

The Chancery Office of The Roman Catholic Bishop of San Bernardino

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June 30, 2020 and 2019

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Independent Auditor's Report

To His Excellency the Most Reverend Gerald Barnes
The Chancery Office of The Roman Catholic Bishop of San Bernardino, a Corporation Sole
San Bernardino, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Chancery Office of The Roman Catholic Bishop of San Bernardino (the Diocese) (a Corporation Sole), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Diocese's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Diocese'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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Chancery Office of The Roman Catholic Bishop of San Bernardino as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
January 8, 2021

The Chancery Office of The Roman Catholic Bishop of San Bernardino

Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 7,215,593	\$ 4,128,666
Investments	65,561,878	64,228,520
Investments held in trust for others	28,032,911	26,593,705
Receivables		
Accounts receivable, net	5,355,766	2,744,420
Notes receivable	4,449,997	4,770,463
Deposits and prepaid expenses	474,173	554,564
Land, property, and equipment (net of accumulated depreciation)	15,785,513	13,891,532
Total assets	\$ 126,875,831	\$ 116,911,870
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 4,907,277	\$ 1,000,226
Refundable advance - PPP loan	1,356,301	-
Deferred revenue	5,003	74,479
Notes payable	5,173,971	6,321,259
Funds held in trust for others	28,032,911	26,593,705
Accrued pension liability	11,930,340	12,407,762
Insurance reserves	250,000	250,000
Total liabilities	51,655,803	46,647,431
Net Assets		
Net assets without donor restrictions	52,517,500	47,188,753
Net assets without donor restrictions - designated	3,087,864	2,875,032
Net assets with donor restrictions	19,614,664	20,200,654
Total net assets	75,220,028	70,264,439
Total Liabilities and Net Assets	\$ 126,875,831	\$ 116,911,870

The Chancery Office of The Roman Catholic Bishop of San Bernardino
Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues						
Gifts, bequests, and collections	\$ 3,740,102	\$ 1,207,741	\$ 4,947,843	\$ 1,787,851	\$ 1,903,931	\$ 3,691,782
Assessments	9,612,745	-	9,612,745	9,426,049	-	9,426,049
Diocesan development fund subsidy	4,320,000	-	4,320,000	4,308,600	-	4,308,600
Fees and expense reimbursements	1,998,346	-	1,998,346	2,524,598	84,195	2,608,793
Insurance premiums	6,831,294	-	6,831,294	6,358,628	36,315	6,394,943
Investment income used for operations	2,197,968	-	2,197,968	1,847,976	-	1,847,976
Interest/dividend income	71,121	-	71,121	389,166	-	389,166
Endowment payout	569,927	-	569,927	559,491	-	559,491
Grant income	297,801	229,605	527,406	154,184	274,875	429,059
Other income	327,159	-	327,159	337,056	-	337,056
Net assets released from restrictions	1,128,915	(1,128,915)	-	1,648,623	(1,648,623)	-
Total revenues	<u>31,095,378</u>	<u>308,431</u>	<u>31,403,809</u>	<u>29,342,222</u>	<u>650,693</u>	<u>29,992,915</u>
Expenses						
Program services						
Pastoral services	5,136,613	-	5,136,613	5,174,798	-	5,174,798
Education	2,944,157	-	2,944,157	3,370,357	-	3,370,357
Religious personnel development	2,292,847	-	2,292,847	2,423,076	-	2,423,076
Ministries and social services	3,549,303	-	3,549,303	3,758,631	-	3,758,631
Grants and donations	1,062,036	-	1,062,036	1,564,725	-	1,564,725
General and administrative services						
Diocesan administration	5,715,050	-	5,715,050	4,934,066	-	4,934,066
Insurance premiums and benefits	7,263,388	-	7,263,388	7,030,116	-	7,030,116
Fundraising	1,012,619	-	1,012,619	954,313	-	954,313
Total expenses	<u>28,976,013</u>	<u>-</u>	<u>28,976,013</u>	<u>29,210,082</u>	<u>-</u>	<u>29,210,082</u>
Excess of Revenues over Expenses	<u>2,119,365</u>	<u>308,431</u>	<u>2,427,796</u>	<u>132,140</u>	<u>650,693</u>	<u>782,833</u>
Other Changes in Net Assets						
Investment income not used in operations	4,059,092	(894,421)	3,164,671	4,175,287	381,215	4,556,502
Sale of property	-	-	-	307,514	-	307,514
Loss on legal settlements	(1,114,300)	-	(1,114,300)	-	-	-
Actuarial adjustment - pension plan	477,422	-	477,422	(6,274)	-	(6,274)
Total other changes in net assets	<u>3,422,214</u>	<u>(894,421)</u>	<u>2,527,793</u>	<u>4,476,527</u>	<u>381,215</u>	<u>4,857,742</u>
Change in Net Assets	5,541,579	(585,990)	4,955,589	4,608,667	1,031,908	5,640,575
Net Assets, Beginning of Year	50,063,785	20,200,654	70,264,439	45,455,118	19,168,746	64,623,864
Net Assets, End of Year	<u>\$ 55,605,364</u>	<u>\$ 19,614,664</u>	<u>\$ 75,220,028</u>	<u>\$ 50,063,785</u>	<u>\$ 20,200,654</u>	<u>\$ 70,264,439</u>

