Archdiocese of Chicago

Consolidated Financial Statements as of and for the Years Ended June 30, 2022 and 2021, and Independent Accountant’s Review Report

ARCHDIOCESE OF CHICAGO

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

His Eminence Cardinal Blase J. Cupich
Archbishop of Chicago:

We have reviewed the accompanying consolidated financial statements of the Archdiocese of Chicago (the "Archdiocese"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Archdiocese's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Archdiocese and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 24, 2023

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021
(Dollars in thousands)

ASSETS	2022	2021
CASH AND CASH EQUIVALENTS	$ 336,786	$ 328,610
RESTRICTED CASH	40,035	50,976
INVESTMENTS	2,362,684	2,494,576
RECEIVABLES:		
Notes, accounts, and pledges receivable—net	74,065	67,651
Cemetery installment contracts	58,341	52,380
Total receivables	132,406	120,031
CEMETERY PROPERTY—Ready and available for use	58,903	56,090
INVESTMENT IN FINANCING LEASES	6,087	-
PENSION ASSET	-	31,790
LAND, BUILDINGS, AND EQUIPMENT:		
Undeveloped realty	26,072	26,072
Land	244,147	246,288
Buildings and equipment	2,816,314	2,783,676
Construction in progress	24,529	23,828
Total land, buildings, and equipment	3,111,062	3,079,864
Less accumulated depreciation	(1,870,950)	(1,837,512)
Land, buildings, and equipment—net	1,240,112	1,242,352
RIGHT OF USE ASSETS	18,269	-
OTHER ASSETS	41,976	40,550
CASH SURRENDER VALUE OF INSURANCE POLICIES	2,275	719
TOTAL	$ 4,239,533	$ 4,365,694

LIABILITIES	2022	2021
LIABILITIES:		
Accounts payable and accrued expenses	$ 269,643	$ 250,914
Deferred revenue	232,647	259,475
Current portion of lease liability	3,636	-
Deposits	4,387	3,631
Borrowings (less debt issuance costs of $3,093 and $1,030 for 2022 and 2021, respectively)	233,250	182,630
Insurance claims	202,328	198,374
Unearned rental income	15,248	15,457
Accrued pension cost	106,918	156,397
Post retirement liabilities	107,441	151,474
Long-term lease liability	15,452	-
Asset retirement obligations	80,034	78,369
Accrued cemetery maintenance costs	514,198	613,443
Refundable grant advances	154,395	154,395
Total liabilities	1,939,577	2,064,559
NET ASSETS:		
Without donor restrictions:		
Undesignated	(213,853)	(157,460)
Designated	2,278,474	2,212,797
Total without donor restrictions	2,064,621	2,055,337
With donor restrictions:		
Temporary in nature	152,987	167,203
Perpetual in nature	82,348	78,595
Total with donor restrictions	235,335	245,798
Total net assets	2,299,956	2,301,135
TOTAL	$ 4,239,533	$ 4,365,694

See independent accountant's review report and notes to consolidated financial statements.

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)
(Dollars in thousands)

	2022			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2021 Total**
REVENUES:				
Parishes:				
Collections and activities	$ 336,077	$ 771	$ 336,848	$ 352,863
Tuition and related fees	306,672	-	306,672	268,742
Charitable activities:				
Program services	239,715	-	239,715	238,275
Fund appeals and bequests	92,353	27,890	120,243	115,985
Cemeteries sales and services	71,351	-	71,351	68,589
Archdiocesan Pastoral Center	64,160	6,306	70,466	56,348
PRMAA	3,921	-	3,921	6,253
Annual Catholic Appeal	15,140	-	15,140	13,584
TTWCI campaign revenue	318	350	668	1,581
Investment income	81	-	81	37,381
Contributed Nonfinancial Assets	5,801	-	5,801	-
Other	5,617	-	5,617	12,099
Net assets released from restrictions	29,405	(29,405)	-	-
Total revenues	1,170,611	5,912	1,176,523	1,171,700
EXPENSES:				
Parishes:				
General operations	264,161	-	264,161	240,455
School programs	324,126	-	324,126	302,289
Charitable activities	345,732	-	345,732	336,981
Cemeteries	58,909	-	58,909	55,872
Archdiocesan Pastoral Center	114,830	-	114,830	109,712
PRMAA	11,097	-	11,097	10,414
Annual Catholic Appeal fundraising expenses	1,179	-	1,179	1,071
Depreciation and accretion	67,424	-	67,424	71,381
Deposit valuation	-	-	-	287
Interest expense	17,313	-	17,313	7,934
Total expenses	1,204,771	-	1,204,771	1,136,396
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	(34,160)	5,912	(28,248)	35,304

(Continued)

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)
(Dollars in thousands)

	2022			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2021 Total**
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	$ (34,160)	$ 5,912	$ (28,248)	$ 35,304
NET INVESTMENT RETURN	(159,495)	(16,375)	(175,870)	503,160
NET PROPERTY GAINS (LOSSES)	35,814	-	35,814	(2,315)
WINDDOWN COSTS RELATING TO HOLY FAMILY VILLA	(3,952)	-	(3,952)	-
PARISH BUILDING FUND REVENUES	10,452	-	10,452	8,702
TTWCI REVENUES	3,314	-	3,314	(6,878)
CHANGE IN FUTURE CEMETERY CARE COSTS	99,245	-	99,245	7,389
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COSTS	11,340	-	11,340	78,151
POSTRETIREMENT-RELATED CHANGES OTHER THAN NET PERIODIC POSTRETIREMENT COSTS	46,346	-	46,346	37,034
OTHER COMPONENTS OF NET PERIODIC BENEFIT PLAN COST	380	-	380	(4,439)
CHANGE IN NET ASSETS	9,284	(10,463)	(1,179)	656,108
NET ASSETS—Beginning of year	2,055,337	245,798	2,301,135	1,645,027
NET ASSETS—End of year	$ 2,064,621	$ 235,335	$ 2,299,956	$ 2,301,135

See independent accountant's review report and notes to consolidated financial statements.

