

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)



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INDEPENDENT AUDITORS' REPORT

His Eminence Wilton Cardinal Gregory
Archbishop of Washington
Central Pastoral Administration of the Archdiocese of Washington
Hyattsville, Maryland

Report on the Audit of the Combined Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Central Pastoral Administration of the Archdiocese of Washington 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 Central Pastoral Administration of the Archdiocese of Washington's ability to continue as a going concern for one year after the date 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Central Pastoral Administration of the Archdiocese of Washington'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 Central Pastoral Administration of the Archdiocese of Washington'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.

His Eminence Wilton Cardinal Gregory
Archbishop of Washington
Central Pastoral Administration of the Archdiocese of Washington

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined schedules of financial position, activities, and functional expenses are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
February 12, 2024

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Statements of Financial Position

June 30, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 9,699,202	8,852,065
Accounts receivable, net (note 4)	5,752,725	4,623,049
Contributions receivable, net (note 5)	1,806,093	1,898,738
Prepaid expenses and other assets	2,029,668	2,153,022
Notes receivable, net (note 6)	200,972	201,768
Investments (note 3)	110,025,460	100,048,430
Property and equipment, net (note 7)	49,333,540	49,260,017
Deferred rent receivable, net (note 8)	17,330,867	16,390,117
Total assets	\$ 196,178,527	183,427,206
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,586,891	2,542,339
Insurance claims and benefits payable (note 10)	19,236,950	12,494,205
Contributions payable (note 9)	10,765,547	1,051,100
Payable due to affiliates	158,159	396,098
Funds held on behalf of others	13,458,290	13,353,571
Collections held for disbursement	1,802,690	1,594,379
Deferred revenue	84,866	155,658
Annuities payable	1,074,128	1,147,892
Accrued liability for priests' retirement plan (note 10 (c))	3,877,900	10,245,640
Total liabilities	55,045,421	42,980,882
Net assets:		
Net assets without donor restrictions:		
Undesignated	20,916,574	22,426,196
Designated (note 1(m))	60,747,008	59,873,899
Invested in property and equipment (note 7)	49,333,540	49,260,017
Total net assets without donor restrictions	130,997,122	131,560,112
Net assets with donor restrictions (note 11)	10,135,984	8,886,212
Total net assets	141,133,106	140,446,324
Total liabilities and net assets	\$ 196,178,527	183,427,206

See accompanying notes to combined financial statements.

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Statements of Activities

Years ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING:						
Revenue, gains, and other support:						
Assessments:						
Parish	\$ 9,893,540	—	9,893,540	9,898,788	—	9,898,788
Education	3,895,058	—	3,895,058	3,851,420	—	3,851,420
Total assessments	13,788,598	—	13,788,598	13,750,208	—	13,750,208
Contributions, donations, gifts, and bequests:						
Annual appeal	10,432,070	—	10,432,070	10,888,107	—	10,888,107
Gifts and bequests	4,477,547	3,365,966	7,843,513	2,977,041	4,367,120	7,344,161
Total contributions, donations, gifts, and bequests	14,909,617	3,365,966	18,275,583	13,865,148	4,367,120	18,232,268
Premiums and insurance billings	51,761,915	—	51,761,915	49,517,013	—	49,517,013
Spend rate income	801,600	—	801,600	820,600	—	820,600
Management fees and computer services	700,328	—	700,328	680,854	—	680,854
Special program income	769,946	—	769,946	574,931	—	574,931
Advertising and other	886,776	—	886,776	200,148	—	200,148
Rental income	3,651,685	—	3,651,685	3,646,431	—	3,646,431
Net assets released from restrictions (note 1 (m))	2,346,203	(2,346,203)	—	1,745,629	(1,745,629)	—
Total revenue, gains, and other support	89,616,668	1,019,763	90,636,431	84,800,962	2,621,491	87,422,453

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Statements of Activities

Years ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Catholic education	16,989,234	—	16,989,234	7,205,638	—	7,205,638
Pastoral ministry and social concerns	7,827,283	—	7,827,283	6,782,104	—	6,782,104
Ministerial leadership	9,331,501	—	9,331,501	8,320,717	—	8,320,717
Communications	3,348,952	—	3,348,952	3,108,347	—	3,108,347
Parish services	988,026	—	988,026	904,148	—	904,148
Insurance and benefits	45,893,596	—	45,893,596	41,729,365	—	41,729,365
Priests' retirement benefits and medical care	4,188,549	—	4,188,549	3,904,046	—	3,904,046
Propagation of the faith	320,676	—	320,676	231,733	—	231,733
Archdiocesan administration	8,304,497	—	8,304,497	7,030,945	—	7,030,945
Total program services	97,192,314	—	97,192,314	79,217,043	—	79,217,043
Supporting services:						
General and administrative	4,861,033	—	4,861,033	4,895,933	—	4,895,933
Fund-raising	2,525,467	—	2,525,467	2,308,008	—	2,308,008
Total supporting services	7,386,500	—	7,386,500	7,203,941	—	7,203,941
Total expenses	104,578,814	—	104,578,814	86,420,984	—	86,420,984
Increase (decrease) in net assets from operating activities	(14,962,146)	1,019,763	(13,942,383)	(1,620,022)	2,621,491	1,001,469
NONOPERATING:						
Investment income (loss), net of spend rate income	8,031,416	230,009	8,261,425	(10,778,841)	(356,928)	(11,135,769)
Change in value of priests' retirement plan and post retirement medical and care fund (note 10(c))	6,367,740	—	6,367,740	10,751,188	—	10,751,188
Increase (decrease) in net assets from nonoperating activities	14,399,156	230,009	14,629,165	(27,653)	(356,928)	(384,581)
Increase (decrease) in net assets	(562,990)	1,249,772	686,782	(1,647,675)	2,264,563	616,888
Net assets at beginning of year	131,560,112	8,886,212	140,446,324	133,207,787	6,621,649	139,829,436
Net assets at end of year	\$ 130,997,122	10,135,984	141,133,106	131,560,112	8,886,212	140,446,324

See accompanying notes to combined financial statements.

**THE CENTRAL PASTORAL ADMINISTRATION OF
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Combined Statement of Functional Expenses

Years ended June 30, 2023 and 2022

	2023				2022			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
Salaries and benefits:								
Compensation of clergy and religious	\$ 2,258,414	7,119	—	2,265,533	2,086,826	15,462	—	2,102,288
Benefits – clergy	3,786,661	8,500	—	3,795,161	3,586,214	27,259	—	3,613,473
Salaries and wages – laypersons	10,128,687	2,999,867	835,234	13,963,788	9,160,282	2,798,610	838,812	12,797,704
Benefits – laypersons	2,279,461	689,612	195,070	3,164,143	2,159,232	653,403	195,900	3,008,535
Total salaries and benefits	18,453,223	3,705,098	1,030,304	23,188,625	16,992,554	3,494,734	1,034,712	21,522,000
Continuing education and retreats – clergy	2,389,472	—	—	2,389,472	2,067,360	250	—	2,067,610
Supplies	259,624	40,553	2,144	302,321	232,273	26,977	1,541	260,791
Telephone, postage, and printing	1,307,350	1,344,237	750,192	3,401,779	1,244,981	1,088,290	629,685	2,962,956
Conferences, meetings, and travel	1,050,362	44,502	23,843	1,118,707	697,432	44,800	10,745	752,977
Professional fees	5,289,884	438,229	378,350	6,106,463	4,787,322	545,724	318,708	5,651,754
Food and beverages	829,153	29,237	32,604	890,994	588,271	23,107	24,549	635,927
Contributions and grants in aid	14,256,505	1,620	—	14,258,125	4,357,722	2,519	—	4,360,241
Utilities and maintenance	1,293,250	1,419,354	—	2,712,604	1,243,759	1,449,343	—	2,693,102
Interest	99,155	—	—	99,155	41,348	—	—	41,348
Subsidies	1,959,382	—	—	1,959,382	1,695,590	—	—	1,695,590
Other	1,161,081	2,245,772	165,784	3,572,637	973,965	2,179,198	161,909	3,315,072
Insurance premiums	4,908,365	—	—	4,908,365	4,847,396	—	—	4,847,396
Claims and benefits	39,670,185	—	—	39,670,185	35,614,220	—	—	35,614,220
Total expenses before allocation	92,926,991	9,268,602	2,383,221	104,578,814	75,384,193	8,854,942	2,181,849	86,420,984
Allocation of property operations and financial, computer, and personnel	4,265,323	(4,407,569)	142,246	—	3,832,850	(3,959,009)	126,159	—
Total expenses after allocation	\$ 97,192,314	4,861,033	2,525,467	104,578,814	79,217,043	4,895,933	2,308,008	86,420,984

See accompanying independent auditors' report.

