,092	$ -	$ -	$ 8,092
Equities	75,594	-	-	75,594
U.S. government and agency securities	75,595	2,328	-	77,923
Asset and mortgage-backed securities	-	150,531	-	150,531
Publicly held mutual fund investments	28,082	-	-	28,082
Corporate and municipal bonds	-	198,192	71	198,263
Exchange traded notes	1,352	-	-	1,352
	188,715	351,051	71	539,837
Assets valued at net asset value per share				398,654
Investments held in The St. Louis Archdiocesan Fund				938,491
Short-term money market investments	126	-	-	126
Corporate bonds	-	127	-	127
Publicly held mutual fund investments	1,289	-	-	1,289
Investments in foundations held in trust	-	-	985	985
Investments held outside of The St. Louis Archdiocesan Fund	1,415	127	985	2,527
Total investments	**$190,130**	**$ 351,178**	**$ 1,056**	**$ 941,018**
Short-term money market investments	$ 4,055	$ -	$ -	$ 4,055
Restricted cash and investments	**$ 4,055**	**$ -**	**$ -**	**$ 4,055**
Beneficial interests in perpetual trusts	**$ -**	**$ -**	**$ 8,390**	**$ 8,390**

	Fair Value Measurements at June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Short-term money market investments	$ 14,720	$ -	$ -	$ 14,720
Equities	63,122	-	-	63,122
U.S. government and agency securities	62,085	4,125	-	66,210
Asset and mortgage-backed securities	-	145,854	-	145,854
Publicly held mutual fund investments	35,423	-	-	35,423
Corporate and municipal bonds	-	182,011	1,578	183,589
Exchange traded notes	4,160	-	-	4,160
	179,510	331,990	1,578	513,078
Assets valued at net asset value per share				364,832
Investments held in The St. Louis Archdiocesan Fund				877,910
Short-term money market investments	92	-	-	92
Corporate bonds	-	159	-	159
Publicly held mutual fund investments	1,232	-	-	1,232
Investments in foundations held in trust	-	-	1,061	1,061
Investments held outside of The St. Louis Archdiocesan Fund	1,324	159	1,061	2,544
Total investments	**$ 180,834**	**$ 332,149**	**$ 2,639**	**$ 880,454**
Short-term money market investments	$ 3,760	$ -	$ -	$ 3,760
Restricted cash and investments	**$ 3,760**	**$ -**	**$ -**	**$ 3,760**
Beneficial interests in perpetual trusts	**$ -**	**$ -**	**$ 7,201**	**$ 7,201**

Certain investments may be transferred between Level 1 and Level 2 if the observability of inputs changes relative to a security's pricing during the period. The value of transfers is based on the value of the particular security on the final day of the fiscal year in which the transfer occurred.

Additional information pertaining to the changes in the fair value of the Archdiocese's assets classified as Level 3 for the years ended June 30, 2023 and 2022 is presented below:

	Years Ended June 30, 2023 and 2022			
	Corporate and Municipal Bonds	Investments in Foundations Held in Trust	Beneficial Interests in Perpetual Trusts	Total
Investments:				
Balance — July 1, 2021	$ 1,584	$ 1,255	$ 8,868	$ 11,707
Net contributions (distributions)	-	(2)	-	(2)
Net losses	(6)	(192)	(1,667)	(1,865)
Balance — June 30, 2022	**$ 1,578**	**$ 1,061**	**$ 7,201**	**$ 9,840**
Net contributions (distributions)	(1,503)	(169)	666	(1,006)
Net gains	(4)	93	523	612
Balance — June 30, 2023	**$ 71**	**$ 985**	**$ 8,390**	**$ 9,446**

The total unrealized gains included in the balances for investments classified as Level 3 at June 30, 2023 and 2022 were $622 and $372, respectively.