(Concluded)

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(Dollars in thousands)

	2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
REVENUES:			
Parishes:			
Collections and activities	$ 352,002	$ 861	$ 352,863
Tuition and related fees	268,742	-	268,742
Charitable activities:			
Program services	238,275	-	238,275
Fund appeals and bequests	98,776	17,209	115,985
Cemeteries sales and services	68,589	-	68,589
Archdiocesan Pastoral Center	51,687	4,661	56,348
PRMAA	6,253	-	6,253
Annual Catholic Appeal	13,584	-	13,584
TTWCI campaign revenue	685	896	1,581
Investment income	37,381	-	37,381
Other	11,712	387	12,099
Net assets released from restrictions	34,486	(34,486)	-
Total revenues	1,182,172	(10,472)	1,171,700
EXPENSES:			
Parishes:			
General operations	240,455	-	240,455
School programs	302,289	-	302,289
Charitable activities	336,981	-	336,981
Cemeteries	55,872	-	55,872
Archdiocesan Pastoral Center	109,712	-	109,712
PRMAA	10,414	-	10,414
Annual Catholic Appeal fundraising expenses	1,071	-	1,071
Depreciation and accretion	71,381	-	71,381
Deposit valuation	287	-	287
Interest expense	7,934	-	7,934
Total expenses	1,136,396	-	1,136,396
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	45,776	(10,472)	35,304

(Continued)

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(Dollars in thousands)

	2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	$ 45,776	$ (10,472)	$ 35,304
NET INVESTMENT RETURN	477,059	26,101	503,160
NET PROPERTY GAINS (LOSSES)	(2,315)	-	(2,315)
PARISH BUILDING FUND REVENUES	8,702	-	8,702
TTWCI REVENUES	(6,878)	-	(6,878)
CHANGE IN FUTURE CEMETERY CARE COSTS	7,389	-	7,389
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COSTS	78,151	-	78,151
POSTRETIREMENT-RELATED CHANGES OTHER THAN NET PERIODIC POSTRETIREMENT COSTS	37,034	-	37,034
OTHER COMPONENTS OF NET PERIODIC BENEFIT PLAN COST	(4,439)	-	(4,439)
CHANGE IN NET ASSETS	640,479	15,629	656,108
NET ASSETS—Beginning of year	1,414,858	230,169	1,645,027
NET ASSETS—End of year	$ 2,055,337	$ 245,798	$ 2,301,135

See independent accountant's review report and notes to consolidated financial statements.

(Concluded)

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in thousands)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,179)	$ 656,108
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in defined benefit pension and postretirement plans other than periodic pension and postretirement expense	(57,686)	(115,185)
Change in future cemetery care costs	(99,245)	(7,389)
Net (gains) losses on property sales	(35,814)	2,315
Net investment return	188,991	(513,156)
Depreciation and accretion	67,424	71,381
Permanently restricted contributions and contributions for parish property	(5,102)	(669)
Other	(7,133)	(2,387)
Changes in assets and liabilities:		
Receivables	(12,375)	44,258
Cemetery property ready and available for use	(2,813)	(147)
Right of use assets	(18,269)	-
Other assets	24,326	(33,297)
Deposits and accounts payable and accrued expenses	19,485	(8,576)
Deferred revenue	(26,828)	(15,678)
Lease liability	19,088	-
Insurance claims	3,954	16,688
Unearned rental income	(209)	(212)
Asset retirement obligations	1,665	1,521
Accrued pension and postretirement costs	(35,826)	30,062
Net cash provided by operating activities	22,454	125,637
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Deposits to Investments	-	(10,000)
Proceeds from sales of investments	967,497	884,653
Purchases of investments	(1,023,716)	(929,990)
Proceeds from sales of property	50,502	22,339
Purchases of land, buildings, and equipment	(72,484)	(50,435)
Net cash used in investing activities	(78,201)	(83,433)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(102,120)	(7,844)
Issuance of borrowings	150,000	-
Permanently restricted contributions and contributions for parish property	5,102	669
Net cash provided by financing activities	52,982	(7,175)

(Continued)

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
(Dollars in thousands)

	2022	2021
CHANGE IN CASH AND SHORT TERM INVESTMENTS	$ (2,765)	$ 35,029
CASH AND CASH EQUIVALENTS—Beginning of year, including restricted cash	379,586	344,557
CASH AND CASH EQUIVALENTS—End of year, including restricted cash	$ 376,821	$ 379,586
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 17,748	$ 10,403
Accounts payable for construction and fixed asset purchases	$ 2,067	$ 2,808
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Cash and cash equivalents—end of year	$ 336,786	$ 328,610
Restricted cash—end of year	40,035	50,976
TOTAL	$ 376,821	$ 379,586

See independent accountant's review report and notes to consolidated financial statements. (Concluded)

1. NATURE OF OPERATIONS

The consolidated financial statements include the accounts of certain organizations which are overseen by The Catholic Bishop of Chicago (CBC) and which operate under the auspices of the Archdiocese of Chicago (the "Archdiocese") as follows:

Parishes and Related Schools—Parishes of the Archdiocese ("Parishes") include the parishes, schools, and various shrines and oratories operated in Cook and Lake counties of Illinois. These sites minister to the spiritual, social, and educational needs of the faithful. They provide catechesis for people at all age levels—from young children to the elderly—as part of the educational ministry of the Archdiocese. Parishes' fiscal operations include sacramental services, religious education training, formal preschool through 12th grade educational instruction, fundraising, and investment of reserve funds. Operating support is derived primarily from parishioners' contributions, tuition and fees, and fundraising activities.

Archdiocesan Pastoral Center—The Archdiocesan Pastoral Center (the "Pastoral Center") is the ministerial and administrative center for the Archdiocese. Its purpose is to provide support and services to Parishes and other church agencies in Cook and Lake counties. It operates the Archdiocesan Bank, which provides savings and loan services to Parishes; administers a centralized employee benefit and property and casualty insurance program; provides financial support to those parishes unable to sustain themselves; operates a seminary system for the education of priests; provides a nutritional lunch and breakfast program for students; publishes a biweekly newspaper and various liturgical-related publications; and invests available funds. Operating support is derived primarily from Parishes and Catholic Cemeteries (the "Cemeteries") assessments, employee benefit and property and casualty insurance program assessments, contributions and bequests, food service revenue, interest on loans to Parishes, the Annual Catholic Appeal, and investment earnings.

Catholic Cemeteries—Cemeteries assists the CBC in caring for the faithful departed by performing the most ancient corporal work of mercy—the burial of the dead. Cemeteries further assists the CBC by providing appropriate facilities for burial and for celebration of the funeral rites for members of the Catholic community. Operating support is derived primarily from the sale of easements providing for graves, crypts, and burial services, and from investment earnings.

Charitable Activities—The charitable activities organizations, which consist of Catholic Charities ("Charities"), Maryville Academy ("Maryville"), Misericordia Home ("Misericordia"), and Mission of Our Lady of Mercy (also known as Mercy Home for Boys and Girls) ("Mercy"), provide assistance to people in need through four primary service areas. Senior services provide in-home or personal care and residential and health care facilities. Children's services protect children from abuse and provide education, health care, and counseling. Basic human needs services include emergency shelter, food, and clothing. Family and individual services help address unemployment, poverty, inadequate housing, illness, addiction, physical limitations, and domestic violence. A significant portion of the funding for several of the programs is received from federal, state, and local governmental agencies.

Priests' Retirement and Mutual Aid Association—The Priests' Retirement and Mutual Aid Association (PRMAA) administers retirement, disability, health, and other benefits for the priests of the Archdiocese. Operating support is derived primarily from Parishes assessments and contributions from priests.