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Statements of Cash Flows

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 686,782	616,888
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,138,530	2,075,398
Net gain on sale of property	(467,492)	(168,897)
Bad debt expense	679,721	449,242
Receipt of contribution of stock	(214,103)	(398,517)
Net unrealized and realized investment (gains) losses	(9,966,480)	11,810,055
Accrued liability for priests' retirement plan	(6,367,740)	(10,751,188)
Decrease (increase) in assets:		
Accounts receivable	(1,800,509)	200,064
Contributions receivable	92,645	(612,046)
Prepaid expenses and other assets	123,354	116,425
Deferred rent receivable	(940,750)	(958,261)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,890,080	488,324
Insurance claims payable	6,742,745	240,201
Contributions payable	9,714,447	(415,352)
Payable due to affiliate	(237,939)	(12,385)
Funds held on behalf of others	104,719	(1,962,664)
Collections held for disbursement	208,311	375,323
Deferred revenue	(70,792)	75,033
Annuities payable	(73,764)	(57,085)
Net cash provided by operating activities	<u>2,241,765</u>	<u>1,110,558</u>
Cash flows from investing activities:		
Proceeds from sale of investments	203,553	400,759
Proceeds from sale of property	518,860	231,114
Purchase of property and equipment	(2,108,949)	(7,520,765)
Principal payments received on notes receivable	60,908	125,084
Amounts disbursed for notes receivable	(69,000)	(15,550)
Net cash used in investing activities	<u>(1,394,628)</u>	<u>(6,779,358)</u>
Net increase (decrease) in cash and cash equivalents	847,137	(5,668,800)
Cash and cash equivalents at beginning of year	<u>8,852,065</u>	<u>14,520,865</u>
Cash and cash equivalents at end of year	<u>\$ 9,699,202</u>	<u>8,852,065</u>
Supplemental disclosures of non-cash transactions:		
Property and equipment purchases in accounts payable	470,150	315,678

See accompanying notes to combined financial statements.

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Notes to Combined Financial Statements

June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies

(a) *Organization*

The accompanying combined financial statements include only the administrative offices of The Roman Catholic Archdiocese of Washington (the Archdiocese) and three centrally administered corporations: Propagation of the Faith, Carroll Media, and Redemptoris Mater Seminary. Collectively, these are referred to as the Central Pastoral Administration.

The geographic territory encompassed by the Archdiocese comprises the District of Columbia and the Maryland counties of Montgomery, Prince George's, Charles, Calvert, and St. Mary's.

The accounts of certain other organizations within the Archdiocese such as parishes, parish schools, corporations, and church-related institutions (such as institutions owned and operated by religious orders of men and women) are not included in the accompanying combined financial statements. Archdiocesan church buildings, rectories, and the like are purchased with the consent of, and are titled and deeded to the Archbishop; however, the separate operating entities have vested interests in these properties, and consequently, the costs of these properties are not included in the accompanying combined financial statements. However, land held for future parish sites and certain other property maintained by the Central Pastoral Administration are included in the accompanying combined statements of financial position.

(b) *Basis of Presentation*

The accompanying combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) on the accrual basis of accounting.

(c) *Estimates*

The preparation of combined financial statements in conformity with U.S. GAAP requires the Central Pastoral Administration to make certain estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) *Operating Activities*

Transactions that are part of the ongoing major or central activities of the combined entities are reported as operating in the accompanying combined statements of activities. All other transactions are reported as non-operating. Spend rate income included in operating revenue represents the amount of investment income approved by the Finance Council of the Central Pastoral Administration for use based on a spending rate formula. The variance between actual investment income (loss) and the amount recognized in operations is reported in non-operating income (loss) in the accompanying statements of activities.

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Notes to Combined Financial Statements

June 30, 2023 and 2022

(e) *Cash and Cash Equivalents*

The Central Pastoral Administration maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Central Pastoral Administration has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

For financial statement purposes, the Central Pastoral Administration considers funds in money markets and overnight investments having an original maturity of three months or less to be cash equivalents, except for money market funds held by investment managers, which are classified as investments.

(f) *Investments*

Investments are recorded at fair value, which is determined using quoted market prices or, with respect to investments without quoted market prices, at estimated fair values provided by external investment managers. Management reviews and evaluates the fair values provided by the external investment managers and believes that the valuation methods and assumptions used in determining their estimated fair values are reasonable. Investments received as donations are initially recorded at fair value at the date of donation.

The Central Pastoral Administration entered into a Trust Agreement with the Catholic Investment Trust of Washington (CITW) on March 29, 2012. Pursuant to this agreement, the Central Pastoral Administration transferred its long-term investments to CITW effective April 2, 2012.

Effective July 1, 2014, CITW entered into a limited partnership agreement with Cambridge Associates Resources, LLC, as General Partner, creating CITW Fund LP. CITW Fund LP invests in publicly traded stocks, exchange-traded funds, mutual funds, bonds, derivative contracts, unaffiliated limited partnerships, limited liability companies, private equity, and/or venture capital funds. The CITW Fund LP generally seeks to achieve long-term equity-like returns through broadly diversifying by asset class, investment manager, geography, economic sector, and security.

The investment in CITW and CITW's investment in CITW Fund LP are reported at estimated fair values utilizing net asset value (NAV). The Central Pastoral Administration reviews and evaluates the NAVs provided by the General Partner and fund managers and believes that the valuation methods and assumptions used in determining the NAVs are reasonable and investments are recorded at fair value, which is determined using quoted market prices or, with respect to investments without quoted market prices, at estimated fair values provided by external investment managers. Management reviews and evaluates the fair values provided by the external investments' managers and agrees with the valuation methods and assumptions used in determining their estimated fair value.

(g) *Receivables and Allowances*

Accounts receivable represent amounts due mainly from related entities for assessments, premiums, newspaper subscriptions, and other.

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Notes to Combined Financial Statements

June 30, 2023 and 2022

Contributions receivable represent unconditional promises to give and are expected to be received in less than one year.

Notes receivable mainly represent loans to parishes and related entities.

Receivables on the combined statements of financial position are stated at the amount management expects to collect. The Central Pastoral Administration follows a policy to calculate the probable uncollectible amount reserving anywhere from 5% to 100% based on the other parties' ability to pay. This allowance for uncollectible receivable is adjusted through a provision for bad debt expense.

(h) Property and Equipment

Fixed assets are recorded at cost. Gifts of property and equipment are recorded at fair market value on the date contributed. Fixed asset purchases greater than \$5,000 are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are buildings, 40 years; leasehold improvements, the shorter of the remaining useful life or lease term; software, 10 years; furniture and equipment, 5-10 years; and automobiles, 5 years.

(i) Funds Held on Behalf of Others

The Central Pastoral Administration records amounts due to other organizations as funds held on behalf of others when the monies are received. These amounts consist primarily of proceeds received by the Central Pastoral Administration from the sale of parish property and annuities administered by the Central Pastoral Administration for the benefit of other Archdiocesan entities.

(j) Contributed Services

A substantial number of unpaid volunteers have made significant contributions of time to various programs. The value of this contributed time is not reflected in these statements because the services did not require specialized skills or create or enhance nonfinancial assets.

(k) Income Taxes

The Archdiocese is exempt from federal income tax, except on unrelated activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code. No provision has been made for income taxes during the years ended June 30, 2023 and 2022 since the Archdiocese had no significant unrelated business income.

Tax positions are recognized or derecognized based on a more-likely than-not threshold. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which change in judgment occurs. This applies to positions taken or expected to be taken in a tax return. The Central Pastoral Administration recognizes interest accrued related to unrecognized tax benefits and penalties related to unrecognized tax benefits in accounts payable and accrued liabilities, if assessed. No interest

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Notes to Combined Financial Statements

June 30, 2023 and 2022

expense or penalties have been recognized as of and for the years ended June 30, 2023 and 2022. Management annually reviews its tax provision and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

(l) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities; accordingly, certain costs have been allocated among the programs and supporting services benefited based on the amount of space utilized by the staff of the programs and supporting services.

(m) Net Assets

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

Without donor restrictions – Net assets without donor restrictions consists of all resources that have no donor-imposed restrictions. The Central Pastoral Administration has designated net assets without donor restrictions as of June 30, as follows:

	<u>2023</u>	<u>2022</u>
Future expenditures for:		
Board designated for capital purchases and maintenance	\$ 20,403,966	19,221,863
Archdiocese of Washington Catholic Schools	2,391,696	3,099,989
Self insurance (employee benefits and insurance)	15,876,603	15,612,318
Reserve for future legal costs and survivors' outreach	921,190	1,623,198
Archdiocesan charitable giving	361,136	361,136
Continuing ministry activities for Archbishop Emeritus	145,428	278,343
Building operations and maintenance	387,772	571,813
Deferred rent receivable on 99-year leases, net	17,330,867	16,390,117
Campus ministry and hospital chaplaincies operations	2,659,350	2,431,327
Strategic planning	269,000	283,795
	<u>\$ 60,747,008</u>	<u>59,873,899</u>

With donor restrictions – Net assets subject to donor imposed restrictions stipulating how, when and/or if the net assets are available for expenditure. Some donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that resources be maintained into perpetuity. Others are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

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Notes to Combined Financial Statements

June 30, 2023 and 2022

Net assets are released from restriction and reclassified to net assets without donor restriction when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are released from restriction when the asset is placed in service. Net assets released from restriction for the years ended June 30, 2023 and 2022, respectively, were \$2,346,203 and \$1,745,629 and consisted of the following:

	2023	2022
Building maintenance for needy parishes and schools	\$ 311,408	24,480
Propagation of the Faith mission work	339,346	262,383
Formation of priests	1,009,506	240,685
Religious education and catholic schools office	38,072	119,117
Pastoral ministry and social concerns	268,794	379,982
Campus ministry building or rental expense	379,077	718,982
	<u>\$ 2,346,203</u>	<u>1,745,629</u>

The composition of net assets with donor restrictions as of June 30, 2023 and 2022 is presented in Note 11.

(n) Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Contributions, which include unconditional promises to give, are recognized as revenue in the period the promise is made by the donor. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional revenue and used in accordance with donor-imposed restrictions, if any, on the contributions.