Certain investments ("Commingled funds") are measured at fair value using the net asset value per share (or its equivalent) based on the value of the underlying assets owned by the fund, minus liabilities. The following table summarizes the Archdiocese's Commingled funds:

Commingled Funds	Fair Value 2023	Fair Value 2022	Unfunded Commit-ments	Redemption Frequency	Redemption Notice Period
International and emerging equity funds	$ 182,495	$ 170,098	$ -	17 days (a)	18 days (b)
Indexed non-lending equity funds	213,081	191,276	-	Daily	15 days
Private equity funds (the "Partnerships")	3,078	3,458	1,922	(c)	(c)
	$ 398,654	**$ 364,832**	**$ 1,922**		

(a) Weighted average based on underlying investments' net asset value; Redemption frequency ranged from daily to monthly.
(b) Weighted average based on underlying investments' net asset value; Redemption notice period ranged from 5 to 30 days.
(c) General Partners determine distributions or return of capital contributions to the Partnerships.

Net investment earnings consisted of the following:

	2023	2022
Interest and dividend income	$ 16,948	$ 14,165
Realized gains (losses)	(24,767)	14,496
Unrealized gains/(losses)	79,385	(155,627)
Net gains/(losses) from beneficial interests in perpetual trusts	749	(1,122)
Less investment expenses	(1,883)	(2,143)
Total investment earnings	$ 70,432	$ (130,231)

4. GRANTS, PLEDGES AND BEQUESTS RECEIVABLE

Grants, pledges and bequests receivable at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Due in less than one year	$ 19,644	$ 9,774
Due in one to five years	1,311	730
Due in more than five years	1,518	1,606
Less discounts	(2)	(6)
Grants, pledges and bequests receivable before allowance for doubtful accounts	22,471	12,104
Allowance for doubtful accounts	(416)	(437)
Grants, pledges and bequests receivable	$ 22,055	$ 11,667

5. LOANS TO ARCHDIOCESAN PARISHES AND OTHER CATHOLIC ORGANIZATIONS

Loans represent amounts receivable from parishes and other Catholic organizations with various payment terms bearing interest at variable rates that approximate market for loans of similar terms. The average variable rate was 5.94% in 2023 and 2.60% in 2022. Remaining loan terms range from 1 to 15 years. At June 30, 2023, the Archdiocese has committed to extend an additional $956 under line of credit arrangements with certain parishes and other Catholic organizations. As of June 30, 2023 and 2022, the loan portfolio of the Archdiocese included no loans 60 days or more past due.

The Archdiocese categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as current financial information, historical payment experience and current economic factors among other factors. This analysis is performed on an annual basis. The Archdiocese uses the following definitions for risk ratings:

Grades 1, 2, and 3 – Includes loans to borrowers with a continuous record of earnings and ample liquidity with solid cash flow, and whose management teams have proven experience and qualifications.

Grade 4 – Includes loans to borrowers that may display fluctuating trends in revenue, earnings, liquidity, and cash flow.

Grades 5, 6 and 7 – Includes loans to borrowers experiencing significant losses and sustained downward trends, without adequate current liquidity.

The recorded investment by risk category for loans as of June 30, 2023 and 2022 is as follows:

	Year Ended June 30,	
	2023	2022
Categories 1-3	$ 3,129	$ 4,308
Category 4	1,668	1,519
Categories 5-7	803	1,093
Total Loans	5,600	6,920
Allowance for loan loss	(595)	(694)
Net Loans by risk category	$ 5,005	$ 6,226

Changes in the allowance for loan losses for the years ended June 30, 2023 and 2022 consist of the following:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Allowance for uncollectible loans — beginning of year	$ 694	$ 1,327
Recovery of uncollectible loans	(79)	(633)
Other	(20)	-
Allowance for uncollectible loans — end of year	$ 595	$ 694

Impaired loans as of June 30, 2023 and 2022 consisted of the following:

	2023	2022
Outstanding balance of impaired loan: TDR	$ 803	$ 1,088
Allowance for loan loss on impaired loan	(241)	(326)
Balance of impaired loan: TDR with no specific loan allowance	$ 562	$ 762

6. SELF-INSURANCE

The Archdiocese administers a Self-Funded Employee Benefit Plan (the "Plan"). The Plan purchases health insurance coverage for claims in excess of certain amounts. Such coverage also is effective if aggregate cash payments exceed defined limits. The Archdiocese made cash basis claim payments of $36,819 in 2023 and $45,814 in 2022.

7. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022 consist of the following:

	2023	2022
Land and land improvements	$ 40,656	$ 45,672
Buildings and building improvements	300,470	301,782
Furniture, fixtures and equipment	38,392	38,292
Construction in progress	7,221	6,563
Property and equipment — at cost	386,739	392,309
Less accumulated depreciation	(216,991)	(219,966)
Property and equipment — net	$ 169,748	$ 172,343

The Archdiocese had outstanding construction commitments at June 30, 2023 and 2022 of $2,426 and $2,986, respectively.

8. DEPOSIT LIABILITIES

Total deposits as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Depositors' Fund:		
Demand accounts	$ 39,298	$ 41,728
Money market accounts	68,644	71,666
Time deposit accounts	46,078	27,994
Total Depositors' Fund	154,020	141,388
Investment Fund:		
Nonendowed accounts	21,681	18,776
Endowed accounts	49,989	44,714
Annuity accounts	1,840	1,883
Total Investment Fund	73,510	65,373
Total deposit liabilities	$ 227,530	$ 206,761

The scheduled maturities of time deposits as of June 30 are as follows:

	2023	2022
Aging of Maturities of Time Deposits:		
Maturing in 1 year	$ 30,202	$ 17,458
Maturing in 2 years	7,111	5,526
Maturing in 3 years	5,054	2,996
Maturing in 4 years	1,216	1,482
Maturing in 5 years	2,345	409
Maturing in more than 5 years	150	123
Total time deposits	$ 46,078	$ 27,994

As of June 30, 2023 and 2022, the aggregate amount of time deposit accounts each with a minimum denomination of $100 or more were $41,822 and $23,415, respectively.

9. NOTES PAYABLE

At June 30, 2023 and 2022, notes payable consist of the following:

	2023	2022
Note payable to Gershman Investment Corporation ("Gershman"); interest at 2.90% through 2051 based on modification in August 2021; secured by deed of trust on property at Mary, Queen and Mother Association; insured by Federal Housing Authority.	$ 9,124	$ 9,327
Note payable to ORIX Real Estate Capital, LLC ("ORIX"); interest at 2.31% through 2052; secured by a deed of trust on the property of Holy Infant & St. Joseph Associated, LP; insured by HUD	5,671	5,809
Note payable to Missouri Housing Development Commission ("MHDC"); maximum borrowing of $2.2 million; non-interest bearing; matures 2053; secured by a deed of trust on property of Holy Infant & St. Joseph Associates, LP; subordinate to the ORIX debt	2,166	2,166
Note payable to St. Louis County through Home Investment Partnership Act (HOME); matures 2055; non-interest bearing; secured by a second priority HOME deed of trust on property of St. John Neumann Associates, LP	250	250
Note payable to ORIX; maximum borrowing of $5.1 million; matures 2055; secured by deed of trust on property of St. John Neumann Associates, LP; insured by HUD	4,581	4,658
HUD mortgages eligible for forgiveness (see below)	33,187	33,227
Other loans at St. Patrick Center, Rosati Apartments LP and Queen of Peace Center eligible for forgiveness; secured by deeds of trust	1,449	1,493
Total Principal	56,428	56,930
Less unamortized debt issuance costs (net of accumulated amortization of $310 in 2023 and $284 in 2022)	(797)	(823)
Long-term debt less unamortized debt issuance costs	$ 55,631	$ 56,107

Estimated maturities of the notes over the next five years are as follows:

2024	$ 491
2025	503
2026	516
2027	529
2028	545
Thereafter	19,208
Total	21,792
HUD mortgages eligible for forgiveness	33,187
Other loans eligible for forgiveness	1,449
	$ 56,428

Interest expense related to the notes was $562 and $582 for the years ended June 30, 2023 and 2022, respectively.