See Notes to Financial Statements

The Chancery Office of The Roman Catholic Bishop of San Bernardino

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ 4,955,589	\$ 5,640,575
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation expense	820,969	628,692
Unrealized gains on investments	(5,817,871)	(7,056,481)
Realized gains on investments	(655,097)	(88,998)
Contributions restricted for long-term purposes	(381,238)	(582,981)
Change in assets and liabilities		
Accounts receivable	(2,611,346)	(619,865)
Deposits and prepaid expenses	80,391	36,155
Accounts payable and accrued expenses	3,907,051	(39,679)
Funds held for others	1,439,206	1,986,760
Refundable advance - PPP loan	1,356,301	-
Deferred revenue	(69,476)	9
Pensions	(477,422)	6,274
Net Cash from Operating Activities	2,547,057	(89,539)
Investing Activities		
Purchase of land, property, and equipment	(2,714,950)	(2,858,629)
Proceeds from sale of property	-	307,514
Disbursement of notes and loans receivable	(12,310)	(564,718)
Collections on notes and loans receivable	332,776	128,476
Changes in investments and funds on deposit	3,700,404	4,398,384
Net Cash from Investing Activities	1,305,920	1,411,027
Financing Activities		
Collection of contributions restricted for long-term purposes	381,238	582,981
Payments on notes and loans payable	(1,147,288)	(1,174,627)
Net Cash from Financing Activities	(766,050)	(591,646)
Net Change in Cash and Cash Equivalents	3,086,927	729,842
Cash and Cash Equivalents, Beginning of Year	4,128,666	3,398,824
Cash and Cash Equivalents, End of Year	\$ 7,215,593	\$ 4,128,666
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 199,966	\$ 249,010

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization

The Roman Catholic Bishop of San Bernardino, also known as the Diocese of San Bernardino (the Diocese), is a nonprofit corporation established under the laws of the State of California, and operates as a religious organization. The Diocese is exempt from Federal and State income tax under provisions of Section 501(c) of the Internal Revenue Code as a member of group exemption number 928 and Section 23701d of the California Revenue and Taxation Code as a religious organization. The primary purpose of the accounting and reporting of financial information is for resources received and applied rather than the determination of net income.

The Chancery Office of The Roman Catholic Bishop (RCB) of San Bernardino, a Corporation Sole, is supported primarily through assessments to parishes under the direction of the Bishop and contributions.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with Accounting Principles and Reporting Practices for Churches and Church-Related Organizations, adopted by the National Conferences of Catholic Bishops, and in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements include the assets, liabilities, and operations of departments for which the Chancery Office, also called the Diocesan Pastoral Center (DPC or Diocese) of The Roman Catholic Bishop of San Bernardino, maintains direct operational control. The financial statements do not include the assets, liabilities, and operations of the parishes or any other affiliated organization under the jurisdiction of the Bishop, except for transactions with the DPC as reflected in the records of the DPC.

Net Asset Categories

The accompanying financial statements present information regarding the Diocese's financial position and results of activities according to the following net asset categories:

- Net assets without donor restrictions include all support that is not subject to donor-imposed restrictions. Property and equipment include all long-lived assets and renewal and replacement funds net of related liabilities.
- Net assets with donor restrictions include gifts and income subject to donor (or certain grantor) restrictions. Some donor-imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Diocese reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the

statements of activities as net assets released from restrictions. It is also the Diocese's policy to release the restrictions on gifts of cash or other assets received for the acquisitions of long-lived assets when the long-lived assets are placed into service.

Operational Revenue

Parish assessments are recognized and recorded as unrestricted revenues in the year the assessments are levied to the parishes. Other Diocesan revenue sources include the annual Diocesan Development Fund subsidy, insurance premiums, and fees for other services, which are recognized and recorded as unrestricted revenues in the year in which the activity or services are rendered.

Accounts Receivable

Accounts receivable represent amounts due from various parishes and other institutions within the Diocese for parish assessments, services fees, insurance, property taxes, and other fees, which are believed to be fully collectible unless an entity experiences a material adverse change in its ability to meet its financial obligations to the Diocese. An allowance for doubtful accounts, which as of June 30, 2020 and 2019, amounted to \$1,041,537 and \$820,815, respectively, has been calculated based on an aging of outstanding invoices.

Contributions

Contributions are measured at their fair value at the date of contribution and are recognized in the period received and are reported as increases in the appropriate category of net assets: net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Grants and Contracts

Revenues from grants and contracts are reported as increases in unrestricted net assets as allowable expenditures under such agreements are incurred.

Investment Return

Investment income and realized and unrealized gains and losses are recorded and reported as increases or decreases to the appropriate net asset category.

Expense Recognition

Expenses are generally reported as decreases in net assets without donor restrictions. The financial statements present expenses by functional classification in accordance with the overall mission of the Diocese.

Allocation of Certain Expenses

The statement of activities presents expenses by functional classification. Depreciation and the cost of operation and maintenance of facilities are allocated to functional categories based on building square footage dedicated to that specific function.

Use of 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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Diocese considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

Concentration of Credit Risk

The Diocese maintains cash and investment balances at banks in excess of Federal Deposit of Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) limits. Deposit concentration risk is managed by placing cash and investment balances with financial institutions believed by the Diocese to be creditworthy. Management believes credit risk is limited.