Premiums and insurance billings are recognized as revenue during the period in which coverage is provided. Assessments are recognized as revenue in the period the assessment is made. Fees are recognized as revenue in the period the service is provided.

Rental revenue under tenant leases is recognized on a straight-line basis over the terms of the related leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*. Revenues for recoveries from tenants for other costs are recognized in the period in which the related expenses are incurred.

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(o) Insurance Claims and Benefits Payable

The Central Pastoral Administration sponsors property and casualty insurance, workers' compensation insurance, health and medical insurance, and pension benefit programs for organizations within the Archdiocese. Property and casualty, workers' compensation, and health and medical claims are accrued when reported. In addition, an estimate for medical claims incurred but not reported is accrued. Pension benefits payable consist of the unpaid required contributions to the multiemployer plan for laypersons.

(p) Annuities Payable

The Central Pastoral Administration has various charitable gift annuity agreements under which it receives contributed assets in exchange for a promise to pay the donor a fixed amount over a specified period of time, typically until the donor's death. An estimate of the related liability has been recorded based on the present value of future payments using approximate discount rates of 1.2% to 9.4% and the actuarial determined life expectancy of the donor. Liabilities under charitable gift annuities are recorded in annuities payable.

(q) Concentration of Credit Risk

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

(r) Adoption of New Accounting Standards

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Central Pastoral Administration adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, with certain practical expedients available. The standard did not have a material impact on the statement of financial position, statements of activities, or statements of cash flows.

The Central Pastoral Administration has elected to adopt the package of practical expedients available in the year of adoption. The Central Pastoral Administration has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Central Pastoral Administration's ROU assets.

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The Central Pastoral Administration determines if an arrangement is a lease at inception. Operating leases are reported on the statement of financial position as an ROU asset and lease liability, as applicable. ROU assets represent the Central Pastoral Administration's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Central Pastoral Administration uses a risk-free rate based on the information available at the lease commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Archdiocese will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Central Pastoral Administration has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses, and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

Revenue from lease payments is recognized under the accrual method. Lease payments include rental payments and are included in income as rents become due. Lease payments received in advance are deferred until earned. At the commencement of an operating lease, no revenue is recognized; subsequently, lease payments received by the Central Pastoral Administration are recognized as income on the straight-line basis.

The Central Pastoral Administration has elected to apply the practical expedient available, which does not require contracts to be separated between lease and non-lease components.

(2) Liquidity and Availability

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

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	<u>2023</u>	<u>2022</u>
Cash and cash equivalents, net of collections held for disbursements	\$ 7,896,512	7,257,686
Investments, net of funds held on behalf of others	96,567,170	86,694,859
Accounts receivable, due within one year	5,752,725	4,623,049
Contributions receivable, due within one year	1,806,093	1,898,738
Notes receivable, due within one year	200,972	186,721
Deferred rent receivable, net, due within one year	1,097,500	1,080,000
	<u>113,320,972</u>	<u>101,741,053</u>
Less amounts unavailable for general expenditures:		
Required to satisfy donor restrictions	(10,135,984)	(8,886,212)
Required to satisfy board designations, other than deferred rent receivable	(43,416,141)	(43,483,782)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 59,768,847</u>	<u>49,371,059</u>

The Central Pastoral Administration manages its liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Operating and capital budgets that provide sufficient funds for general expenditures is created and approved annually by the Finance Council of the Central Pastoral Administration. Actual performance is reported and monitored monthly in comparison to the budgets. Board designated net assets may be un-designated at any time by action of the governing board to ensure adequate liquidity.

(3) Investments and Fair Value Measurements

Fair value refers to the price that would be received upon selling an asset or the price paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants at the reporting date.

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, as a practical expedient, an entity holding investments in certain entities that calculate NAV per share or its equivalent for which the fair value is not readily determinable, is permitted to measure the fair value of such investments on the basis of that NAV or its equivalent without adjustment.

Management uses its best judgment in estimating the fair value of the Central Pastoral Administration's investments including its consideration on the use of NAV as a practical expedient. There are inherent limitations in any estimation technique. Because of the inherent uncertainty of valuation, this estimated fair value may differ significantly from the value that would have been used had a ready market for the investments existed, and the difference could be significant.

Fair Value Measurements, under FASB ASC Topic 820 (ASC 820), prioritizes within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level

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hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The Central Pastoral Administration's investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy and its applicability to the portfolio investments are described below:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Central Pastoral Administration has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

An individual investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management.

Observable data is that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of that investment and does not necessarily correspond to the perceived risk of that investment.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Assumptions used due to lack of observable inputs may significantly impact the resulting fair value and, therefore, the results of operations.

The Central Pastoral Administration used the NAV or its equivalent as a practical expedient to determine the fair value of its underlying investments, which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The fair value of the investment in CITW of \$87,544,914 and \$79,348,034 at June 30, 2023 and 2022, respectively, is estimated using the NAV as a practical expedient. There are no unfunded commitments for this investment.

The Central Pastoral Administration invests in CITW. CITW invests in CITW Fund LP, which maintains two portfolios, Liquid and Illiquid. The investment objective of each portfolio, consistent with the Investment Policy Statement approved by CITW's board of trustees, is long-term total return that net of fees exceeds the aggregate Portfolio benchmark's total return with less risk.

Redemptions from CITW Fund LP are permitted upon written notice received by the General Partner. Withdrawals from the funds can be made with notice, and such withdrawals to occur on the first day of the

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following month. The General Partner has discretion to suspend withdrawals if considered necessary to prevent an adverse impact on CITW Fund LP.

The Central Pastoral Administration also held investments outside of CITW as of June 30, 2023 and 2022 which are measured at fair value based on the three levels of inputs within the fair value hierarchy. Mutual funds that own corporate bonds, domestic money market funds, and oil rights are classified as Level 2 as the fair values are based on observable market information. Private debt is classified as Level 3 as the fair values are measured on a quarterly basis and the portfolio is illiquid.

The following is a summary of the fair value measurements of the Central Pastoral Administration's investments within the fair value hierarchy with a disclosure of the investments measured at NAV to allow reconciliation to the combined statement of financial position as of June 30:

	Total 2023	Level 1	Level 2	Level 3	NAV
Assets:					
Investment in CITW	\$ 87,544,914	—	—	—	87,544,914
Cash	521,480	—	—	—	—
Equity securities - domestic	7,485,409	7,485,409	—	—	—
Equity securities - international	4,537,274	4,537,274	—	—	—
Corporate bonds	2,849,457	2,849,457	—	—	—
US Treasuries	3,452,482	3,452,482	—	—	—
Money Market Funds - domestic	1,097,477	—	1,097,477	—	—
Municipal obligations	668,026	668,026	—	—	—
Private debt	1,824,648	—	—	1,824,648	—
Other investment - domestic	14,700	—	14,700	—	—
Preferred securities (stock)	12,685	12,685	—	—	—
EFTs and CEFs	16,908	16,908	—	—	—
	<u>\$ 110,025,460</u>	<u>19,022,241</u>	<u>1,112,177</u>	<u>1,824,648</u>	<u>87,544,914</u>

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	Total 2022	Level 1	Level 2	Level 3	NAV
Assets:					
Investment in CITW	\$ 79,348,034	—	—	—	79,348,034
Cash	447,550	—	—	—	—
Equity securities - domestic	6,615,046	6,615,046	—	—	—
Equity securities - international	3,843,592	3,843,592	—	—	—
Corporate bonds	2,754,530	2,754,530	—	—	—
US Treasuries	3,332,797	3,332,797	—	—	—
Money Market Funds - domestic	1,211,447	—	1,211,447	—	—
Municipal obligations	763,783	763,783	—	—	—
Private debt	1,702,791	—	—	1,702,791	—
Other investment - domestic	28,860	—	28,860	—	—
	<u>\$ 100,048,430</u>	<u>17,309,748</u>	<u>1,240,307</u>	<u>1,702,791</u>	<u>79,348,034</u>

	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2023	2022		
Instrument:				
Private debt	\$ 1,824,648	\$ 1,702,791	Net Asset Value	Value of Underlying Assets

For the years ended June 30, 2023 and 2022, there were no distributions (sales) out of the private debt fund.

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(4) Accounts Receivable

Accounts receivable are summarized as follows at June 30:

2023			
	Gross	Allowance for uncollectible accounts	Totals
Accounts receivable:			
Assessments	\$ 796,290	-	796,290
Insurance	5,147,202	(1,677,913)	3,469,289
Trade	1,058,273	-	1,058,273
Other	1,482,074	(1,053,201)	428,873
	<u>\$ 8,483,839</u>	<u>(2,731,114)</u>	<u>5,752,725</u>
2022			
	Gross	Allowance for uncollectible accounts	Totals
Accounts receivable:			
Assessments	\$ 815,152	-	815,152
Insurance	4,385,418	(1,344,383)	3,041,035
Trade	508,815	-	508,815
Other	992,993	(734,946)	258,047
	<u>\$ 6,702,378</u>	<u>(2,079,329)</u>	<u>4,623,049</u>

Of the gross accounts receivable, \$6,774,439 and \$5,502,225 as of June 30, 2023 and 2022, respectively, is due from related parties including parishes and Archdiocesan-related corporations and institutions (note 13).