All interorganizational balances and transactions have been eliminated. The activities of religious orders, lay societies, and religious organizations that operate within the Archdiocese, but are not fiscally responsible to the CBC, are not included in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events—The Archdiocese evaluated subsequent events through March 24, 2023, the date the consolidated financial statements were available for issuance.

On October 12, 2022, a complaint was filed by the Village of Glenview and the Solid Waste Agency of Northern Cook County before the Illinois Pollution Control Board (IPCB) against The Catholic Bishop of Chicago and the Illinois Environmental Protection Agency (IEPA) relating to the Archdiocese's management of its closed Des Plaines Landfill. The Archdiocese has worked closely and cooperatively with the Illinois Environmental Protection Agency for years to diligently manage this closed landfill and has never been the subject of any regulatory enforcement. In May 2018, the Archdiocese entered into a lease with a third-party tenant to allow for the siting, construction and operation of a compost facility covering a portion of the Des Plaines Landfill. The plaintiffs objected to the project during the various state and local permitting processes for the compost facility. Notwithstanding these objections related to the compost facility project and the Des Plaines Landfill, the requisite permits were issued for the compost facility, including permits issued by IEPA in 2019. Those permits were not appealed. With construction of the compost facility set to commence, the plaintiffs have now filed this complaint before the IPCB against the Archdiocese and IEPA alleging that the Archdiocese is operating the Des Plaines Landfill in violation of state law, that the composting project would exacerbate those violations, and that IEPA failed in its duty to enforce state environmental laws. If the plaintiffs prevail in their action, IPCB would have the authority to order corrective action it deemed necessary, including possible civil penalties. The Archdiocese does not believe the Des Plaines Landfill is in violation of state law and intends to vigorously defend against this action. It is not possible at this time to provide an estimate of the cost to defend such a legal action, or to address the alleged violations or any other liabilities resulting therefrom; therefore, the Catholic Bishop of Chicago cannot predict the ultimate exposure from or outcome of the matter.

Refer to the 'Land, Buildings, and Equipment' and 'Insurance' sections below for the subsequent events relevant to the Pastoral Center.

Paycheck Protection Program—As of June 30, 2021, approximately 300 parishes of the Archdiocese of Chicago applied for and received Paycheck Protection Program (PPP) loans from the Small Business Administration under the Coronavirus Aid Relief and Economic Security Act (CARES Act) in the average amount of approximately $160 per parish for payroll, utilities and other operating expenses that qualify for forgiveness under the provisions of the PPP. The loans can be forgiven once the funds have been fully used for their intended purposes by applying for loan forgiveness. The parishes of the Archdiocese of Chicago have applied and received loan forgiveness for approximately $133 per parish in the year ended June 30, 2022. Therefore, the balance of the loans forgiven have been included in the collections and activities parish revenue on the statement of activities as of June 30, 2022. The remaining PPP loans received in the year ended June 30, 2021 that were not forgiven in the average amount of approximately $28 per parish remain in deferred revenue on the statement of financial position as of June 30, 2022. Subsequent to June 30, 2022, approximately $12 per parish of the PPP loans have been forgiven.

Cash and Cash Equivalents—Cash equivalents are defined as all liquid investments with original maturities of three months or less used for the operating activities of the Archdiocese and are stated at cost, which approximates fair value. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. Management does not expect losses on these balances to occur. Temporary cash reserves held by portfolio investment managers are presented as invested cash within investments.

Restricted Cash—Restricted cash includes amounts included in a separate bank account for the benefit of lenders for debt service in accordance with a debt agreement.

Investments—Investments are carried at fair value. This includes marketable securities, which are valued based upon observable market inputs, and other investments that do not have readily determinable fair values, which are carried at net asset value (NAV) as a practical expedient.

The Pastoral Center, Catholic Cemeteries (Cemeteries), Parishes, Priests Retirement & Mutual Aid Association (PRMAA), and Mercy Home for Boys and Girls, manage a portion of their investments through a pooled investment fund.

Investment return consists of realized gains and losses, unrealized gains and losses, dividends and interest and is recorded when earned, and is shown net of investment management fees. Realized gains and losses are determined on the basis of the carrying value of the specific investments sold, and investment transactions are recorded on a trade-date basis. Unrealized gains and losses are determined based on changes in the fair value of investments.

Capital Campaign—The To Teach Who Christ Is (TTWCI) capital fundraising campaign is an effort to raise $350,000 in funds to support parishes, Catholic education and faith formation initiatives over a five year period. The campaign is being managed in two distinct areas: a major gift portion with a fundraising goal of $100,000 and a parish phase seeking $250,000. Within the parish phase, 60% of the goal amount ($150,000) will be retained at parishes for parish specific needs; 40% ($100,000) will be allocated to Archdiocese level needs. Overall, the campaign is expected to provide $150,000 for parishes, $150,000 for a scholarship endowment, $30,000 for urgent capital repairs, $12,000 for religious education programs, and $8,000 for academic excellence in Catholic schools. An independent trust, Catholic Education Scholarship Trust (CEST), has been established to oversee and manage the scholarship endowment. CEST receives some contributions directly from donors. The TTWCI capital fundraising campaign active solicitation efforts concluded in 2017, but the corresponding pledge fulfillment efforts continue. Ongoing TTWCI fulfillment continues to fund TTWCI campaign programs.

Parish Building Fund Pledges Receivable—From time to time, individual parishes solicit funds from parishioners to assist in the financing of parish capital projects. Management makes assumptions regarding the ultimate collectibility of these receivables. Actual results could differ from those estimates.

Cemetery Property—Ready and Available for Use—Developed graves and crypts are carried at average cost, which includes development and construction costs. Such costs are expensed when graves, crypts, and niches are sold.

Land, Buildings, and Equipment—Undeveloped realty represents sites held for future development and is carried at cost.

Land, buildings, and equipment represent active property and are carried at cost. Where historical cost is unavailable, buildings are carried at the reported insurable value as of July 1, 1980, with subsequent additions recorded at cost. Land is carried at the estimated fair values as of July 1, 1980, with subsequent additions recorded at cost. Depreciation is recorded on buildings and equipment.

Buildings, equipment, major improvements, and betterments are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to 50 years. Repairs and maintenance that do not extend the life of the applicable assets are charged to expense as incurred.

In March 2019, the Pastoral Center closed on the sale of multiple parcels of property known as “One Chicago Square”. The sales price of $120,000 included $12,500 in non-refundable earnest money classified as other liabilities on the statement of financial position in fiscal year 2018. This property sale included receipt of an interest-bearing promissory note for $20,000 due September 2020 at which time it was paid in full. The Pastoral Center recognized a net property gain of $110,854 from this transaction in fiscal year 2019. When completed, the new development on the property will include more parking for Holy Name Cathedral and the Archdiocese. In July 2021, the Pastoral Center purchased the parking spots at the new development for $5,826. Due to ongoing construction, additional parking spots will be purchased by the Pastoral Center when the development is completed.