Investments

Where permitted by gift agreement and/or applicable Diocesan policies, the Diocese pools investments for management purposes. The remainder of investments is managed as separate investments. Cash equivalents are resources invested in money market funds, including any such investments held by external investment managers. Marketable securities are reported at fair market value, except for real estate investments, trust deed loans, and other miscellaneous assets, which are stated at cost.

The cost of securities sold is determined by the average cost method and is used to compute realized gains and losses. Unrealized gains and losses reflect the changes in the market values of investments from the prior year. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. The date of record for investments is the trade date.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets on the statement of activities. Realized gains and losses are also recorded on the statement of activities.

Endowment Funds

The Diocese has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, the Diocese retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the

Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The mission of the Diocese and the purpose of the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and/or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Diocese
7. The investment policy of the Diocese

Management of Catholic Foundation Pooled Investment Funds

The investment objectives of the Catholic Foundation endowment funds is to grow the funds over the long run and have earnings through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the medium (three years) and long-term (five years).

The endowment fund has a spending policy of appropriating 4.25 percent of the average of the three previous years ending fair market value.

Fair Value Measurement of Investment Assets

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Diocese's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

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

Property and Equipment

Property and equipment are recorded at cost for purchased assets and appraised fair value for contributed assets. The assets are depreciated over their useful lives. The Diocese capitalizes land at the purchase cost or donated fair value, buildings at the purchase cost or construction cost. Capitalization for other assets includes equipment with an initial value in excess of \$5,000 and building, leasehold or land improvements with an initial value in excess of \$50,000; anything less is expensed in the current period. The straight-line method of depreciation is used for all depreciable assets. The estimated useful lives range from seven years to thirty years.

Related Parties

Substantial portions of the Diocesan transactions are with affiliated parishes and other religious organizations.

Change in Accounting Principle

In June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. Accounting for contributions is an issue primarily for not-for-profit entities because contributions are a significant source of revenue. However, the amendments in the Update apply to all organizations that receive or make contributions of cash and other assets, including business enterprises. The amendments do not apply to transfers of assets from governments to businesses. For contributions received, the Diocese has implemented the provisions of ASU 2018-08 on a modified prospective basis as of July 1, 2019 to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Diocese's financial statements. For contributions made, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This Update requires an entity to recognize revenue as performance obligations are met, in order to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration the entity is entitled to receive for those goods or services. The following steps are applied in the updated guidance: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. The full impact of this Update on the Diocese's financial statements has not yet been determined.

In February 2016, FASB issued ASU 2016-02, *Leases (ASU 2016-02)*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Although the full impact of this Update on the Diocese's financial statements has not yet been determined, the future adoption of this guidance will require the Diocese to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

Note 2 - Liquidity and Availability

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

	2020	2019
Cash and cash equivalents	\$ 3,645,032	\$ 702,355
Investments	20,926,053	22,511,642
Accounts receivable, net	1,808,220	1,028,583
Notes receivable	139,494	125,581
	\$ 26,518,799	\$ 24,368,161

The Diocese uses these sources to meet its ongoing obligations with respect to general expenditures, liabilities and other obligations as they become due. Cash in excess of daily requirements is invested in various short-term investments with maturities designed to meet obligations as they come due.

The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2020 and 2019

Note 3 - Investments

The following schedule summarizes the Diocese's investment returns for the year ended June 30, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 991,083	\$ 535,612
Unrealized gain for the year	5,817,871	7,056,481
Realized gain for the year	655,097	88,998
	<u>7,464,051</u>	<u>7,681,091</u>
Investment expense	(258,307)	(275,412)
Spending policy payout	(1,771,984)	(612,035)
Net investment returns	<u>\$ 5,433,760</u>	<u>\$ 6,793,644</u>

The following table summarizes the Diocese's investments at June 30, 2020 and 2019:

	June 30, 2020		
	Adjusted Cost	Fair Market Value	Unrealized Gain (Loss) Cumulative
Cash and cash equivalents	\$ 1,005,623	\$ 1,005,623	\$ -
Mutual funds	60,560,212	83,297,865	22,737,653
U.S. Government and agency instruments	2,536,197	2,547,278	11,081
Corporate bonds	4,641,135	5,054,172	413,037
Limited partnerships	1,431,679	1,689,851	258,172
	<u>\$ 70,174,846</u>	<u>\$ 93,594,789</u>	<u>\$ 23,419,943</u>
	June 30, 2019		
	Adjusted Cost	Fair Market Value	Unrealized Gain (Loss) Cumulative
Cash and cash equivalents	\$ 809,110	\$ 809,110	\$ -
Mutual funds	39,056,494	73,157,635	34,101,141
U.S. Government and agency instruments	2,470,414	2,453,648	(16,766)
Corporate bonds	4,829,899	4,983,282	153,383
Common stocks and equities	7,977,728	7,699,504	(278,224)
Limited partnerships	1,388,719	1,719,046	330,327
	<u>\$ 56,532,364</u>	<u>\$ 90,822,225</u>	<u>\$ 34,289,861</u>

The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2020 and 2019

Note 4 - Fair Value Measurement of Financial Instruments

The fair value measurements and level within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2020 and 2019 are as follows:

	June 30, 2020			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 1,005,623	\$ -	\$ -	\$ 1,005,623
Mutual funds	83,297,865	-	-	83,297,865
U.S. Government and agency instruments	2,547,278	-	-	2,547,278
Corporate bonds	5,054,172	-	-	5,054,172
Limited partnerships	-	1,689,851	-	1,689,851
	<u>\$ 91,904,938</u>	<u>\$ 1,689,851</u>	<u>\$ -</u>	<u>\$ 93,594,789</u>