(5) Contributions Receivable

Contributions receivable are expected to be received at June 30 as follows:

	2023	2022
Less than one year	\$ 2,459,411	2,548,913
Less allowance for uncollectible contributions receivable	<u>(653,318)</u>	<u>(650,175)</u>
	<u>\$ 1,806,093</u>	<u>1,898,738</u>

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(6) Notes Receivable

Notes receivable are summarized as follows at June 30:

	<u>2023</u>	<u>2022</u>
Parishes and schools	\$ 517,943	500,166
Other	-	9,685
	<u>517,943</u>	<u>509,851</u>
Less allowance for uncollectible notes receivable	<u>(316,971)</u>	<u>(308,083)</u>
	<u>\$ 200,972</u>	<u>201,768</u>

(7) Property and Equipment

Property and equipment are summarized as follows at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 9,103,889	9,005,746
Future parish sites	667,048	718,416
Buildings	59,973,580	54,810,907
Leasehold improvements	1,094,615	985,713
Furniture and equipment	6,020,343	6,414,598
Automobiles	930,982	878,310
Software	1,713,216	1,713,216
Construction in progress	<u>1,310,613</u>	<u>5,199,674</u>
Property and equipment, gross	80,814,286	79,726,580
Less accumulated depreciation	<u>(31,480,746)</u>	<u>(30,466,563)</u>
Property and equipment, net	<u>\$ 49,333,540</u>	<u>49,260,017</u>

Depreciation and amortization expense was \$2,138,530 and \$2,075,398 for the years ended June 30, 2023 and 2022, respectively.

(8) Deferred Rent Receivable

The Central Pastoral Administration entered into a ground lease arrangement through 2099 using land adjacent to St. Matthew's Cathedral. The Central Pastoral Administration receives \$1 million per year through 2099 (subject to consumer price index fluctuations with a floor increase of 1.5% and other factors), 50% of which will be shared with St. Matthew's Cathedral.

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The Central Pastoral Administration also entered into a ground lease arrangement through 2102 using land owned by St. Patrick's parish. Fifty percent of the annual lease income will be received by the Central Pastoral Administration and 50% of the annual lease income will be paid directly to St. Patrick's parish.

U.S. GAAP requires rental income, including all future contractually stipulated increases, to be recognized on a straight-line basis over the term of a lease. Therefore, the minimum 1.5% CPI increase has been projected from inception through the 99-year lease terms to determine the annual straight-line rental income amount. The differential between the straight-line amount and the actual amount received is recorded as a deferred rent receivable, and U.S. GAAP relating to lease accounting does not permit discounting of deferred rent receivables. The Central Pastoral Administration has also recorded a liability representing the 50% share of the receivable for St. Matthew's Cathedral, which is netted against the gross deferred rent receivable. The net deferred rent receivable balance was \$17,330,867 and \$16,390,117 at June 30, 2023 and 2022, respectively. This amount will continue to increase through 2057 and begin reversing in 2058 until the deferred rent receivable is reduced to zero at the end of the 99-year lease terms.

Approximate future minimum rental payments to be received, net of amounts to be paid to St. Matthew's for years ending June 30 are as follows:

	Future minimum rental to be received	Amounts to be paid to St. Matthew's	Net rental
2024	1,756,000	(658,500)	1,097,500
2025	1,784,000	(668,500)	1,115,500
2026	1,812,000	(678,500)	1,133,500
2027	1,841,000	(688,500)	1,152,500
2028	1,877,000	(699,000)	1,178,000
Thereafter	256,585,000	(88,825,000)	167,760,000
	<u>\$ 265,655,000</u>	<u>(92,218,000)</u>	<u>173,437,000</u>

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(9) Contributions Payable

Contributions payable represent subsidies to be given to certain organizations located within the Archdiocese and are expected to be disbursed as follows at June 30:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 5,632,997	1,001,100
One year to five years	<u>5,132,550</u>	<u>50,000</u>
	<u>\$ 10,765,547</u>	<u>1,051,100</u>

Of the \$10,765,547 in contributions payable at June 30, 2023, \$9,637,593 is payable to Consortium of Catholic Academies, Inc. as described in Note 14(e).

(10) Benefit Plans

(a) Multiemployer Plan for Lay Persons

The Central Pastoral Administration participates in the Retirement Plan (the Retirement Plan) of The Roman Catholic Archdiocese of Washington, a multiemployer defined-benefit pension plan, which was frozen effective December 31, 2012. No further benefits will be accrued. The Plan covers substantially all full-time lay employees of the Archdiocese and other affiliated organizations, prior to its being frozen. Information as to vested and nonvested benefits, as well as plan assets and unfunded liabilities, related solely to the Central Pastoral Administration is not readily determinable. In accordance with ASC Paragraph 715-30-55-63, the Central Pastoral Administration accounts for its participation in the Retirement Plan as a multiemployer plan.

(b) Defined-Contribution Plan

Effective January 1, 2013, the Central Pastoral Administration also participates in a 403(b) plan, The Roman Catholic Archdiocese of Washington Retirement Savings Plan (the Plan). The Plan is a defined-contribution plan covering all employees immediately upon date of hire who regularly work 20 hours or more per week. Participants are eligible to make contributions as salary deductions from 1% to 100% of pay up to a maximum of \$22,500 per year for employees less than 50 years of age and up to \$30,000 for those 50 and older. For the first 4% of salary an employee contributes to the Plan, the Central Pastoral Administration provides a 50% match. The Central Pastoral Administration also provides an annual contribution between 1% and 4% based on years of service, regardless of employee participation in the Plan. Employer contributions vest at a rate of 20% per year for five years.

The Central Pastoral Administration administers the Retirement Plan and the Plan (the Combined Plans) and records as services revenue an amount equal to the retirement cost for laypersons in the parishes, schools, offices, and other affiliated organizations. The total expense for the Combined Plans for the years ended June 30, 2023 and 2022 was \$14,328,742 and \$13,327,501, respectively, of which approximately \$1,076,578 and \$998,049, respectively, relates to laypersons working at the Central

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Pastoral Administration. The total expense is included in insurance and benefits expense in the combined statements of activities. At June 30, 2023 and 2022, the Central Pastoral Administration had unpaid contributions to the Combined Plans of \$8,758,935 and \$5,901,387, respectively, which is included in insurance claims and benefits payable in the accompanying combined statements of financial position.

(c) Priests' Retirement Plan

The Priests' Retirement Plan (Priest Retirement Plan) provides for monthly retirement benefits and postretirement medical, dental, and vision coverage to all Archdiocesan retired priests. There are no participant contributions.

The actuarial present value of accumulated plan benefits is determined by the Priest Retirement Plan's actuary using actuarial assumptions to reflect the time value of money, probability of payment, and cost-of-living adjustments. The assets are held in a separate Priests' Retirement Benefit Trust and are invested in CITW. The accrued benefit cost is recorded by the Central Pastoral Administration and is included in the combined statements of financial position as accrued liability for priests' retirement plan.

Year ended June 30, 2023			
	Retirement benefit	Postretirement medical	Total
Change in benefit obligation:			
Benefit obligation, beginning of year	\$ 37,678,982	27,156,983	64,835,965
Service cost	970,648	824,416	1,795,064
Interest cost	1,615,062	1,178,616	2,793,678
Actuarial (gain) loss	1,745,281	(4,796,654)	(3,051,373)
Benefits paid	(1,396,028)	(948,306)	(2,344,334)
Benefit obligation, end of year	40,613,945	23,415,055	64,029,000
Change in plan assets:			
Fair value of plan assets, beginning of year	54,590,325	-	54,590,325
Actual return on plan assets	5,560,775	-	5,560,775
Employer contributions	1,396,028	948,306	2,344,334
Benefits paid	(1,396,028)	(948,306)	(2,344,334)
Fair value of plan assets, end of year	60,151,100	-	60,151,100
Accrued liability (asset)	\$ (19,537,155)	23,415,055	3,877,900

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Year ended June 30, 2022			
	Retirement benefit	Postretirement medical	Total
Change in benefit obligation:			
Benefit obligation, beginning of year	\$ 46,036,447	34,922,987	80,959,434
Service cost	1,453,522	1,263,904	2,717,426
Interest cost	1,218,983	958,927	2,177,910
Actuarial gain	(9,678,316)	(8,940,391)	(18,618,707)
Benefits paid	(1,351,654)	(1,048,444)	(2,400,098)
Benefit obligation, end of year	<u>37,678,982</u>	<u>27,156,983</u>	<u>64,835,965</u>
Change in plan assets:			
Fair value of plan assets, beginning of year	59,962,606	-	59,962,606
Actual return on plan assets	(7,087,890)	-	(7,087,890)
Employer contributions	3,067,263	1,048,444	4,115,707
Benefits paid	(1,351,654)	(1,048,444)	(2,400,098)
Fair value of plan assets, end of year	<u>54,590,325</u>	<u>-</u>	<u>54,590,325</u>
Accrued liability	<u>\$ (16,911,343)</u>	<u>27,156,983</u>	<u>10,245,640</u>

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The Plan's investment in CITW at net asset value is \$60,151,100 and \$54,590,325, at June 30, 2023 and 2022, respectively.