In April 2020, the Pastoral Center closed on the purchase of the Guerin College Preparatory High School property. The property was subsequently sold in September 2020 for $6,570. The Pastoral Center recorded a deferred gain of $725 from the transaction in fiscal year 2021.

In September 2021, Catholic Cemeteries finalized the sale of land at the Saint Michael Cemetery location and recorded a gain of $17,000. All proceeds of the sale were remitted to the Pastoral Center in fiscal year 2022.

In February 2022, the Catholic Bishop of Chicago finalized the installment agreement and related amendments on the sale of the Former Seton Academy property for $600. The Pastoral Center will record a total gain of $600 in fiscal year 2024, when the installment agreement ends and full transfer of the property occurs.

In fiscal year 2022, the Parishes closed on the sale of multiple properties. The Parishes recorded total gains of $17,415 in fiscal year 2022 related to the property sales.

In January 2023, the Catholic Bishop of Chicago finalized the sale of the land on the 155 East Superior property for $6,600. The Pastoral Center will recognize an estimated gain of $6,600 in fiscal year 2023.

Assets Held for Sale—Assets held for sale include buildings, building improvements and equipment which are expected to be sold within one year from the date of the consolidated financial statements and are stated at the lower of net book value or fair value less costs to sell. These assets are not depreciated.

On November 1, 2021, the real assets and operations of Holy Family Villa and Bishop Timothy Lyne Residence, an independent living facility for retired priests, owned and operated by Catholic Charities, were sold. As a result of this sale, Catholic Charities recorded an impairment of 9,481, which is reflected as loss on disposal and impairment of fixed assets in the consolidated statement of activities and changes in net assets for the year ended June 30, 2021.

Asset Impairment—The Archdiocese reviews long-lived assets for impairment by comparing the future cash flows expected from the asset to the carrying value of the asset when certain conditions exist or events occur. The Archdiocese did not record an impairment loss on long-lived assets in 2022 or 2021.

Accrued Cemetery Maintenance—The amount recorded as accrued cemetery maintenance costs in the statements of financial position represents the liability for the estimated cost to maintain the Cemeteries' existing graves, crypts, and niches in the future, discounted to present value. For this estimate, the discount rate used was 4.93% as of June 30, 2022, and future maintenance costs are assumed to escalate 2.30% per annum. The undiscounted estimated costs may vary materially from actual future costs. Annually, management updates its estimates and assumptions, including the discount rate. Any change in the present value of the estimated future costs is recorded in the year such change is made. Such changes may be material to the consolidated financial statements.

Pursuant to future care agreements and commitments, a portion of the proceeds from sales of graves, crypts, and niches is invested by the Cemeteries in the Fund. Interest and dividends earned on such investments and a portion of the capital gains are withdrawn to fund current maintenance costs.

Insurance—Insurance claims accruals are an accumulation of the estimated amounts necessary to settle outstanding claims, including claims that are incurred but not reported, based on the facts in each case and the Pastoral Center's experience with similar cases. These estimates are reviewed and updated regularly, and any resulting adjustments are reflected in current operations. Insurance claims accruals consist of property and casualty, medical, and professional misconduct claims.

Property and casualty risks of the parishes and participating religious organizations are covered in part by self-insurance programs administered through the Pastoral Center. Property and casualty losses in excess of self-insured retention levels are insured under commercial excess policies. Medical and health insurance for employees is provided through a combination of self-insured HMO and PPO plans. The Pastoral Center assesses the parishes and participating religious organizations of the Archdiocese to fund the costs of such programs.

During 2022 and 2021, the Pastoral Center paid multiple legal claims related to allegations of past professional misconduct by priests with settlements paid totaling $25,868 and $12,691, respectively. Subsequent to June 30, 2022, the Pastoral Center paid an additional $5,059 in settlement claims. The costs of these subsequent settlements are included in the insurance claims accrual at June 30, 2022.

Asset Retirement Obligations—Management records all known asset retirement obligations for which the fair value can be reasonably estimated. A liability is initially recorded at fair value if the fair value of the obligation to retire an asset can be reasonably estimated.

Unearned Rental Income—In May 2008, the CBC executed a land lease agreement for the now former site of the then Pastoral Center operational headquarters building. The lease has a term of 99 years commencing January 1, 2009, and gives the tenant the right to renew the term of the lease for two additional 25-year periods. The agreement allows for escalating rental payments during each rent adjustment year. In addition, base rent will be adjusted annually by a factor of the percentage increase in the Consumer Price Index, not to exceed 5% annually, commencing with the third lease year. The tenant made an initial rent payment of $18,000 at the inception of the agreement, which will be recognized on a straight-line basis over the 99-year lease term.

Refundable Grant Advances—Development and construction are being or have been substantially funded under non-interest-bearing mortgage agreements with the US Department of Housing and Urban Development (HUD). The residences are not required to make principal or interest payments on the mortgage notes, provided they maintain housing in accordance with the Capital Advance Program Use and Regulatory Agreements. If all requirements continue to be met, the grant advances will be considered earned between 40 years or an earlier date if approved by HUD. The refundable grant advances are collateralized by the residences' property and equipment associated with the advance.

Revocable Estates—From time to time, the Archdiocese is named as beneficiary of a revocable estate. It is the Archdiocese's policy to recognize revenue on such estate when either the cash is received or the commitment from the estate becomes irrevocable.

Contributions— Contribution revenue includes gifts from donors and government-funded programs. Unconditional promises to give cash and other assets to the Archdiocese are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value and revenue recognition is deferred until the applicable barriers are met if a right of return exists. Unconditional promises to give are reported as either temporary in nature or perpetual in nature if they are received with donor-imposed restrictions that restrict the use of the donated assets. In the absence of donor-imposed restrictions, the Archdiocese classifies the unconditional promises to give as without donor restrictions. Government-funded programs are supported by grants received from the federal, state, and local governments and are considered conditional until the related grant expenditure has been incurred. Conditional promises to give and indications of intentions to give are reported at fair value and revenue recognition is deferred until the applicable barriers are met if a right of return exists.

Revenue Recognition—

Parishes and Schools—Revenue from contracts with customers is primarily derived from tuition revenue generated during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students, and therefore revenue is recognized over the course of the academic year.

Pastoral Center—Revenue from contracts with customers is primarily derived from assessments, food service, publications, Pastoral Center services, seminary tuition, and other operating income.

The majority of the Pastoral Center's revenue from contracts with customers are from performance obligations satisfied over time and are derived from contracts with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. There are no complex, unique or nonrecurring contractually derived revenues.

The Pastoral Center records credit losses related to receivables arising from contracts with customers within the Provision for Uncollectible Loans, Pledges, and Operating Receivables. The Pastoral Center does not have any impairment on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts with customers.

Assessments—The majority of the Pastoral Center's revenue is derived from the Parishes, Cemeteries, Parishes for PRMAA, and insurance assessments which are recognized when the Pastoral Center provides the associated services to the respective agencies.