HUD Mortgages Eligible for Forgiveness — The certified HUD projects have mortgages with 40-year terms through HUD. These mortgages bear no interest and repayment is not required as long as the housing remains available for the purpose stipulated in each HUD agreement. However, if these facilities are used for other purposes, the mortgages would be considered to be in default and the entire principal amount would become immediately payable. Assuming no event of default by the end of the mortgage term, HUD will release the borrower from any repayment obligation. These mortgages have been recorded at their full, undiscounted face value. The amounts related to each mortgage are as follows:

Fiscal Year of Maturity		
2028	St. Patrick Center	$ 240
2035	St. Agnes Apartments, Inc.	4,803
2036	Rosati Group Home	400
2039	Pope John Paul II Apartments, Inc.	4,970
2045	Holy Angels Apartments, Inc.	5,510
2045	St. Clare of Assisi Senior Village, Inc.	1,536
2047	Holy Angels Apartments II, Inc.	5,265
2048	St. Patrick Center	1,017
2050	St. William Apartments, Inc.	4,646
2052	St. William Apartments II, Inc.	4,800
		$ 33,187

10. EMPLOYEES’ AND PRIESTS’ BENEFITS

The Archdiocese participates in various defined contribution plans, including multi-employer plans, covering full-time employees of the Archdiocese who have completed one year of service and are not covered by other plans. Contributions under the plans are a percentage of participants’ wages. Expense under these plans was $3,690 and $3,475 for the years ended June 30, 2023 and 2022, respectively.

The Archdiocese has sponsored a defined benefit plan covering certain employees of Catholic Charities of St. Louis (“the Plan”). The plan generally covers all eligible employees of this entity who have completed one year of service. Retirement benefits for the plan are based on compensation and years of service. Assets for this plan are largely invested with insurance companies and funding is determined by actuarial valuations or a percentage of compensation. The benefit obligation is recognized in the combined statement of financial position in other liabilities. Effective July 1, 2011, Catholic Charities of St. Louis amended its plan, which resulted in the following changes to the major plan provisions: 1) Benefit accruals ceased for participants as of June 30, 2011; 2) Compensation after July 1, 2011 is not included in the benefit calculation; and 3) No employee is eligible to become a plan participant in the plan on or after the effective date.

In addition to the above employee benefit plan, the Archdiocese sponsors retirement benefits for priests. The benefits include medical, disability, death, infirm and housing, and, in certain limited circumstances, salary continuation for early retirees.

The Archdiocese uses a June 30 measurement date for the Plan and for the priests’ retirement benefits.

Summary information at June 30 is as follows:

	Plan		Priests' Retirement Benefits	
	2023	2022	2023	2022
Projected benefit obligation	$ (14,295)	$ (16,086)	$ (112,611)	$ (110,776)
Fair value of plan assets	10,206	9,620	-	-
Funded status	(4,089)	(6,466)	(112,611)	(110,776)
Accrued benefit cost	$ (4,089)	$ (6,466)	$ (112,611)	$ (110,776)
Accumulated benefit obligation	$ (14,295)	$ (16,086)		
Benefit costs	$ 294	$ (3,990)	$ 7,137	$ (27,073)
Employer contributions	343	1,017	5,303	4,616
Benefits paid	(572)	(1,795)	(5,303)	(4,616)

For the Priests' Retirement Benefit plan, the Archdiocese has set aside $95,120 at June 30, 2023 in assets to partially offset the projected obligation.

The pension plans recognized as a component of benefit cost for the years ended June 30, 2023 and 2022 the following:

	Plan		Priests' Retirement Benefits	
	2023	2022	2023	2022
Service cost	$ 27	$ 33	$ 1,958	$ 3,122
Interest cost	635	375	5,193	4,333
Expected return on plan assets	(808)	(842)	-	-
Recognized actuarial (gain)loss	440	111	(14)	(34,528)
(Gain)loss due to settlement	-	(3,667)	-	-
	$ 294	$ (3,990)	$ 7,137	$ (27,073)

The components of net periodic benefit cost other than service cost components are included in the Other Benefit Plan Related Costs line item on the combined statement of functional expenses. Service costs are included in health and retirement benefits.