	June 30, 2019			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 809,110	\$ -	\$ -	\$ 809,110
Mutual funds	73,157,635	-	-	73,157,635
U.S. Government and agency instruments	2,453,648	-	-	2,453,648
Corporate bonds	4,983,282	-	-	4,983,282
Common stock and equities	7,699,504	-	-	7,699,504
Limited partnerships	-	1,719,046	-	1,719,046
	<u>\$ 89,103,179</u>	<u>\$ 1,719,046</u>	<u>\$ -</u>	<u>\$ 90,822,225</u>

Note 5 - Accounts and Notes Receivable

Accounts receivable (net of allowance for doubtful accounts) at June 30, 2020 and 2019 are as follows:

	2020	2019
General receivables	\$ 3,320,186	\$ 2,310,682
Payroll receivables	1,886,440	1,101,811
Receivables from schools	9,716	9,716
Other receivables	1,180,961	143,026
	<u>6,397,303</u>	<u>3,565,235</u>
Total gross receivables		
	<u>(1,041,537)</u>	<u>(820,815)</u>
Less allowance for doubtful accounts		
Total accounts receivable, net	<u>\$ 5,355,766</u>	<u>\$ 2,744,420</u>

The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2020 and 2019

Notes receivable at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Clergy receivable	\$ 33,871	\$ 28,874
Seminarian education notes receivable	308,013	328,700
Note receivable secured by trust deed	180,000	300,000
Note receivable from Land Development Corporation	<u>3,928,113</u>	<u>4,112,889</u>
 Total notes receivable	 <u>\$ 4,449,997</u>	 <u>\$ 4,770,463</u>

The Diocese has three notes receivable with the Land Development Corporation, a legally separate but affiliated organization. The outstanding balance owed to the Diocese as of June 30, 2020 and 2019 was \$3,928,113 and \$4,112,889, respectively. During the 2017-18 fiscal year, the Land Development Corporation renegotiated the terms on one of the notes with the Diocese and is making payments according to the terms of the notes.

Note 6 - Deposits and Prepaid Expenses

Deposits and prepaid expenses as of June 30, 2020 and 2019 were comprised of the following:

	<u>2020</u>	<u>2019</u>
Prepaid expenses - operating funds	\$ 233,152	\$ 311,321
Prepaid expenses - insurance funds	38,080	-
Prepaid expenses - other	1,036	3,646
Deposit - insurance programs	<u>201,905</u>	<u>239,597</u>
 Total deposits and prepaid expenses	 <u>\$ 474,173</u>	 <u>\$ 554,564</u>

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Notes to Financial Statements

June 30, 2020 and 2019

Note 7 - Land, Property, and Equipment

The composition of plant assets at June 30, 2020 and 2019 is as follows:

	2020	2019
Land	\$ 6,763,657	\$ 6,502,106
Building	17,277,859	15,582,767
Equipment	1,213,112	454,805
Furnishings	440,411	440,411
Vehicles	192,432	192,432
Leasehold improvements	415,482	415,482
Total land, property, and equipment	26,302,953	23,588,003
Accumulated depreciation	(10,517,440)	(9,696,471)
Total land, property, and equipment, net	\$ 15,785,513	\$ 13,891,532

Depreciation expense for the years ended June 30, 2020 and 2019 was \$820,969 and \$628,692, respectively.

Building assets with depreciated value of \$382,149 are pledged as collateral for the notes payable referenced in Note 8.

Note 8 - Notes Payable

Notes payable at June 30, 2020 and 2019 are as follows:

	2020	2019
Citizens Business Bank note payable, interest rate of 3.50%, due September 6, 2026	\$ 2,968,188	\$ 3,390,559
Citizens Business Bank line of credit, limit \$5,300,000, interest rate of 4.50%	1,751,827	1,881,815
Note payable to Caritas Telecommunications, Inc., interest rate of 0.00%	-	158,168
Note payable to Caritas Telecommunications, Inc., interest rate of 3.50%	301,206	623,842
Note payable to Diocese of San Bernardino Cemetery Corporation, interest rate of 3.50%	97,750	211,875
Note payable to Wilfrid Lemann, successor trustee for property bequest, interest only payments at 6.00% annual interest	55,000	55,000
Total notes payable	\$ 5,173,971	\$ 6,321,259

The Diocese has notes payable due to legally separate but affiliated organizations. As of June 30, 2020, the outstanding balance owed to Caritas Telecommunications Corporation (Caritas) was \$301,206, and to the Cemetery Corporation was \$97,750. The Diocese makes monthly principal and interest payments on the note from the Cemetery Corporation and one of the notes from Caritas. The annual debt service on the remaining note from Caritas is forgiven on an annual basis upon approval from the Caritas Board of Directors.

Interest expense was \$199,966 and \$249,010 for the years ended June 30, 2020 and 2019, respectively.

Note 9 - Paycheck Protection Program (PPP) Loan

The Diocese applied for and was granted an \$1,356,301 loan under the Paycheck Protection Program administered by a US Small Business Administration (SBA) approved lender. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. The Diocese is eligible for loan forgiveness of up to 100 percent of the loan, upon meeting certain requirements. The Diocese intends to take measures to maximize the loan forgiveness but cannot reasonably determine the portion of the loan that will ultimately be forgiven.