Foods Services Revenue—Food service revenue is generated by Food Service Professionals, an affiliate of the Pastoral Center, which provides meals to the schools of the Archdiocese of Chicago. Food service revenue is recognized when food is delivered to the customer.

Publications Revenue—Publications revenue is generated by the Publications Department, which publishes and distributes various Catholic publications throughout the Archdiocese of Chicago and Liturgy Training Publications, an affiliate of the Pastoral Center, which publishes and distributes liturgical training publications to various Archdiocesan agencies and third parties. Revenue is recognized when publications are delivered to the customer.

Pastoral Center Services Revenue—Pastoral Center services revenue relates to the income generated by various departments within the Pastoral Center, which provide administrative and programming services to other agencies of the Archdiocese of Chicago. Revenue related to these services is recognized over time as the departments provide the associated services. A portion of Pastoral Center services revenue is also generated through donations to various programs and departments within the Pastoral Center. Pastoral Center services revenue derived from contracts with customers was $13,783 in 2022 and $11,352 in 2021. Pastoral Center services revenue derived from contributions was $10,643 in 2022 and $9,034 in 2021.

Seminaries Revenue—Seminaries tuition revenue is generated during the year in which the related services are provided to students. The performance obligation of delivering educational services and room and board is simultaneously received and consumed by the students, and therefore revenue is recognized over the course of the academic year. Seminaries revenue is also generated through rental income from third party tenants, which is recognized over time as the rental services are provided. A portion of Seminaries revenue is also generated through donations. Seminaries revenue derived from contracts with customers was $6,338 in 2022 and $6,281 in 2021. Seminaries revenue derived from contributions was $8,425 in 2022 and $6,801 in 2021.

Other Revenues—Other revenues are primarily generated through rental agreements with third parties and technology support services provided by Saint Benedict Technology Consortium, an affiliate of the Pastoral Center, to agencies of the Archdiocese of Chicago. Both rental income and technology support services are recognized over time as the services are provided.

Cemeteries—Revenue from contracts with customers is derived primarily from easements sold for graves, crypts, niches, and optional and complete cemetery services (including related merchandise) on a preneed basis.

Graves sales are generated through the Cemeteries entering into easements (i.e. contracts) with customers for plots of land for burial. The easement is identified by cemetery, lot, block and section. As the grave is set to be used on the day of sale, performance has taken place and revenue is recognized at the time of the sale.

Crypts and entombment service sales are generated through the Cemeteries entering into easements with customers for burial vaults used to store the faithfully departed. The easement is identified by cemetery, mausoleum, building/structure, tier number and crypt number. The sales price allocated to entombment services associated with preneed crypt sales is recorded as deferred revenue at the time of sale and recorded as revenue in the period performed.

Niche and entombment service sales are generated through the Cemeteries entering into niche easements with customers for display vaults used to store the faithfully departed. The easement is identified by cemetery, mausoleum, building/structure, tier number and niche number. Similar to crypts, the sales price allocated to entombment services associated with preneed niche sales is recorded as deferred revenue at the time of sale and recorded as revenue in the period performed.

Optional and complete cemetery service sales are generated through the Cemeteries entering into easements with customers. When there is a sale, 95% of the optional and complete cemetery services revenue is deferred until the related service is performed and the related merchandise is provided. The remaining 5% is recognized as revenue at the time of the sale due to meeting the first performance obligation associated with the setup of the new contract and administrative expenses incurred.

Entombment services represent fees earned by the Cemeteries once the physical entombment has taken place and the name plate has been purchased and installed. Interment services sold at the time of need are recorded as revenue in the period performed.

All of the Cemeteries' revenue from contracts with customers are from performance obligations either satisfied at the point in time when control transfers, which is generally either when a contract is signed by both parties or a service is rendered. Prices are specific to a distinct performance obligation and based on list prices.

The Cemeteries records deferred revenue in situations when items and services are purchased on a preneed basis, but cemeteries have not performed on the contract. Such revenue is recognized when all criteria are subsequently met. There are also no significant incremental costs of obtaining a contract, no significant incremental costs incurred fulfilling a contract at the time the contract was obtained and no significant financing components upon adopting in fiscal year 2021 Accounting Standard Codification (ASC) 606, *Revenue from Contracts with Customers and ASC 340-40, Other Assets and Deferred Costs—Contracts with Customers*. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers. Collections on the portion of preneed easements applicable to future interment services are invested in the Fund. An allowance has been established to reflect estimated returns. This amount is recorded as a contra-receivable in the statements of financial position.

Sales taxes collected from customers are excluded from revenues and the obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities.

Catholic Charities—The majority of funding for Catholic Charities' operations is provided by governmental agencies. Catholic Charities recognizes revenues in the fiscal year that the services are rendered. Fee and grants from government agencies revenue and support revenues are recognized in the fiscal year that they are received. Program fees includes fees for programs that are received from individuals as well as federal, state and local governments. The fees relate to case management and fees for other services provided to clients. This revenue is recognized as Catholic Charities provides the services to its participants and the performance obligations are satisfied. Revenue from patient services is reported at the amount that reflects the consideration to which Catholic Charities expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and governmental programs), and others, and include retroactive revenue adjustments as needed. In addition, revenue is recognized as performance obligations are satisfied at a point in time. Amounts related to services provided to patients which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Such amounts totaled $0 at June 30, 2022 and 2021. Catholic Charities determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions which consist of contractual adjustments provided to third-party payors as well as implicit price concessions provided to patients. Catholic Charities uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios consist of major payor classes. Based on historical collection trends and other analysis, Catholic Charities believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

Mercy Home for Boys and Girls—Revenue from contracts with customers is primarily derived from sale of printing services and other revenue. Sale of printing services is derived from the revenue earned by Mercy from Mission Press. Mercy provides printing services for a variety of products such as direct mail appeals and brochures to outside customers. This revenue is recognized when goods are shipped and title passes. Other revenue includes sales derived from Mercy Beaucoup, donor mailing lists, and rental income. The revenue is recognized when the goods are delivered to the customer. All of the Mission's revenue from contracts with customers are from performance obligations satisfied over time and are derived from contracts with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. There are no complex, unique or nonrecurring contractually derived revenues. The Mission did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts with customers.

Maryville—The majority of funding for Maryville's operations is provided by the U.S. Department of Health and Human Services Office of Refugee Resettlement, the Illinois Department of Children and Family Services, the Illinois Department of Healthcare and Family Services, and other local agencies, which are classified as fees and grants from governmental agencies and are conditional promises to give. Maryville recognizes fees and grants from governmental agencies in the fiscal year that the services are rendered and when the specific purpose is met. Revenue from contracts with customers is primarily composed from other revenue. Other revenue includes sales derived from rental income, third party insurance payments, and other miscellaneous income. The revenue is recognized when the goods or services are delivered to the customer. All of Maryville's revenue from contracts with customers are from performance obligations satisfied over time and are derived from contracts with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. There are no complex, unique or nonrecurring contractually derived revenues. Maryville did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts with customers.