Net amounts recognized on the combined statement of activities for pension-related changes other than net periodic cost consist of the following:

	2023	2022
Net (gain)loss - pension plan	$ (437)	$ 1,878
Net prior service cost	(312)	(111)
	$ (749)	$ 1,767

Items not yet recognized as a component of net periodic pension cost at June 30, 2023 and 2022:

	2023	2022
Net loss	$ 3,688	$ 4,437

Estimated effect in the next fiscal year of amortizing items not yet recognized as a component of net periodic pension cost:

Net loss	$ 263

No plan assets are expected to be returned to the Archdiocese during the year ending June 30, 2023. The actuarial assumptions used in determining the benefit obligation are as follows:

	Plan		Priests' Retirement Benefits	
	2023	**2022**	**2023**	**2022**
Assumptions:				
Discount rate	4.88%	4.45%	5.15 %	4.80 %
Expected return on plan assets	7.25%	7.25%	N/A	N/A
Rate of compensation increase	0.00%	0.00%	N/A	N/A

The weighted average actuarial assumptions used in determining the net periodic pension cost are as follows:

	Plan		Priests' Retirement Benefits	
	2023	**2022**	**2023**	**2022**
Assumptions:				
Discount rate	4.45%	2.50%	4.80 %	3.10 %
Expected return on plan assets	7.25%	7.25%	N/A	N/A
Rate of compensation increase	0.00%	0.00%	N/A	N/A

The Archdiocese's long-term, annual rate-of-return-on-assets assumption is determined based upon a combination of review of historical returns on pension plan assets, as well as advice from the plan actuaries and investment managers as to general expectations of long-term prospective returns on plan assets.

Asset allocations for the funded defined benefit plan is as follows:

	2023		2022	
	Amount	%	Amount	%
Equity	$ 6,285	62 %	$ 6,021	63 %
Fixed income	3,185	31 %	2,900	30 %
Cash and cash equivalents	736	7 %	699	7 %
Total	$ 10,206	100 %	$ 9,620	100 %

For the funded defined benefit plan, the Archdiocese makes investment decisions to seek to increase the value of plan assets while recognizing the need to preserve asset value in order to enhance the ability of the plans to meet their obligations to plan participants and beneficiaries when due. The preservation of capital is of prime importance to achieve the stated objectives over a long-term time horizon. To achieve this obligation, the Catholic Charities of St. Louis plan maintains an investment composition of approximately 65% equity securities and 35% fixed income securities, including cash and cash equivalents.

In accordance with ASC 820, the Plans classify pension plan investments into Level 1, Level 2, and Level 3. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As of June 30, 2023 and 2022, all plan assets were valued at net asset value per share.

Commingled Funds	Fair Value 2023	Fair Value 2022	Unfunded Commit- ments	Redemption Frequency	Redemption Notice Period
Equity	$ 6,285	$ 6,021	$ -	Daily	1 day
Fixed Income	3,185	2,900	-	Daily	1 day
Cash and cash equivalents	736	699	-	Daily	1 day
	$ 10,206	$ 9,620	$ -		

The Archdiocese plans to contribute $610 to the Benefit Plan and $5,491 for priests' retirement benefits in 2024.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid as follows:

	Benefit Plans	Priests' Retirement Benefits
2024	$ 5,178	$ 5,491
2025	907	5,845
2026	617	6,183
2027	1,054	6,519
2028	591	6,878
Years 2029–2033	4,115	37,464

The assumed future healthcare cost trend rate is approximately 5.0%–10.0%, gradually declining to 4.0%–4.5% over ten years.

11. CONTINGENCIES

The Archdiocese is involved in various claims, regulatory investigations, proceedings, and legal actions arising in the normal course of operation. After consultation with legal counsel, it is management's opinion that these matters will be resolved without material adverse effect on the Archdiocese's combined statement of financial position or combined results of operations. Some Catholic Charities agencies are general partners in several for profit enterprises. As general partner, they have made certain guarantees to fund operating deficiencies and priority returns. In addition, since these for profit enterprises were created for tax credit purposes, they have made guarantees to the limited partners for certain tax benefits. All of these for profit enterprises require compliance with certain terms, covenants and/or regulations. Non-compliance is a condition for default and recapture of credits. As of June 30, 2023, no such events have occurred.