The following tables set forth the amounts recognized in the combined financial statements as of and for the years ended June 30, 2023 and 2022:

Year ended June 30, 2023			
	Retirement benefit	Postretirement medical	Total
Charges other than net periodic benefit cost:			
Net (gain) loss for period	\$ (5,560,775)	(4,796,654)	(10,357,429)
Amortization of net loss	(261,552)	(24,579)	(286,131)
Amortization of prior service cost	-	(388,655)	(388,655)
	<u>\$ (5,822,327)</u>	<u>(5,209,888)</u>	<u>(11,032,215)</u>
Items not yet recognized as a component of net periodic pension/benefit cost:			
Net (gain) loss	\$ 9,381,969	(5,319,275)	4,062,694
Prior service cost	-	4,772,678	4,772,678
	<u>\$ 9,381,969</u>	<u>(546,597)</u>	<u>8,835,372</u>
Actuarial assumptions used:			
End of year benefit obligation discount rate	4.90%	4.90%	
Net periodic benefit cost discount rate	4.40%	4.44%	
Weighted average expected long-term rate of return	6.50%		

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Year ended June 30, 2022			
	Retirement benefit	Postretirement medical	Total
Charges other than net periodic benefit cost:			
Net (gain) loss for period	\$ 7,087,890	(8,940,391)	(1,852,501)
Amortization of net loss	(166,490)	(327,601)	(494,091)
Amortization of prior service cost	(83,973)	(388,655)	(472,628)
	<u>\$ 6,837,427</u>	<u>(9,656,647)</u>	<u>(2,819,220)</u>
Items not yet recognized as a component of net periodic pension/benefit cost:			
Net loss	\$ 9,910,644	(498,042)	9,412,602
Prior service cost	<u>-</u>	<u>5,161,333</u>	<u>5,161,333</u>
	<u>\$ 9,910,644</u>	<u>4,663,291</u>	<u>14,573,935</u>
Actuarial assumptions used:			
End of year benefit obligation discount rate	4.40%	4.44%	
Net periodic benefit cost discount rate	2.70%	2.79%	
Weighted average expected long-term rate of return	6.50%		

The amount expected to be amortized into net periodic benefit cost over the next fiscal year relating to net loss of the retirement benefit plan is \$197,238 and the amount expected to be amortized of the net gain for the postretirement plan is \$197,328. Amounts to be amortized into net periodic benefit cost over the next fiscal year relating to prior service cost of the retirement plan total \$0 and for the postretirement plan is \$388,655.

For measurement purposes, a 6.25% annual rate of increase in per capita cost of covered healthcare benefits was assumed for 2023. The rate is assumed to decrease to 5% for 2026 and remain at that level thereafter. Long-term care costs averaged \$18,000 per covered participant for 2023.

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Notes to Combined Financial Statements

June 30, 2023 and 2022

Estimated future benefit payments as of June 30, 2023 are as follows:

	<u>Retirement benefit</u>	<u>Postretirement medical</u>
Year(s) ending June 30:		
2024	2,259,000	1,114,327
2025	2,352,000	1,105,560
2026	2,424,000	1,148,601
2027	2,460,000	1,177,666
2028	2,481,000	1,203,095
2029–2033	12,684,000	6,472,625

(11) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of contributions received from donors whose use by the Central Pastoral Administration is limited by donor imposed stipulations. The restricted amounts as of June 30, with the corresponding purpose for which the income is expendable, are as follows:

	<u>2023</u>	<u>2022</u>
Building maintenance for needy parishes and schools	\$ 2,866,714	2,143,122
Permanently restricted endowments for social concerns	907,850	907,850
Permanently restricted endowments for formation of priests	661,829	661,829
Propagation of the Faith mission work	1,059,481	1,086,485
Formation of priests	2,470,441	2,343,284
Religious education and catholic schools office	355,527	393,599
Pastoral ministry and social concerns	1,800,391	1,350,043
Campus ministry building or rental expense	13,751	—
	<u>\$ 10,135,984</u>	<u>8,886,212</u>

(12) Endowment Net Assets

Effective January 23, 2008, the District of Columbia enacted the Uniform Prudent Management of Institutional Funds Act (the Act), the provisions of which apply to funds existing on or established after that date. The State of Maryland enacted the Act effective April 14, 2009.

The Finance Council of the Central Pastoral Administration has interpreted the Act as allowing the Central Pastoral Administration to spend or accumulate the amount of an endowment fund that the Central Pastoral Administration determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. For accounting and reporting purposes, the Central Pastoral Administration classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the

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permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Gains (losses) on the investments of donor restricted endowment funds are recorded as additions to (reductions of) net assets with donor restrictions, until those amounts are appropriated for expenditure by the Central Pastoral Administration consistent with the donor's wishes, at which time they are reclassified to net assets without donor restrictions.

The Central Pastoral Administration has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Central Pastoral Administration must hold in perpetuity or for a donor-specified period(s) as well as board designated endowment funds. The Central Pastoral Administration relies on a total return strategy whose asset allocation is designed to give balance to the overall structure of the investment program over a long term period. The Central Pastoral Administration has adopted a spending policy that limits the distribution each year to 4% of the endowment funds' average fair value over a three-year period, determined annually.

Endowment net assets composition by type of fund at June 30 was as follows:

2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ —	1,624,086	1,624,086
Board designated endowment funds	20,403,966	—	20,403,966
Total funds	\$ 20,403,966	1,624,086	22,028,052

2022			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ —	1,479,915	1,479,915
Board designated endowment funds	19,221,863	—	19,221,863
Total funds	\$ 19,221,863	1,479,915	20,701,778

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Changes in endowment net assets for the fiscal years ended June 30 were as follows:

2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 19,221,863	1,479,915	20,701,778
Total investment gains	1,983,703	157,080	2,140,783
Appropriation of endowment assets	(801,600)	(12,909)	(814,509)
Endowment net assets, end of year	<u>\$ 20,403,966</u>	<u>1,624,086</u>	<u>22,028,052</u>
2022			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 22,688,553	1,735,305	24,423,858
Total investment losses	(2,646,090)	(222,368)	(2,868,458)
Appropriation of endowment assets	(820,600)	(33,022)	(853,622)
Endowment net assets, end of year	<u>\$ 19,221,863</u>	<u>1,479,915</u>	<u>20,701,778</u>

From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor, the board, or the states' enacted legislation requires the Central Pastoral Administration to retain as a fund for perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in net assets with donor restrictions were \$32,614 and \$141,642 at June 30, 2023 and 2022, respectively.

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(13) Related-Party Transactions

The Central Pastoral Administration has significant transactions with parishes and related corporations of The Roman Catholic Archdiocese of Washington. Below is a summary of the impact of the transactions with these related parties on the combined statements of financial position and combined statements of activities:

	2023	2022
Accounts receivable, gross	\$ 6,774,439	5,502,225
Investment in CITW	87,544,916	79,348,034
Notes receivable, gross	517,943	500,166
Receivable due from affiliate, gross	493,108	249,398
Accounts payable and accrued expenses	249,922	128,823
Insurance claims and benefits payable	9,341,658	4,259,368
Contributions payable	10,434,693	797,100
Funds held on behalf of others	12,594,803	12,539,348
Payable due to affiliate, gross	651,267	645,496
	2023	2022
Revenues:		
Parish assessments	\$ 9,893,540	9,898,788
Special school assessments	3,264,608	3,270,970
Other assessments	630,450	580,450
Special program income	102,868	48,928
Premiums and insurance billings	51,761,915	49,517,013
Gifts and bequests	2,779,889	2,819,674
Rental income	1,072,033	1,067,889
Interest income – notes receivable	4,783	5,844
Management fees and computer services	688,530	691,204
Expenses:		
Catholic education	\$ 2,268,005	2,316,643
Other program service subsidies	1,840,792	1,547,500
Insurance and benefits	12,139,045	11,301,693

(14) Commitments and Contingencies

(a) Insurance Coverage

The Roman Catholic Archdiocese of Washington, and thus, the Central Pastoral Administration, participates in an insurance plan (the Plan) whereby certain risks and liabilities are assumed by participating entities. Each entity participating in the Plan is charged its share of the estimated losses, administrative costs, and insurance policy premium.

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The Plan covers property, liability and automobile insurance on a self-insured basis. Claims are paid by the contracted insurance providers as they are incurred by the insured participants. Under the Plan, the first \$75,000 of each property, liability and auto loss is self-insured by the Archdiocese, up to an annual aggregate of total annual losses of \$1,250,000. Losses in excess of \$75,000 per occurrence are covered by an excess coverage insurance policy. When the total amount of losses paid by the Archdiocese reaches \$1,250,000 per year, the excess insurance pays 100% of the claims.

The Plan also covers workers' compensation insurance, which was a self-insured plan for all claims incurred through June 30, 2018 and became a fully insured plan effective July 1, 2018.

The Central Pastoral Administration records a reserve for the Plan's open claims, as well as incurred but not reported claims. As of June 30, 2023 and 2022, the loss reserve was \$104,303 and \$124,553, respectively.

The Roman Catholic Archdiocese of Washington, and thus, the Central Pastoral Administration, is a member of the Catholic Umbrella Pool (CUP), which is an excess liability program administered by the Catholic Mutual Group. Excess liability coverage is provided by the CUP. The Central Pastoral Administration's equity investment in the CUP of \$1,109,667 and \$1,023,456 is recorded in other assets in the combined statement of financial position at June 30, 2023 and 2022.

(b) *Legal Contingencies*

The Central Pastoral Administration and Archdiocesan organizations have been named in various lawsuits relating to possible liability incidents. Certain lawsuits are covered, in full or in part, by the CUP or external insurance coverage. Insurance claims payable have been established and accrued in the accompanying combined statements of financial position for those cases where the potential liability is reasonably estimable and probable.

The amount of loss from the remaining lawsuits and others cannot be estimated as of June 30, 2023 and 2022. The ultimate resolution of these matters and others could result in losses in excess of the insurance coverage and accrued insurance claims payable in the near term.