Misericordia Home—Revenue from contracts with customers is primarily derived from program revenues as fees from government agencies, program fees, and other operating income. The majority of the Home's revenue is derived from the program revenue cost-reimbursable governmental agencies contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Fees from government agencies includes fees for service programs that are received from the federal, state, and local governments. The fees from government agencies are specifically Department of Human Services, Healthcare and Family Services and Illinois Board of Education funding. This revenue is recognized when the Home provides the services to its residents. Program fees includes fees for service programs that are received from the federal, state, and local governments. The fees are specifically social security and private pay funding for residential and day program services funds, and day program funding. This revenue is recognized when the Home provides the services to its residents. Other operating income includes sales derived from our vocational programs. This revenue is recognized when the goods are delivered to the customer. All of the Home's revenue from contracts with customers are from performance obligations satisfied over time and are derived from contracts with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. There are no complex, unique or nonrecurring contractually derived revenues. The Home did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts with customers.

Classification of Net Assets—The net assets of the Archdiocese are classified into different classifications according to external donor-imposed restrictions and management designations as follows:

Without Donor Restrictions

Undesignated— Net assets that are free of donor-imposed restrictions and are expendable for any purpose in performing the primary objectives of the organization. The undesignated net assets of the Pastoral Center are primarily derived from parish and Cemeteries assessments, insurance program assessments, sale of real estate, and investment returns. The undesignated net assets of the Cemeteries are primarily derived from the sales of graves, crypts and niches. Contributions with donor restrictions whose restrictions are met in the same reporting period are reported as undesignated without donor restrictions.

Designated—Net assets that are designated for the use of the specific consolidated entity, for seminary operations, and the Catholic Bishop of Chicago's Archdiocesan Pastoral Tranche I Bond principal and future landfill obligations. All unrestricted net assets are designated for the use of the specific consolidated entity, with the exception of the Pastoral Center's net assets not designated for seminary operations.

With Donor Restrictions

Temporary in Nature—Net assets whose use is limited by donor-imposed restrictions that either expire with the passage of time or can be removed by fulfillment of the stipulated purpose for which the donation was restricted. When donor-imposed restrictions are met, temporarily restricted net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Perpetual in Nature—Net assets donated with stipulations that they be invested to provide a permanent source of income; such restrictions can neither expire with the passage of time nor be removed by fulfillment of a stipulated purpose. The restricted portion of the Seminary Endowment Fund has been classified as with donor restrictions perpetual in nature. This fund is the recipient of contributions that specify that only the earnings of the fund may be spent in support of seminaries' operations.

Tax-Exempt Status—The Internal Revenue Service has determined that the Catholic Bishop of Chicago is exempt from federal income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Accounting Standards Update Adopted in the Current Year— In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* ("ASU 2016-02" or "Accounting Standards Codification (ASC) 842"). ASU 2016-02 requires a lessee to recognize a liability to make lease payments and an asset representing its right to use the underlying asset for the lease term in the statement of financial position for both operating and capital leases.

The Archdiocese adopted ASC 842, along with related clarifications and improvements, on July 1, 2021 using the effective date as the date of initial application. Results for the year ended June 30, 2022 are presented under Topic 842. Comparative period information prior to the effective date continues to be presented in accordance with its historic accounting under the previous lease guidance, ASC 840, Leases ("Topic 840").

The Archdiocese has opted to elect the package of transition practical expedients that permits it to not reassess its prior conclusions for any expired or existing contracts at the application date of ASC 842, about lease identification, lease classification, and initial direct costs. The Archdiocese chose not to elect the use-of-hindsight practical expedient to reassess lease term. The Archdiocese also adopted the practical expedient that allows companies to maintain their legacy accounting for land easements existing on the date of adoption. The Archdiocese also elected the practical expedient provided to lessees to not separate lease and non-lease components for all leases, and the practical expedient to not recognize a right-of-use asset and lease liability for leases with a term of 12 months or less. Upon adoption as of July 1, 2021, the Archdiocese recognized operating and financing lease right-of-use assets and lease liabilities within the statement of financial position. There was not a material impact to the Archdiocese's statement of activities and changes in net assets upon adoption. See Note 15 for additional information.

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure or Defined Benefit Plans* ("ASU 2018-14"). This guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or postretirement plans. ASU 2018-14 is effective for the Archdiocese beginning on July 1, 2021. There was no impact on the Archdiocese's consolidated financial statements upon adoption, but resulted in additional disclosures. See Note 12 for required disclosures.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"). ASU 2020-07 aims to increase the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. ASU 2020-07 is effective for the Archdiocese for the year beginning on July 1, 2021. The Archdiocese has separately disclosed the contributed nonfinancial asset balance on the statements of activities for the year ended June 30, 2022. The Archdiocese has included additional required disclosures of the contributed nonfinancial asset categories within Note 13 as of June 30, 2022.

Accounting Standards Updates Issued Not Yet Adopted—In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). This standard, changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, held-to-maturity debt securities and loans, and requires entities to use a new forward- looking expected loss model that will result in the earlier recognition of allowance for losses. ASU 2019-10 deferred the effective date of ASU 2016-13. ASU 2016-13 is now effective for the Archdiocese beginning on July 1, 2023. The Archdiocese has not yet determined the impact on its consolidated financial statements and disclosures.

3. PARISHES

Revenues—Contributions at the parish level are one of the most significant sources of funds for the Archdiocese. In addition to being used to pay local church, school, and general parish operating costs, they also provide funds for the Archdiocesan assessment.

Included in collections are special parish collections for building funds, school support, and memorials. Not included in this latter category are various annual collections, either for national campaign or local Archdiocesan causes. The Pastoral Center usually receives the proceeds from each parish's special collections and undertakes the distribution of the funds to the applicable office, program, or national campaign.

Tuition revenue is generated during the academic year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students, and therefore revenue is recognized over the course of the academic year. Tuition revenue finances the related school program expenses incurred.

Expenses—General Operations—For the years ended June 30, 2022 and 2021, the summary of the general operations, other than for the school programs, prior to consolidation, eliminations, and reclassifications, is as follows:

	2022	2021
Salaries, wages, and benefits	$ 120,284	$ 123,030
Utilities, repairs, and insurance	86,354	68,390
Religious education (CCD)—including salaries and expenses	15,530	15,757
Other expenses—including administrative, depreciation, church, and rectory operating costs	107,323	101,312
Total expenses—general operations	$ 329,491	$ 308,489

Each parish pays an annual assessment to the Pastoral Center for continuing Archdiocesan programs. Ordinary income is the main factor considered in arriving at the individual assessments. The assessment is used to support the activities of the Pastoral Center and amounted to $24,064 and $24,553 in 2022 and 2021, respectively. This assessment is eliminated in the consolidated financial statements.