Note 10 - Funds Held in Trust for Others

Funds held in trust for others totaled \$28,032,911 and \$26,593,705 at June 30, 2020 and 2019, respectively. These amounts represent other parish and school funds held in trust by the Diocese.

Note 11 - Pension Plans

Pension Plans for Priests

The Diocese adopted a pension plan for priests in conjunction with the Diocese of San Diego. All priests under the authority of the Diocese shall be eligible to participate in the plan provided they make the required contributions. Priest contributions are \$33.33 per month, payable in semi-annual or annual payments.

Pension expense for the years ended June 30, 2020 and 2019, was \$687,686 and \$903,521, respectively, allocable to the Diocese of San Bernardino. These amounts include normal cost plus amortization of unfunded past service cost and reflect the required contribution for the plan year ended June 30, 2020. The plan uses a projected method that takes into account future service and, therefore, produces a measure of plan liabilities that exceed plan assets. This amount will be funded over the entire working lifetime of the current group of priests in the valuation.

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The changes in the pension benefit obligation and fair value of plan assets for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Benefit obligations, beginning of year	\$ 14,770,309	\$ 15,703,728
Service cost	127,854	205,544
Expected employee contributions	18,849	22,764
Interest cost	771,644	795,143
Actuarial (gain) loss	(145,942)	(614,335)
Change in assumptions	(622,260)	(55,280)
Benefit payments	(1,207,801)	(1,287,255)
	13,712,653	14,770,309
Fair value of plan assets, beginning of year	10,969,173	10,510,842
Actual return on plan assets	148,079	616,911
Adjustment for asset allocation method	(765,932)	-
Actual employee contributions	18,849	22,764
Benefit payments	(1,207,801)	(1,287,255)
Employer contribution	676,168	1,105,911
	9,838,536	10,969,173
Fair value of plan assets, end of year	9,838,536	10,969,173
Unfunded	\$ (3,874,117)	\$ (3,801,136)

Net periodic pension costs for the years ended June 30, 2020 and 2019 was:

	2020	2019
Net periodic pension cost	\$ 903,521	\$ 697,686

The following are weighted-average assumptions used to determine benefit obligations at June 30, 2020 and 2019:

	2020	2019
Discount rate	5.50%	5.50%
Rate of compensation increase	0.00%	0.00%

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Notes to Financial Statements

June 30, 2020 and 2019

The following are weighted-average assumptions used to determine net periodic pension cost for the years ended June 30, 2020 and 2019:

	2020	2019
Discount rate	5.50%	5.50%
Rate of compensation increase	0.00%	0.00%
Expected long-term rate of return on plan assets	6.50%	6.50%

The Diocese’s expected long-term rate of return on plan assets assumption was derived from an analysis conducted by the Diocese’s actuaries. The analysis included a review of the asset allocation strategy, anticipated future long-term performance of individual asset classes, and risks and correlations for each of the asset classes that comprise the asset allocation. While the analysis gives appropriate consideration to recent performance and historical returns, the assumption is primarily a long-term prospective rate.

The following table sets forth by level, within the fair value hierarchy, the pension plan’s assets at fair value as of June 30, 2020 and 2019:

	Total	Level 1	Level 2	Level 3
June 30, 2020				
Cash and cash equivalents	\$ 499,527	\$ 499,527	\$ -	\$ -
Equity securities	3,320,703	3,320,703	-	-
Equity mutual funds	3,668,772	3,668,772	-	-
Fixed income mutual funds	2,349,534	2,349,534	-	-
Total assets at fair value	\$ 9,838,536	\$ 9,838,536	\$ -	\$ -
June 30, 2019				
Cash and cash equivalents	\$ 876,672	\$ 876,672	\$ -	\$ -
Equity securities	5,924,005	5,924,005	-	-
Equity mutual funds	1,585,097	1,585,097	-	-
Fixed income mutual funds	2,583,399	2,583,399	-	-
Total assets at fair value	\$ 10,969,173	\$ 10,969,173	\$ -	\$ -

The pension benefit plan assets are carried at fair value in accordance with the fair value hierarchy as discussed in Note 4.

In setting investment policies and strategies, the ability of the selected investment allocation to fund the pension plan liabilities effectively, meet the long-term return target, and align the selected allocation with the risk tolerance of the plan’s fiduciaries was taken into account. The strategic allocation has reduced exposure to market risk and increased allocation to asset classes which are not highly correlated, as well as asset classes where management has historically generated excess returns, and places greater emphasis on manager skills to produce excess return while employing various risk mitigation strategies to reduce volatility.

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June 30, 2020 and 2019

The Diocese expects to contribute approximately \$680,000 to the pension plan in the 2021 fiscal year.

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in following five fiscal years:

2021	\$ 1,198,585
2022	1,186,974
2023	1,127,319
2024	1,107,787
2025	1,073,785

Restated Pension Plan for Lay Employees

The Diocese of San Bernardino maintains a defined benefit plan for lay employees. The plan was amended and restated on September 1, 2009. All regular and full-time employees of the Diocese shall be eligible to participate in the plan provided they agree to make the required contributions under the plan. The plan is funded in part by employee contributions of two percent of gross wages. The Diocese contributes 7.5 percent of payroll.