(c) *Revolving Credit Facility*

The Roman Catholic Archbishop of Washington, a corporation sole, maintains two revolving credit facilities with one bank to provide financing for parishes and related entities limited to \$20 million in the aggregate. Lines of credit, letters of credit, and term loans are permitted.

The first facility provides up to \$10 million for working capital and standby letters of credit and expires on April 30, 2024. The second facility provides up to \$10 million for term loans and expires on April 30, 2024. In addition, a \$1 million letter of credit is maintained at Capital One Bank. At June 30, 2023 and 2022, the Roman Catholic Archbishop of Washington, a corporation sole, is contingently liable for loans outstanding totaling \$2,553,551 and \$3,356,800.

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Notes to Combined Financial Statements

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(d) Corporation Guarantees

The Central Pastoral Administration has also given assurance that it will provide financial support, if necessary, to keep certain Archdiocesan-related corporations in operation through December 31, 2024.

(e) Funding Commitment

On December 7, 2022, Cardinal Gregory sent a letter to the Consortium of Catholic Academies, Inc. (CCA) which provided assurances to CCA that the Central Pastoral Administration would assume the costs related to the capital projects to replace the HVAC systems at each of the four CCA schools, including design and project management; underwrite major repairs to the existing HVAC systems until the replacement project is complete; and reach an agreement in terms on a new long-term lease. As a result, the Central Pastoral Administration recorded a liability of \$10.3 million for this commitment, of which \$0.7 million was paid during the current fiscal year.

(15) Subsequent Events

In preparing these combined financial statements, the Central Pastoral Administration has evaluated events and transactions for potential recognitions or disclosure through February 12, 2024, the date that the combined financial statements were available to be issued. There were no events or transactions that were discovered during the evaluation that required accrual or further disclosure.

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Combined Schedule of Financial Position

June 30, 2023

Assets	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Media	Combined totals
Cash and cash equivalents	\$ 9,636,052	48,150	15,000	—	—	—	9,699,202
Accounts receivable, net	2,142,485	3,451,824	—	33,792	—	124,624	5,752,725
Contributions receivable, net	1,806,093	—	—	—	—	—	1,806,093
Prepaid expenses and other assets	600,534	1,371,467	13,969	—	341	43,357	2,029,668
Notes receivable, net	200,972	—	—	—	—	—	200,972
Investments	77,015,837	25,189,874	—	5,035,446	1,059,481	1,724,822	110,025,460
Due from (to) others	(174,410)	—	(30,942)	—	205,352	—	—
Property and equipment, net	49,326,507	—	7,033	—	—	—	49,333,540
Deferred rent receivable, net	17,330,867	—	—	—	—	—	17,330,867
Total assets	\$ 157,884,937	30,061,315	5,060	5,069,238	1,265,174	1,892,803	196,178,527
Liabilities and Net Assets							
Liabilities:							
Accounts payable and accrued expenses	\$ 4,502,383	—	—	17,000	5,051	62,457	4,586,891
Insurance claims and benefits payable	—	14,184,712	—	5,052,238	—	—	19,236,950
Contributions payable	10,638,693	—	—	—	126,854	—	10,765,547
Payable due to affiliates	158,159	—	—	—	—	—	158,159
Funds held on behalf of others	13,456,615	—	860	—	815	—	13,458,290
Collections held for disbursement	1,729,717	—	—	—	72,973	—	1,802,690
Deferred revenue	37,583	—	4,200	—	—	43,083	84,866
Annuities payable	1,074,128	—	—	—	—	—	1,074,128
Net accrued liability for priests' retirement plan	—	—	—	3,877,900	—	—	3,877,900
Total liabilities	31,597,278	14,184,712	5,060	8,947,138	205,693	105,540	55,045,421
Net assets:							
Net assets without donor restrictions:							
Undesignated	23,014,244	—	(7,033)	(3,877,900)	—	1,787,263	20,916,574
Designated	44,870,405	15,876,603	—	—	—	—	60,747,008
Invested in property and equipment	49,326,507	—	7,033	—	—	—	49,333,540
Total net assets without donor restrictions	117,211,156	15,876,603	—	(3,877,900)	—	1,787,263	130,997,122
Net assets with donor restrictions	9,076,503	—	—	—	1,059,481	—	10,135,984
Total net assets	126,287,659	15,876,603	—	(3,877,900)	1,059,481	1,787,263	141,133,106
Total liabilities and net assets	\$ 157,884,937	30,061,315	5,060	5,069,238	1,265,174	1,892,803	196,178,527

See accompanying independent auditors' report.

**THE CENTRAL PASTORAL ADMINISTRATION OF
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Combined Schedule of Financial Position

June 30, 2022

Assets	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Media	Combined totals
Cash and cash equivalents	\$ 8,791,265	45,800	15,000	—	—	—	8,852,065
Accounts receivable, net	1,471,957	3,028,503	—	28,858	—	93,731	4,623,049
Contributions receivable, net	1,898,738	—	—	—	—	—	1,898,738
Prepaid expenses and other assets	472,797	1,661,821	—	—	342	18,062	2,153,022
Notes receivable, net	201,768	—	—	—	—	—	201,768
Investments	99,036,274	—	—	—	1,012,156	—	100,048,430
Due from (to) others	(25,379,704)	20,712,955	(16,852)	2,645,586	371,288	1,666,727	—
Property and equipment, net	49,253,953	—	2,712	—	—	3,352	49,260,017
Deferred rent receivable, net	16,390,117	—	—	—	—	—	16,390,117
Total assets	\$ 152,137,165	25,449,079	860	2,674,444	1,383,786	1,781,872	183,427,206
Liabilities and Net Assets							
Liabilities:							
Accounts payable and accrued expenses	\$ 2,457,689	—	—	17,000	5,731	61,919	2,542,339
Insurance claims and benefits payable	—	9,836,761	—	2,657,444	—	—	12,494,205
Contributions payable	1,051,100	—	—	—	—	—	1,051,100
Payable due to affiliates	396,098	—	—	—	—	—	396,098
Funds held on behalf of others	13,351,896	—	860	—	815	—	13,353,571
Collections held for disbursement	1,303,624	—	—	—	290,755	—	1,594,379
Deferred revenue	110,924	—	—	—	—	44,734	155,658
Annuities payable	1,147,892	—	—	—	—	—	1,147,892
Net accrued liability for priests' retirement plan	—	—	—	10,245,640	—	—	10,245,640
Total liabilities	19,819,223	9,836,761	860	12,920,084	297,301	106,653	42,980,882
Net assets:							
Net assets without donor restrictions:							
Undesignated	31,002,681	—	(2,712)	(10,245,640)	—	1,671,867	22,426,196
Designated	44,261,581	15,612,318	—	—	—	—	59,873,899
Invested in property and equipment	49,253,953	—	2,712	—	—	3,352	49,260,017
Total net assets without donor restrictions	124,518,215	15,612,318	—	(10,245,640)	—	1,675,219	131,560,112
Net assets with donor restrictions	7,799,727	—	—	—	1,086,485	—	8,886,212
Total net assets	132,317,942	15,612,318	—	(10,245,640)	1,086,485	1,675,219	140,446,324
Total liabilities and net assets	\$ 152,137,165	25,449,079	860	2,674,444	1,383,786	1,781,872	183,427,206

See accompanying independent auditors' report.

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Schedule of Activities

Year ended June 30, 2023

	<u>Operations</u>	<u>Insurance services</u>	<u>Redemptoris Mater Seminary</u>	<u>Priests' Pass Through & Care Fund</u>	<u>Propagation of the Faith</u>	<u>Carroll Media</u>	<u>Combined entries</u>	<u>Combined totals</u>
OPERATING:								
Changes in net assets without donor restriction:								
Revenue, gains, and other support:								
Assessments:								
Parish	\$ 8,772,253	—	—	—	—	1,121,287	—	9,893,540
Special school assessments and other	3,895,058	—	—	—	—	—	—	3,895,058
Total assessments	12,667,311	—	—	—	—	1,121,287	—	13,788,598
Contributions, donations, gifts, and bequests:								
Annual Appeal	10,432,070	—	—	—	—	—	—	10,432,070
Gifts and bequests	3,718,960	—	31,638	709,750	—	17,199	—	4,477,547
Total contributions, donations, gifts, and bequests	14,151,030	—	31,638	709,750	—	17,199	—	14,909,617
Premiums and insurance billings	—	52,475,609	—	4,981,388	—	—	(5,695,082)	51,761,915
Spend rate income	801,600	—	—	—	—	—	—	801,600
Management fees and computer services	4,339,902	—	—	—	—	—	(3,639,574)	700,328
Special program income	742,894	—	—	—	—	27,052	—	769,946
Advertising and other	512,822	86,211	—	1	—	287,742	—	886,776
Rental income	3,634,880	—	—	23,475	—	—	(6,670)	3,651,685
Net assets released from restrictions	2,006,857	—	—	—	339,346	—	—	2,346,203
Total unrestricted revenue, gain, and other support	38,857,296	52,561,820	31,638	5,714,614	339,346	1,453,280	(9,341,326)	89,616,668
Expenses:								
Program services:								
Catholic education:								
Tuition assistance and school subsidies	2,268,005	—	—	—	—	—	—	2,268,005
Other programs and administration	14,721,229	—	—	—	—	—	—	14,721,229
Total Catholic education	16,989,234	—	—	—	—	—	—	16,989,234
Pastoral ministry and social concerns	7,827,283	—	—	—	—	—	—	7,827,283
Ministerial leadership	7,760,549	—	1,570,952	—	—	—	—	9,331,501
Communications	2,032,716	—	—	—	—	1,341,236	(25,000)	3,348,952
Parish services	988,026	—	—	—	—	—	—	988,026
Insurance and benefits	1,157,125	52,297,535	—	—	—	—	(7,561,064)	45,893,596
Priests' retirement benefits and medical care	210,527	—	—	5,714,614	—	—	(1,736,592)	4,188,549
Propagation of the Faith	—	—	—	—	339,346	—	(18,670)	320,676
Archdiocesan administration	8,304,497	—	—	—	—	—	—	8,304,497
Total program services	45,269,957	52,297,535	1,570,952	5,714,614	339,346	1,341,236	(9,341,326)	97,192,314