Expenses—School Programs—As of June 30, 2022, the Archdiocese and Parishes operated 152 elementary schools and 3 high schools. As of June 30, 2021, the Archdiocese and Parishes operated 153 elementary schools and 3 high schools. A summary of school programs expenses for the years ended June 30, 2022 and 2021, prior to consolidation, eliminations, and reclassifications is as follows:

	2022	2021
Salaries, wages, and benefits	$ 258,226	$ 245,356
Utilities, repairs, and insurance	36,994	32,038
Books and instructional materials	11,805	10,563
Depreciation and other expenses	33,257	31,453
Total expenses—school programs	$ 340,282	$ 319,410

Expenses exceeded school revenues (tuition and related fees) by $33,610 and $50,667 in 2022 and 2021, respectively. These excess costs were financed from general parish revenues and reserves, special fundraising activities, and grants from the Archdiocese. The data above does not include 8 private elementary schools and 27 private high schools within Cook and Lake counties of Illinois operated by various religious orders as of June 30, 2022, nor does the data above include the 8 private elementary schools and 27 private high schools within Cook and Lake counties of Illinois operated by various religious orders as of June 30, 2021.

4. LIQUIDITY AND AVAILABILITY

Pastoral Center—The following reflects the Pastoral Center's financial assets available for general expenditure within one year of the balance sheet date, June 30, 2022 and 2021, respectively. These liquid assets are reduced by amounts not available for general use due to donor-imposed restrictions and designations, which supports parish and school programs and obligations. Cash and investment assets also include parish, school, and seminary funds.

	2022	2021
Cash and cash equivalents	$ 59,636	$ 48,433
Investments available within one year	424,993	403,500
Loans to parishes	972	1,066
Pledge receivables	1,635	2,816
Other receivables	511	441
Other assets	3,084	3,000
	490,831	459,256
Less amounts unavailable for general expenditures:		
Donor-imposed restrictions:		
Temporary in nature	(16,114)	(14,684)
Perpetual in nature	(4,841)	(5,130)
	469,876	439,442
Management designated:		
Parish and school funds	(246,550)	(244,610)
Seminary and affiliate investment funds	(81,775)	(88,641)
Pastoral Center funds to support parishes, education, and faith formation	(27,380)	(27,027)
Required to meet self-insurance program obligations	(58,383)	(31,040)
Total financial assets available within one year for general expenditure	$ 55,788	$ 48,124

The Pastoral Center's investments include donor-imposed restricted endowments and funds designated by management as endowments from fund-raising efforts and parish, school and affiliate funds. Donor-imposed restricted endowment funds are not available for general expenditures and, thus, excluded in calculating liquid assets.

The Pastoral Center manages its liquidity by developing and adopting an annual operating budget that provides sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due during the annual operating budget period and in subsequent years. Actual performance is reported and monitored in comparison to budget. Adjustments are made to plan as needed to ensure adequate liquidity. Management's liquidity plan includes investing cash and savings program balances in short-term investments.

Cemeteries—The following represents the Cemeteries financial assets available for general expenditures within one year of the balance sheet date, June 30, 2022 and 2021, respectively. These liquid assets are reduced by amounts not available for general use due to designations:

	2022	2021
Cash and cash equivalents	$ 16,515	$ 13,762
Installment contracts receivable	10,519	13,227
Investments available within one year	541,393	603,738
	568,427	630,727
Less amounts unavailable for general expenditures—designated funds	(75,238)	(81,428)
Total financial assets available within one year for general expenditure	$ 493,189	$ 549,299

The Cemeteries goal is to maintain available financial assets to meet one year of budgeted operating and capital expenditures. Cash is monitored on a daily basis (receipts & disbursements) to meet 30 days of normal operating expenses. Installment Contracts Receivable includes contractual payments due from customers for the next twelve months. Investments include funds designed by management related to Tranche I Bond Principal and Future Landfill Obligations. A portion of the designated landfill investment is not available for general use within one year of the balance sheet date due to the nature of the underlying investments and therefore is excluded from the calculation above.

Charitable Activities—The following reflects the Charitable activities' financial assets available for general expenditure within one year of the balance sheet date, June 30, 2022 and 2021, respectively. These liquid assets are reduced by amounts not available for general use due to Board designation and donor-imposed restrictions:

	2022	2021
Cash and cash equivalents	$ 57,219	$ 58,546
Investments	970,593	1,068,973
Accounts receivable	39,570	30,839
Contributions and pledge receivables	9,851	10,080
Other receivables	2,232	4,077
Other assets	5,697	7,404
Cash surrender value of life insurance policies	2,214	2,095
	1,087,376	1,182,014
Less:		
Donor-imposed restrictions:		
Temporary in nature	(37,200)	(33,705)
Perpetual in nature	(45,043)	(44,804)
	1,005,133	1,103,505
Less—board-designated	(687,534)	(753,606)
Total financial assets available within one year for general expenditure	$ 317,599	$ 349,899

The designation is comprised of funds designated by each of the Charitable activities' boards to provide the entities with funding for construction of new homes and program operations in the event of a major withdrawal of public funding. The donor-imposed restrictions require resources to be used in a particular manner, or represent funds that will be received in future time periods. Income from donor-restricted endowments perpetual in nature is restricted for a specific purpose and, therefore, is not available for general expenditure.

Parishes and Schools—The following reflects the parishes and schools' financial assets available for general expenditure within one year of the balance sheet date, June 30, 2022 and 2021, respectively. These liquid assets are reduced by amounts not available for general use due to parishioner and donor-imposed restrictions and obligations:

	2022	**2021**
Cash and cash equivalents	$ 202,073	$ 206,156
Deposits with the Archdiocesan Pastoral Center available within one year	246,550	244,610
Pledge receivables	325	1,809
Other receivables	4,285	3,589
	453,233	456,164
Less amounts unavailable for general expenditure—donor-imposed restrictions—temporary in nature	(64,214)	(71,351)
	389,019	384,813
Management designated:		
Parish assets to support faith formation and education	(66,301)	(64,247)
Unpaid obligations to Pastoral Center Archdiocesan Bank	(147,673)	(158,069)
Total financial assets available within one year for general expenditure of parishes and schools	$ 175,045	$ 162,497

The parish and school investments include donor-imposed restricted endowments which are not available for general expenditures and, thus, excluded in calculating liquid assets. As parishes are separate juridic persons, canonically distinct from the Archdiocese of Chicago, the Catholic Bishop of Chicago, a corporation sole, holds parish financial assets in trust for the benefit of each parish.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy is used in selecting inputs, with the highest priority given to Level 1, as these are the most transparent or reliable:

Level 1—Quoted prices for identical instruments in active markets.

Level 2—Inputs other than Level 1 that are observable either directly or indirectly, such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable in active markets.

Level 3—Valuations derived from valuation techniques in which one or more significant inputs are not observable.

Investments Measured at Net Asset Value—Investments that establish fair value using the net asset value per share (NAV) or its equivalent as a practical expedient.