12. NET ASSETS

Net assets at June 30, 2023 and 2022 were as follows:

	2023	2022
Net assets without donor restrictions:		
Undesignated	$ (21,024)	$ (27,415)
Designated:		
The St. Louis Archdiocesan Fund	156,704	141,833
Perpetual care fund investments in excess of future care cost liability	62,990	59,462
Self-funded insurance reserves	61,743	59,028
Catholic Charities Federation	22,837	26,975
Other Archdiocesan agencies	76,467	71,868
Specific purposes designated by the Archdiocese	10,155	10,760
Property and equipment, net of notes payable	114,116	116,236
Endowments	28,986	27,201
Investment in foundations held in trusts	985	1,105
Total designated	534,983	514,468
Noncontrolling interest in subsidiaries	3,609	4,304
Total net assets without donor restrictions	517,568	491,357
Net assets with donor restrictions:		
Subject to the passage of time	3,118	3,434
Subject to expenditures for specific purposes		
Capital expansion or replacement	39	617
Other purposes	25,952	16,331
	25,991	16,948
Endowments:		
Subject to endowment spending policy and appropriation:		
Accumulated earnings on endowments	27,606	21,635
Not subject to spending policy or appropriation:		
Endowments	69,364	69,206
Total endowments	96,970	90,841
Not subject to spending policy or appropriation:		
Beneficial interests in perpetual trusts	7,000	5,868
Gift annuities	75	64
	7,075	5,932
Total net assets with donor restrictions	133,154	117,155
Total net assets	$ 650,722	$ 608,512

13. ENDOWMENTS

The Archdiocese of St. Louis' endowments and earnings on endowments consist of individual funds established for a variety of purposes and include both donor-restricted endowment funds and funds designated to function as endowments. As required by GAAP, net assets associated with endowment funds, including designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

All endowments within the combined financial statements of the Archdiocese are governed by endowment fund operating policies which are considered to be the gift instruments. The policies follow a standard format with a few optional changes. The definition of "Contribution Base" is standard among all policies. For purposes of the operating policies, the "Contribution Base" is the total amount of all contributions and other transfers that have been made to the Endowment Fund by (i) donors, (ii) the parishes, and (iii) the Endowment Committee out of Endowment Fund Income.

A majority of endowments within the combined financial statements have adopted the Total Return Spending Policy (TRSP). The TRSP suggests an amount to be distributed which is designed to allow for a reasonable stream of distributions, while preserving the value of the Endowment against inflation and a volatile market. A distribution is allowed out of undistributed income only if undistributed income is positive. Appropriations from the Contribution Base may only be made upon receipt of further clarification from the donor or written approval from a donor to release principal from the endowment. All endowments are invested in the Fund. The Endowment Committees of all accounts select from a variety of plans, each of which consists of three components: equity securities, fixed income securities, and cash accounts. Performance returns are calculated separately for each of these three components within the portfolio and allocated respectively, within the account during each month. In the absence of donor stipulations or laws to the contrary, losses on the investments shall reduce net assets with donor restrictions.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below its book value. Deficiencies of this nature exist in 5 donor-restricted endowment funds, which together have an original gift value of $1,650, a current fair value of $1,136, and a deficiency of $514 as of June 30, 2023.

Endowment Asset Composition by Type of Fund as of June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Donor-restricted gift required to be:			
Maintained in perpetuity	$ -	69,364	$ 69,364
Non-perpetually restricted	-	2,461	2,461
Accumulated investment gains	-	25,145	25,145
Board-designated endowment funds	28,986	-	28,986
	$ 28,986	$ 96,970	$ 125,956

Endowment Asset Composition by Type of Fund as of June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Donor-restricted gift required to be:			
Maintained in perpetuity	$ -	69,206	$ 69,206
Non-perpetually restricted	-	2,461	2,461
Accumulated investment gains	-	19,174	19,174
Board-designated endowment funds	27,201	-	27,201
	$ 27,201	$ 90,841	$ 118,042