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THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Schedule of Activities

Year ended June 30, 2023

	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Media	Combined entries	Combined totals
Supporting expenses:								
General and administrative	4,861,033	—	—	—	—	—	—	4,861,033
Fund-raising	2,525,467	—	—	—	—	—	—	2,525,467
Total supporting services	7,386,500	—	—	—	—	—	—	7,386,500
Total expenses	52,656,457	52,297,535	1,570,952	5,714,614	339,346	1,341,236	(9,341,326)	104,578,814
Transfers:								
Subsidize Redemptoris Mater Seminary	(1,539,314)	—	1,539,314	—	—	—	—	—
Total transfers	(1,539,314)	—	1,539,314	—	—	—	—	—
Increase (decrease) in net assets without donor restrictions	(15,338,475)	264,285	—	—	—	112,044	—	(14,962,146)
Changes in net assets with donor restrictions:								
Gifts and bequests	3,139,461	—	—	—	226,505	—	—	3,365,966
Net assets released from restrictions	(2,006,857)	—	—	—	(339,346)	—	—	(2,346,203)
Increase (decrease) in net assets with donor restrictions	1,132,604	—	—	—	(112,841)	—	—	1,019,763
Increase (decrease) in net assets from operating activities	(14,205,871)	264,285	—	—	(112,841)	112,044	—	(13,942,383)
NONOPERATING:								
Investment income without donor restriction, net of spend rate income	8,031,416	—	—	—	—	—	—	8,031,416
Investment income with donor restriction	144,172	—	—	—	85,837	—	—	230,009
Change in value of priests' retirement plan and post retirement medical and care fund	—	—	—	6,367,740	—	—	—	6,367,740
Increase in net assets from nonoperating activities	8,175,588	—	—	6,367,740	85,837	—	—	14,629,165
Increase in net assets	(6,030,283)	264,285	—	6,367,740	(27,004)	112,044	—	686,782
Net assets at beginning of year	132,317,942	15,612,318	—	(10,245,640)	1,086,485	1,675,219	—	140,446,324
Net assets at end of year	\$ 126,287,659	15,876,603	—	(3,877,900)	1,059,481	1,787,263	—	141,133,106

See accompanying independent auditors' report.

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Schedule of Activities

Year ended June 30, 2022

	<u>Operations</u>	<u>Insurance services</u>	<u>Redemptoris Mater Seminary</u>	<u>Priests' Pass Through & Care Fund</u>	<u>Propagation of the Faith</u>	<u>Carroll Media</u>	<u>Combined entries</u>	<u>Combined totals</u>
OPERATING:								
Changes in unrestricted net assets:								
Revenue, gains, and other support:								
Assessments:								
Parish	\$ 8,729,959	—	—	—	—	1,168,829	—	9,898,788
Special school assessments and other	3,851,420	—	—	—	—	—	—	3,851,420
Total assessments	12,581,379	—	—	—	—	1,168,829	—	13,750,208
Contributions, donations, gifts, and bequests:								
Annual Appeal	10,888,107	—	—	—	—	—	—	10,888,107
Gifts and bequests	2,164,185	—	29,382	769,604	—	13,870	—	2,977,041
Total contributions, donations, gifts, and bequests	13,052,292	—	29,382	769,604	—	13,870	—	13,865,148
Premiums and insurance billings	—	50,466,249	—	4,507,058	—	—	(5,456,294)	49,517,013
Spend rate income	820,600	—	—	—	—	—	—	820,600
Management fees and computer services	4,141,479	—	—	—	—	—	(3,460,625)	680,854
Special program income	548,360	—	—	—	—	26,571	—	574,931
Advertising and other	280,839	(343,890)	—	128	—	263,071	—	200,148
Rental income	3,641,131	—	—	23,950	—	—	(18,650)	3,646,431
Net assets released from restrictions	1,483,246	—	—	—	262,383	—	—	1,745,629
Total unrestricted revenue, gain, and other support	36,549,326	50,122,359	29,382	5,300,740	262,383	1,472,341	(8,935,569)	84,800,962
Expenses:								
Program services:								
Catholic education:								
Tuition assistance and school subsidies	2,316,643	—	—	—	—	—	—	2,316,643
Other programs and administration	4,888,995	—	—	—	—	—	—	4,888,995
Total Catholic education	7,205,638	—	—	—	—	—	—	7,205,638
Pastoral ministry and social concerns	6,782,104	—	—	—	—	—	—	6,782,104
Ministerial leadership	6,584,485	—	1,736,232	—	—	—	—	8,320,717
Communications	1,863,332	—	—	—	—	1,270,015	(25,000)	3,108,347
Parish services	904,148	—	—	—	—	—	—	904,148
Insurance and benefits	1,158,035	47,847,690	—	—	—	—	(7,276,360)	41,729,365
Priests' retirement benefits and medical care	206,865	—	—	5,300,740	—	—	(1,603,559)	3,904,046
Propagation of the Faith	—	—	—	—	262,383	—	(30,650)	231,733
Archdiocesan administration	7,030,945	—	—	—	—	—	—	7,030,945
Total program services	31,735,552	47,847,690	1,736,232	5,300,740	262,383	1,270,015	(8,935,569)	79,217,043

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Schedule of Activities

Year ended June 30, 2022

	Operations	Insurance services	Redemptoris Mater Seminary	Priests' Pass Through & Care Fund	Propagation of the Faith	Carroll Media	Combined entries	Combined totals
Supporting expenses:								
General and administrative	4,895,933	—	—	—	—	—	—	4,895,933
Fund-raising	2,308,008	—	—	—	—	—	—	2,308,008
Total supporting services	7,203,941	—	—	—	—	—	—	7,203,941
Total expenses	38,939,493	47,847,690	1,736,232	5,300,740	262,383	1,270,015	(8,935,569)	86,420,984
Transfers:								
Subsidize Redemptoris Mater Seminary	(1,706,850)	—	1,706,850	—	—	—	—	—
Total transfers	(1,706,850)	—	1,706,850	—	—	—	—	—
Increase (decrease) in net assets without donor restrictions	(4,097,017)	2,274,669	—	—	—	202,326	—	(1,620,022)
Changes in net assets with donor restrictions:								
Gifts and bequests	4,187,281	—	—	—	179,839	—	—	4,367,120
Net assets released from restrictions	(1,483,246)	—	—	—	(262,383)	—	—	(1,745,629)
Increase (decrease) in net assets with donor restrictions	2,704,035	—	—	—	(82,544)	—	—	2,621,491
Increase (decrease) in net assets from operating activities	(1,392,982)	2,274,669	—	—	(82,544)	202,326	—	1,001,469
NONOPERATING:								
Investment income (loss) without donor restriction, net of spend rate income	(10,778,841)	—	—	—	—	—	—	(10,778,841)
Investment income (loss) with donor restriction	(240,684)	—	—	—	(116,244)	—	—	(356,928)
Change in value of priests' retirement plan and post retirement medical and care fund	—	—	—	10,751,188	—	—	—	10,751,188
Increase (decrease) in net assets from nonoperating activities	(11,019,525)	—	—	10,751,188	(116,244)	—	—	(384,581)
Increase (decrease) in net assets	(12,412,507)	2,274,669	—	10,751,188	(198,788)	202,326	—	616,888
Net assets at beginning of year	144,730,449	13,337,649	—	(20,996,828)	1,285,273	1,472,893	—	139,829,436
Net assets at end of year	\$ 132,317,942	15,612,318	—	(10,245,640)	1,086,485	1,675,219	—	140,446,324

See accompanying independent auditors' report.