Benefits under the plan are determined based on a formula which takes into account years of service and the monthly average of total compensation paid during the five (5) consecutive years of participation when compensation was the highest. Effective with the plan year September 1, 2011, the benefit formula has been changed to take into account years of service and the monthly average total compensation paid during the ten (10) consecutive years of participation when compensation was the highest. Normal retirement is the first day of the month upon attaining age 65. Each year, an actuarial valuation is performed to determine the benefit security of the participants and the sufficiency of the Diocesan contributions on an ongoing plan basis.

For the plan year ended August 31, 2020, there are 1,966 total lay plan participants; covered payroll for 844 active participants was \$36,079,947.

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Notes to Financial Statements

June 30, 2020 and 2019

The changes in the pension benefit obligation and fair value of plan assets for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Benefit obligations, beginning of year	\$ 77,332,011	\$ 71,912,627
Service cost	1,687,948	1,249,184
Expected employee contributions	773,410	616,030
Interest cost	4,974,172	4,572,318
Actuarial (gain) loss	90,396	2,375,147
Change in assumptions	(323,778)	(178,540)
Benefit payments	(3,640,208)	(3,214,755)
Benefit obligations, end of year	80,893,951	77,332,011
Fair value of plan assets, beginning of year	68,725,385	64,704,031
Actual return on plan assets	4,244,653	4,095,921
Actual employee contributions	962,877	823,652
Benefit payments	(3,640,208)	(3,214,755)
Employer contribution	2,545,021	2,316,536
Fair value of plan assets, end of year	72,837,728	68,725,385
Unfunded	\$ (8,056,223)	\$ (8,606,626)

Net periodic pension costs for the years ended June 30, 2020 and 2019 consisted of the following:

	2020	2019
Net periodic pension cost		
Service cost	\$ 1,687,948	\$ 1,249,184
Interest cost	4,974,172	4,572,318
Expected return on plan assets	(4,462,850)	(4,203,338)
Amortization of prior service cost	199,922	334,886
Net periodic pension cost	\$ 2,399,192	\$ 1,953,050

The following are weighted-average assumptions used to determine benefit obligations at June 30, 2020 and 2019:

	2020	2019
Discount rate	6.50%	6.50%
Rate of compensation increase	3.50%	3.50%

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June 30, 2020 and 2019

The following are weighted-average assumptions used to determine net periodic pension cost for the years ended June 30, 2020 and 2019:

	2020	2019
Discount rate	6.50%	6.50%
Rate of compensation increase	3.50%	3.50%
Expected long-term rate of return on plan assets	6.50%	6.50%

The Diocese's expected long-term rate of return on plan assets assumption was derived from an analysis conducted by the Diocese's actuaries. The analysis included a review of the asset allocation strategy, anticipated future long-term performance of individual asset classes, and risks and correlations for each of the asset classes that comprise the asset allocation. While the analysis gives appropriate consideration to recent performance and historical returns, the assumption is primarily a long-term prospective rate.

The following table sets forth by level, within the fair value hierarchy, the pension plan's assets at fair value as of June 30, 2020 and 2019:

	Total	Level 1	Level 2	Level 3
June 30, 2020				
Cash and cash equivalents	\$ 1,175,370	\$ 1,175,370	\$ -	\$ -
Equity securities	2,295,681	2,295,681	-	-
Equity mutual funds	41,068,533	41,068,533	-	-
Fixed income mutual funds	25,098,258	25,098,258	-	-
Real estate	3,199,886	-	3,199,886	-
Total assets at fair value	\$ 72,837,728	\$ 69,637,842	\$ 3,199,886	\$ -
June 30, 2019				
Cash and cash equivalents	\$ 412,352	\$ 412,352	\$ -	\$ -
Equity securities	2,542,839	2,542,839	-	-
Equity common collective trust	42,334,837	42,334,837	-	-
Fixed income mutual funds	1,374,508	1,374,508	-	-
Fixed income securities	22,060,849	22,060,849	-	-
Total assets at fair value	\$ 68,725,385	\$ 68,725,385	\$ -	\$ -

The pension benefit plan assets are carried at fair value in accordance with the fair value hierarchy as discussed in Note 4.

In setting investment policies and strategies, the ability of the selected investment allocation to fund the pension plan liabilities effectively, meet the long-term return target, and align the selected allocation with the risk tolerance of the plan's fiduciaries was taken into account. The strategic allocation has reduced exposure to market risk and increased allocation to asset classes which are not highly correlated, as well as asset classes where management has historically generated excess returns, and places greater emphasis on manager skills to produce excess return while employing various risk mitigation strategies to reduce volatility.

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June 30, 2020 and 2019

The Diocese expects to contribute approximately \$2,500,000 to the pension plan in the 2021 fiscal year.

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in following five fiscal years:

2021	\$ 4,853,713
2022	4,942,356
2023	5,124,601
2024	5,447,912
2025	5,757,956

Note 12 - Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the fiscal year.

	2020	2019
Purpose of restrictions accomplished		
Mission and denominational support	\$ 706,151	\$ 1,032,971
Mission office expense	179,554	140,892
Grant expenses	79,483	332,841
Catholic Education Foundation grants	163,727	141,919
	<u>\$ 1,128,915</u>	<u>\$ 1,648,623</u>

Note 13 - Insurance Reserve Liability

The Diocese has established a self-insured reserve for automobile insurance coverage in the amount of \$250,000.