Changes in Endowment Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets — June 30, 2021	$ 31,706	$ 108,887	$ 140,593
Investment return:			
Investment income	367	1,216	1,583
Net loss (realized and unrealized)	(4,630)	(15,443)	(20,073)
Total investment return	(4,263)	(14,227)	(18,490)
Contributions	1,290	635	1,925
Appropriation of endowment assets for expenditure	(1,304)	(4,365)	(5,669)
Reclassification of donations	(228)	(89)	(317)
Endowment assets — June 30, 2022	$ 27,201	$ 90,841	$ 118,042
Investment return:			
Investment income	448	1,445	1,893
Net gains (realized and unrealized)	2,621	8,650	11,271
Total investment return	3,069	10,095	13,164
Contributions	557	1,119	1,676
Appropriation of endowment assets for expenditure	(1,841)	(4,125)	(5,966)
Reclassification of donations	-	(960)	(960)
Endowment assets — June 30, 2023	$ 28,986	$ 96,970	$ 125,956

14. RELATED PARTY TRANSACTIONS

The financial activities of the Archdiocese include transactions with related parties. These transactions are entered into in the normal course of business and are included in the combined financial statements as follows:

	2023	2022
Due from Archdiocesan parishes, net (recorded within Accounts receivable and other receivables, net)	$ 699	$ 726
Revenues and gains for the year ended June 30:		
Contributions and grants from parishes and parish schools	$ 377	$ 381
Fees and assessments (1)	29,534	28,886
Insurance premiums (2)	28,747	34,588
Expenses for the year ended June 30:		
Grants to parishes and parish schools	10,972	10,579
Occupancy expense	296	310
Fees and services	234	291

(1) Annually, the Archdiocese charges the parishes and elementary schools an assessment to fund the cost of Archdiocesan administration and administration in the Catholic Education Office and to provide a portion of the funding for the Archdiocesan secondary schools. In addition, fees are

charged for participation in the priests' retirement program, subscriptions to the St. Louis Review and other support services.

(2) The Archdiocese assesses individual parishes and schools insurance premiums for participation in the Archdiocesan self-insurance programs for property, general liability, workers' compensation and health insurance.

15. CONDITIONAL CONTRIBUTIONS

A portion of the Archdiocesan support is derived from cost-reimbursable federal and state contracts, which are conditional upon the incurrence of allowable qualifying expenses. Revenue is recognized when the Archdiocese incurs expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the combined statement of financial position. In addition, the Archdiocese receives grants from private institutions that are conditional upon the achievement of certain performance requirements and outcomes. Revenue is recognized when these specific requirements and outcomes are achieved.

As of June 30, 2023 and June 30, 2022, conditional contributions were as follows:

	2023	2022
Cost-reimbursable government contracts not recognized because qualifying expenditures have not been incurred	$ 27,816	$ 20,959
Grants receivable for qualifying expenditures that have been incurred but not yet reimbursed	2,758	1,567
Conditional contributions included within deferred revenue	311	304
Private institution grants:		
Revenue not recognized due to conditional performance requirements and outcomes	100	380
Grants receivable include revenue for which requirements have been achieved but funds have not been received	100	280

Further, the Archdiocese receives bequests from donors that are of a revocable nature and are thus conditioned upon the death of the donor. Revenue is recognized when these bequests become irrevocable or upon the death of the donor. At June 30, 2023, the Archdiocese has knowledge of several that have not yet been recognized; however, the Archdiocese has not been provided sufficient information to ascertain the value.

16. SUBSEQUENT EVENTS

The preparation of combined financial statements in accordance with GAAP requires the consideration of events or transactions that occur after the financial statement date but before the financial statements are issued or available to be issued. Depending on the nature of the subsequent event, financial statement recognition or disclosure of the subsequent event is required. In preparing its financial statements, the Archdiocese has evaluated subsequent events through the date of the independent auditors' report, the date the financial statements were available to be issued. There have been no subsequent events of a significant or material nature.

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