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Statement of Functional Expenses

Year ended June 30, 2023

	Program services							
	Catholic education	Pastoral ministry & social concerns	Ministerial leadership	Redemptoris Mater Seminary	Communi- cations	Carroll Media	Parish services	Insurance and benefits
Salaries and benefits:								
Compensation of clergy and religious	\$ —	830,703	710,627	104,423	—	—	—	—
Benefits – clergy	—	584,538	1,539,556	351,877	—	—	—	—
Salaries and wages – laypersons	1,997,564	1,857,391	759,327	84,941	935,402	749,442	456,538	608,691
Benefits – laypersons	437,473	405,769	175,633	13,520	193,096	183,409	96,243	156,172
Total salaries and benefits	2,435,037	3,678,401	3,185,143	554,761	1,128,498	932,851	552,781	764,863
Continuing education and retreats – clergy	—	7,060	1,973,734	351,177	—	—	—	—
Supplies	9,275	77,538	73,663	54,754	2,832	626	52	2,030
Telephone, postage, and printing	274,952	111,185	50,416	47,746	321,408	225,200	32,329	127,144
Conferences, meetings, and travel	32,914	300,404	340,102	125,739	13,083	8,334	2,341	7,371
Professional fees	352,333	226,254	118,194	1,206	87,186	43,367	119,969	2,278,337
Food and beverages	59,969	161,237	289,388	127,360	2,774	—	878	1,851
Contributions and grants in aid	12,965,107	628,094	172,065	14,553	—	—	—	—
Utilities and maintenance	—	124,287	662,909	247,400	—	—	—	—
Interest	—	—	—	—	—	—	—	—
Subsidies	—	1,929,792	—	—	—	—	—	—
Other	98,236	41,799	44,085	46,256	75,089	105,858	9,803	344,114
Insurance premiums	—	—	—	—	—	—	—	4,908,365
Claims and benefits	—	—	—	—	—	—	—	37,275,391
Total expenses before allocation	16,227,823	7,286,051	6,909,699	1,570,952	1,630,870	1,316,236	718,153	45,709,466
Allocation of property operations and financial, computer, and personnel	761,411	541,232	608,878	241,972	205,466	196,380	269,873	184,130
Total expenses after allocation	\$ <u>16,989,234</u>	<u>7,827,283</u>	<u>7,518,577</u>	<u>1,812,924</u>	<u>1,836,336</u>	<u>1,512,616</u>	<u>988,026</u>	<u>45,893,596</u>

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Statement of Functional Expenses

Year ended June 30, 2023

	Program services				Supporting services				
	Priests' retirement benefits & medical care	Propagation of the Faith	Archdiocesan administration	Subtotal program services	General and administrative	Property operations	Fundraising	Subtotal supporting services	Total 2023
Salaries and benefits:									
Compensation of clergy and religious	\$ 315,045	30,004	267,612	2,258,414	7,119	—	—	7,119	2,265,533
Benefits – clergy	838,087	29,472	443,131	3,786,661	8,500	—	—	8,500	3,795,161
Salaries and wages – laypersons	—	62,639	2,616,752	10,128,687	1,495,009	1,504,858	835,234	3,835,101	13,963,788
Benefits – laypersons	—	14,551	603,595	2,279,461	337,281	352,331	195,070	884,682	3,164,143
Total salaries and benefits	1,153,132	136,666	3,931,090	18,453,223	1,847,909	1,857,189	1,030,304	4,735,402	23,188,625
Continuing education and retreats – clergy	53,501	—	4,000	2,389,472	—	—	—	—	2,389,472
Supplies	2,706	42	36,106	259,624	2,852	37,701	2,144	42,697	302,321
Telephone, postage, and printing	8,670	3	108,297	1,307,350	292,205	1,052,032	750,192	2,094,429	3,401,779
Conferences, meetings, and travel	873	555	218,646	1,050,362	17,205	27,297	23,843	68,345	1,118,707
Professional fees	287,758	—	1,775,280	5,289,884	249,108	189,121	378,350	816,579	6,106,463
Food and beverages	—	—	185,696	829,153	13,051	16,186	32,604	61,841	890,994
Contributions and grants in aid	—	177,354	299,332	14,256,505	1,620	—	—	1,620	14,258,125
Utilities and maintenance	75,288	—	183,366	1,293,250	67,546	1,351,808	—	1,419,354	2,712,604
Interest	—	—	99,155	99,155	—	—	—	—	99,155
Subsidies	—	—	29,590	1,959,382	—	—	—	—	1,959,382
Other	1,300	6,056	388,485	1,161,081	31,794	2,213,978	165,784	2,411,556	3,572,637
Insurance premiums	—	—	—	4,908,365	—	—	—	—	4,908,365
Claims and benefits	2,394,794	—	—	39,670,185	—	—	—	—	39,670,185
Total expenses before allocation	3,978,022	320,676	7,259,043	92,926,991	2,523,290	6,745,312	2,383,221	11,651,823	104,578,814
Allocation of property operations and financial, computer, and personnel	210,527	—	1,045,454	4,265,323	2,337,743	(6,745,312)	142,246	(4,265,323)	—
Total expenses after allocation	\$ 4,188,549	320,676	8,304,497	97,192,314	4,861,033	—	2,525,467	7,386,500	104,578,814

See accompanying independent auditors' report.

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Statement of Functional Expenses

Year ended June 30, 2022

	Program services							
	Catholic education	Pastoral ministry & social concerns	Ministerial leadership	Redemptoris Mater Seminary	Communi- cations	Carroll Media	Parish services	Insurance and benefits
Salaries and benefits:								
Compensation of clergy and religious	\$ —	726,144	570,833	99,859	—	—	—	—
Benefits – clergy	—	600,001	1,327,015	343,866	—	—	—	—
Salaries and wages – laypersons	1,781,194	1,724,972	690,283	80,943	842,226	758,261	457,428	594,666
Benefits – laypersons	398,193	430,455	161,336	12,914	174,913	198,621	101,337	144,756
Total salaries and benefits	2,179,387	3,481,572	2,749,467	537,582	1,017,139	956,882	558,765	739,422
Continuing education and retreats – clergy	—	8,981	1,477,140	527,271	—	—	—	—
Supplies	7,292	59,471	71,383	56,844	535	48	—	659
Telephone, postage, and printing	296,620	105,137	44,240	45,448	324,602	120,034	22,801	178,997
Conferences, meetings, and travel	30,799	215,385	163,017	144,921	6,328	4,751	2,134	11,537
Professional fees	428,347	233,558	129,489	728	78,760	29,892	81,000	2,116,077
Food and beverages	17,967	97,299	235,640	137,375	1,389	—	97	2,059
Contributions and grants in aid	3,424,394	325,468	285,978	13,965	—	—	—	—
Utilities and maintenance	—	84,227	602,775	211,477	109	—	—	—
Interest	—	—	—	—	—	—	—	—
Subsidies	50,000	1,616,500	—	—	—	—	—	—
Other	95,533	80,880	45,173	60,621	78,071	133,408	—	163,542
Insurance premiums	—	—	—	—	—	—	—	4,847,396
Claims and benefits	—	—	—	—	—	—	—	33,506,370
Total expenses before allocation	6,530,339	6,308,478	5,804,302	1,736,232	1,506,933	1,245,015	664,797	41,566,059
Allocation of property operations and financial, computer, and personnel	675,299	473,626	538,211	241,972	182,229	174,170	239,351	163,306
Total expenses after allocation	\$ <u>7,205,638</u>	<u>6,782,104</u>	<u>6,342,513</u>	<u>1,978,204</u>	<u>1,689,162</u>	<u>1,419,185</u>	<u>904,148</u>	<u>41,729,365</u>

**THE CENTRAL PASTORAL ADMINISTRATION OF
THE ROMAN CATHOLIC ARCHDIOCESE OF WASHINGTON**

Combined Statement of Functional Expenses

Year ended June 30, 2022

	Program services				Supporting services				
	Priests' retirement benefits & medical care	Propagation of the Faith	Archdiocesan administration	Subtotal program services	General and administrative	Property operations	Fundraising	Subtotal supporting services	Total 2022
Salaries and benefits:									
Compensation of clergy and religious	\$ 327,934	70,566	291,490	2,086,826	15,462	—	—	15,462	2,102,288
Benefits – clergy	782,282	81,500	451,550	3,586,214	27,259	—	—	27,259	3,613,473
Salaries and wages – laypersons	—	47,748	2,182,561	9,160,282	1,404,783	1,393,827	838,812	3,637,422	12,797,704
Benefits – laypersons	—	7,393	529,314	2,159,232	316,684	336,719	195,900	849,303	3,008,535
Total salaries and benefits	1,110,216	207,207	3,454,915	16,992,554	1,764,188	1,730,546	1,034,712	4,529,446	21,522,000
Continuing education and retreats – clergy	49,718	500	3,750	2,067,360	250	—	—	250	2,067,610
Supplies	4,750	68	31,223	232,273	3,089	23,888	1,541	28,518	260,791
Telephone, postage, and printing	6,089	6,754	94,259	1,244,981	303,947	784,343	629,685	1,717,975	2,962,956
Conferences, meetings, and travel	—	1,360	117,200	697,432	20,408	24,392	10,745	55,545	752,977
Professional fees	257,603	—	1,431,868	4,787,322	196,676	349,048	318,708	864,432	5,651,754
Food and beverages	—	—	96,445	588,271	16,301	6,806	24,549	47,656	635,927
Contributions and grants in aid	—	5,000	302,917	4,357,722	2,519	—	—	2,519	4,360,241
Utilities and maintenance	160,955	—	184,216	1,243,759	49,249	1,400,094	—	1,449,343	2,693,102
Interest	—	—	41,348	41,348	—	—	—	—	41,348
Subsidies	—	—	29,090	1,695,590	—	—	—	—	1,695,590
Other	—	10,844	305,893	973,965	45,550	2,133,648	161,909	2,341,107	3,315,072
Insurance premiums	—	—	—	4,847,396	—	—	—	—	4,847,396
Claims and benefits	2,107,850	—	—	35,614,220	—	—	—	—	35,614,220
Total expenses before allocation	3,697,181	231,733	6,093,124	75,384,193	2,402,177	6,452,765	2,181,849	11,036,791	86,420,984
Allocation of property operations and financial, computer, and personnel	206,865	—	937,821	3,832,850	2,493,756	(6,452,765)	126,159	(3,832,850)	—
Total expenses after allocation	\$ 3,904,046	231,733	7,030,945	79,217,043	4,895,933	—	2,308,008	7,203,941	86,420,984

See accompanying independent auditors' report.



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