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Notes to Financial Statements

June 30, 2020 and 2019

Note 14 - Net Assets with Donor Restrictions

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

Net assets subject to donor-imposed restrictions that either lapse through the passage of time or can be satisfied through the actions of the Diocese, and endowment gains available for use under the Diocese's spending policy:

	2020	2019
Mission and denominational support		
Propagation of the Faith	\$ 836,720	\$ 1,001,559
Catholic Relief Services	418,935	309,751
Holy Childhood Association	11,863	55,532
National World Apostolates	41,369	128,907
Grant income	878,987	701,903
Bishop's charity work	628,072	543,382
Catholic Education Foundation	170,829	248,622
Family Trust for Charismatic Renewal	203,353	203,353
	\$ 3,190,128	\$ 3,193,009

Net assets restricted to investment in perpetuity through the Catholic Foundation Trust and trust agreements, the investment returns from which is expendable to support:

	2020	2019
Diocesan activities - RCB restricted	\$ 945,452	\$ 939,818
Seminarian activities and education - RCB restricted	5,154,843	6,144,842
Seminarian activities and education - donor restricted	2,401,531	2,313,904
Priest relief endowment - RCB restricted	7,852,461	7,539,240
Priests ongoing education - RCB restricted	70,249	69,841
Total	\$ 16,424,536	\$ 17,007,645

The changes in endowment funds for the years then ended are as follows:

	2020	2019
Endowment funds, beginning of year	\$ 17,007,645	\$ 16,120,217
Interest and dividends	288,734	300,985
Gain in value of assets	554,859	655,757
Contributions	381,238	582,981
Fees	(35,956)	(40,261)
Distributions	(1,771,984)	(612,034)
Endowment funds, end of year	\$ 16,424,536	\$ 17,007,645

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From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Diocese has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Note 15 - Catholic Umbrella Pool

The Catholic Umbrella Pool (the Pool or CUP) was created as a self-insurance fund for certain (Arch) Dioceses of The Roman Catholic Church in North America. Effective July 1, 1987, the Pool provides excess liability coverage for its membership. The Pool is responsible for the following coverage, as described in their disclosure statement, for:

Liability (Occurrence Based):

Pool Members:

July 1, 1987 to July 1, 1988	\$3,700,000 in excess of \$1,300,000
July 1, 1988 to July 1, 1999	\$3,500,000 in excess of \$1,500,000
July 1, 1999 to July 1, 2002	No exposure (reinsurance purchased)
July 1, 2002 to July 1, 2003	46% of \$3,500,000 in excess of \$1,500,000 10% of \$15,500,000 in excess of \$5,000,000
July 1, 2003 to January 1, 2005	50% of \$3,500,000 in excess of \$1,500,000 20% of \$15,500,000 in excess of \$5,000,000
January 1, 2005 to January 1, 2007	74.995% of \$3,500,000 in excess of \$1,500,000 25% of \$15,500,000 in excess of \$5,000,000
January 1, 2007 to January 1, 2013	74.996% of \$3,500,000 in excess of \$1,500,000 30% of \$15,500,000 in excess of \$5,000,000
January 1, 2013 to January 1, 2014	74.998% of \$3,500,000 in excess of \$1,500,000 70.831% of \$3,500,000 in excess of \$1,500,000*
January 1, 2014 to January 1, 2019	40% of \$5,000,000 in excess of \$5,000,000 30% of \$10,500,000 in excess of \$10,000,000 75% of \$3,500,000 in excess of \$1,500,000 (Includes Nursing Home Liability)
January 1, 2019 to present	40% of \$5,000,000 in excess of \$5,000,000 30% of \$10,500,000 in excess of \$10,000,000 100% of \$3,500,000 in excess of \$1,500,000 75% of \$3,500,000 in excess of \$1,500,000* 40% of \$5,000,000 in excess of \$5,000,000 10% of \$10,500,000 in excess of \$10,000,000

*Excess Nursing Home Liability

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All Certificates issued by the Society (after CUP or CUP II retention, if applicable):

July 1, 2002 to July 1, 2003	10% of \$19,000,000 in excess of \$1,500,000
July 1, 2003 to January 1, 2005	20% of \$19,000,000 in excess of \$1,500,000
January 1, 2005 to January 1, 2007	25% of \$19,000,000 in excess of \$1,500,000
January 1, 2007 to January 1, 2013	30% of \$19,000,000 in excess of \$1,500,000
January 1, 2013 to January 1, 2019	40% of \$8,500,000 in excess of \$1,500,000
	30% of \$3,500,000 in excess of \$1,500,000*
	30% of \$10,500,000 in excess of \$10,000,000
January 1, 2019 to present	40% of \$8,500,000 in excess of \$1,500,000
	30% of \$3,500,000 in excess of \$1,500,000*
	10% of \$10,500,000 in excess of \$10,000,000

*Excess Nursing Home Liability

The Pool also participates at five percent for coverages in excess of \$500,000 to a limit of \$1,500,000 for certificates issued from July 1, 2007 to January 2012, and at ten percent for certificates issued from January 1, 2012 to January 1, 2013, and at forty percent for certificates issued after January 1, 2013.

Sexual Misconduct (Occurrence Based to July 1, 1990, Claims-Made Basis thereafter):

Pool Members (Occurrence Based):

July 1, 1987 to July 1, 1990	\$150,000 in excess of \$100,000
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All Certificates issued by the Society (Claims-Made Basis):

July 1, 1990 to present	30% of \$3,500,000 in excess of \$1,500,000
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These coverages are placed through the Catholic Mutual Relief Society of America and the Catholic Relief Insurance Company of America (CRIC), and include both Pool and non-Pool members. Member (Arch) Dioceses are liable for any losses beyond the Pool's responsibilities to fund such losses. A member may elect to obtain morality coverage outside the Pool with the approval of the Board of Trustees.

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Note 16 - Operating Leases

The Diocese leases various office equipment with lease terms that expire through 2025. Annual lease payments range from approximately \$4,471 to \$46,548.

The lease payments for the year ended June 30, 2020, were \$96,569.

The following is a summary of future minimum rental payments for operating leases that have initial or remaining no cancelable terms in excess of one year as of June 30, 2020:

<u>Fiscal Year Ending June 30,</u>	<u>Lease Payments</u>
2021	\$ 91,865
2022	107,423
2023	103,697
2024	98,397
2025	46,548
	<u>\$ 447,930</u>

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Note 17 - Functional Expense

The following schedule presents the natural classification of expenses by function for the years ended June 30, 2020 and 2019:

	2020										
	Progrm					Management and Administrative		Total Management and			
	Pastoral Services	Education	Religious Personnel	Ministries and Social Services	Grants, and Donations	Total Program	Diocesan Administration	Insurances	Administration	Fundraising	Total
Personnel costs	\$3,378,565	\$2,171,022	\$955,317	\$1,977,722	\$4,710	\$8,487,336	\$3,208,411	\$4,295,555	\$7,503,966	\$227,742	\$16,219,044
Contract services	93,096	29,238	-	68,501	-	190,835	951,688	5,276	956,964	76,984	1,224,783
Facility, construction and equipment costs	697,959	76,575	97,425	450,841	37,714	1,360,514	109,524	2,497,993	2,607,517	8,438	3,976,469
Office, printing, and other expenses	668,407	139,851	30,947	858,366	53,007	1,750,578	747,725	345,111	1,092,836	304,856	3,148,270
Seminarian expense, education, and travel	186,342	335,299	998,381	98,242	3,190	1,621,454	32,094	119,453	151,547	16,243	1,789,244
Special events	112,244	192,142	210,777	92,331	-	607,494	11,763	-	11,763	378,356	997,613
Donations, gifts, charity, and subsidies	-	30	-	-	963,415	963,445	-	-	-	-	963,445
Diocesan dues and assessments	-	-	-	-	-	-	457,179	-	457,179	-	457,179
Interest expense	-	-	-	3,300	-	3,300	196,666	-	196,666	-	199,966
Total expenses	\$ 5,136,613	\$ 2,944,157	\$ 2,292,847	\$ 3,549,303	\$ 1,062,036	\$ 14,984,956	\$ 5,715,050	\$ 7,263,388	\$ 12,978,438	\$ 1,012,619	\$ 28,976,013

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	2019										
	Program					Management and Administrative		Total Management and			
	Pastoral Services	Education	Religious Personnel	Ministries and Social Services	Grants, and Donations	Total Program	Diocesan Administration	Insurances	Administration	Fundraising	Total
Personnel costs	\$ 3,258,439	\$ 2,540,449	\$ 951,481	\$ 1,860,873	\$ -	\$ 8,611,242	\$ 3,095,304	\$ 4,173,044	\$ 7,268,348	\$ 223,809	\$ 16,103,399
Contract services	90,196	50,609	1,968	52,281	-	195,054	371,043	19,119	390,162	66,939	652,155
Facility, construction and equipment costs	873,943	121,663	84,020	509,848	11,121	1,600,595	248,780	2,420,054	2,668,834	12,798	4,282,227
Office, printing, and other expenses	516,966	126,256	29,463	352,525	774	1,025,984	555,131	301,156	856,287	363,748	2,246,019
Seminarian expense, education, and travel	241,851	380,653	1,028,704	142,808	154	1,794,170	46,133	116,724	162,857	22,341	1,979,368
Special events	122,516	150,177	316,676	186,996	-	776,365	3,820	19	3,839	264,678	1,044,882
Donations, gifts, charity, and subsidies	-	550	10,764	650,000	1,552,676	2,213,990	-	-	-	-	2,213,990
Diocesan dues and assessments	-	-	-	-	-	-	439,032	-	439,032	-	439,032
Interest expense	70,887	-	-	3,300	-	74,187	174,823	-	174,823	-	249,010
Total Expenses	\$ 5,174,798	\$ 3,370,357	\$ 2,423,076	\$ 3,758,631	\$ 1,564,725	\$ 16,291,587	\$ 4,934,066	\$ 7,030,116	\$ 11,964,182	\$ 954,313	\$ 29,210,082

Note 18 - Commitments and Contingencies

Litigation

The Diocese is involved in lawsuits arising in the ordinary course of its operations. In the opinion of management, the ultimate resolution of these lawsuits is not expected to have a material effect on the Diocese's financial position or change in net assets.

Note 19 - Subsequent Events

The Diocese's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through January 8, 2021, which is the date the financial statements were available to be issued.

Subsequent to year-end, the Diocese has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Diocese is closely monitoring its operations, liquidity, and resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Diocese's financial position is not known.