The Archdiocese attempts to establish fair value as an exit price in an orderly transaction consistent with normal settlement market conventions. The Archdiocese is responsible for the valuation process and seeks to obtain quoted market prices for all securities. When quoted market prices in active markets are not available, the Archdiocese uses independent pricing services to establish fair value.

Investments Measured at Fair Value—Investments measured at fair value on a recurring basis as of June 30, 2022 and 2021, are summarized below:

2022	**Level 1**	**Level 2**	**Level 3**	**Investments Measured at NAV**	**Total**
Invested cash	$ 294,237	$ -	$ -	$ -	$ 294,237
Equity investments	596,921	-	-	-	596,921
Fixed income investments	124,214	189,200	-	-	313,414
Investments measured at NAV:					
Commingled funds	-	-	-	62,290	62,290
Marketable alternative equity	-	-	-	692,159	692,159
Fixed income	-	-	-	19,012	19,012
Marketable energy and commodities	-	-	-	6	6
Real estate	-	-	-	71,539	71,539
Private investment funds	-	-	-	311,035	311,035
Total investments measured at NAV	-	-	-	1,156,041	1,156,041
Split-interest trust agreements	-	-	1,985	-	1,985
Beneficial interest in real estate trust	-	-	86	-	86
Total	$1,015,372	$189,200	$2,071	$1,156,041	$2,362,684

2021	**Level 1**	**Level 2**	**Level 3**	**Investments Measured at NAV**	**Total**
Invested cash	$ 257,304	$ -	$ -	$ -	$ 257,304
Equity investments	741,982	-	-	-	741,982
Fixed income investments	134,441	252,154	-	-	386,595
Investments measured at NAV:					
Commingled funds	-	-	-	52,602	52,602
Marketable alternative equity	-	-	-	766,369	766,369
Fixed income	-	-	-	30,353	30,353
Marketable energy and commodities	-	-	-	6	6
Real estate	-	-	-	36,372	36,372
Private investment funds	-	-	-	220,897	220,897
Total investments measured at NAV	-	-	-	1,106,599	1,106,599
Split-interest trust agreements	-	-	2,010	-	2,010
Beneficial interest in real estate trust	-	-	86	-	86
Total	$1,133,727	$252,154	$2,096	$1,106,599	$2,494,576

The Archdiocese did not transfer any investments between levels within the general investment portfolio.

Investments measured at NAV are composed of marketable alternative equity investments, marketable energy and commodities, fixed income, and private equity investments. These investments are valued utilizing the NAVs provided by the investment funds as a practical expedient, without adjustments, when the NAVs of the investment funds are calculated in accordance with generally accepted accounting principles. The NAVs developed by external investment managers are accepted or adjusted through a valuation review performed by management. For the years ended June 30, 2022 and 2021, management made no such valuation adjustments.

A summary of the unfunded commitments and redemptions restrictions of the Archdiocese's investment measured at NAV by major category as of June 30, 2022 and 2021, is as follows:

2022	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Side Pocket Investments(*)	Lockups/Gates
Marketable alternative equity	$ 692,159	$ 471	Daily - 5 years	1 - 126 days	$6,267	Rolling, 1 month - 2 year lock-u
Commingled funds	62,290	-	Daily - Monthly	1 - 95 days	-	N/A
Fixed income	19,012	-	Daily - Monthly	1 -65 days	-	1/3 annually rolling
Marketable energy and commodities	6	-	1 - 12 months	22-90 days	-	1/3 annually rolling
Real estate	71,539	-	Quarterly	45-90 days	-	2 - 6 years
Private investment fun	311,035	160,678	Quarterly	> 90 days	-	3 - 5 years
Total	$1,156,041	$161,149			$6,267	

2021	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Side Pocket Investments(*)	Lockups/Gates
Marketable alternative equity	$ 766,369	$ 11,940	Monthly—5 years	7–126 days	$1,882	Rolling, 1–19 month lock-up
Commingled funds	52,602	-	Daily—Monthly	1–95 days	-	N/A
Fixed income	30,353	-	Daily	1 day	-	1/3 annually rolling
Marketable energy and commodities	- 6	-	1–12 months	1–90 days	-	1/3 annually rolling
Real estate	36,372	-	Quarterly	45–90 days	-	2–6 years
Private investment fun	220,897	183,515	N/A	N/A	-	N/A
Total	$1,106,599	$195,455			$1,882	

(*) The Archdiocese may participate in side-pocket investments, either at the Archdiocese's discretion or that of the investment adviser who manages the investment fund in which the Archdiocese invests. A side-pocket investment is generally less liquid than others in an investment fund and will be subject to different terms and conditions, including more significant restrictions on redemptions.

The following section describes the valuation methodologies used to measure different assets at fair value, including an indication of the level in the fair value hierarchy in which the asset is generally classified. The Archdiocese uses prices and inputs that are current as of the measurement date, obtained through a third-party custodian from independent pricing services or the underlying investment managers.

Invested cash includes money market mutual funds and certificates of deposit and are generally categorized in Level 1 of the fair value hierarchy.

Equity investments include common stock and equity mutual funds. Common stock is valued based on quoted prices from an exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are generally categorized in Level 1 of the fair value hierarchy.

Equity mutual funds are valued based on the NAV as computed once per day based on the quoted market prices of the securities in the fund's portfolio and are generally categorized in Level 1 of the fair value hierarchy.

Fixed income investments include fixed income mutual funds and government bonds. Fixed income mutual funds are valued based on the NAV as computed once per day based on the quoted market prices of the securities in the fund's portfolio and are generally categorized in Level 1 of the fair value hierarchy. Government bonds are estimated using recently executed transactions, market price quotations (where observable), or bond spreads. If the spread data does not reference the issuer, then data that reference a comparable issuer are used. Government bonds are generally categorized in Level 2 of the fair value hierarchy.

Private investment funds include private equity, venture capital, oil & gas, real estate, and private credit funds. The Pastoral Center uses NAV to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement policies of an investment company or have the attributes of an investment company.

Split-interest trust agreements are valued as an annuity in perpetuity and generally categorized in Level 3 of the fair value hierarchy.

Beneficial interest in real estate trusts is valued using the fair value of the assets held in the trust reported by the trustee as of June 30, 2022 and is categorized as a Level 3 of the fair value hierarchy because even though that measurement is determined by the trustee, the entity will never receive those assets or have the ability to direct the trustee to redeem them.

The Archdiocese uses NAV to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement policies of an investment company or have the attributes of an investment company.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the fair values of investments could occur in the near term and that such changes could materially affect the investment amounts reported in the accompanying statements of financial position and statements of activities.

Investments as of June 30, 2022 and 2021, are held by the following entities:

	2022	2021
Cemeteries	$ 752,867	$ 813,812
Pastoral Center	293,989	249,061
Pastoral Center—on behalf of Parishes	124,974	125,027
Pastoral Center—on behalf of seminaries	104,148	113,580
Misericordia	744,441	825,161
Maryville	73,153	87,324
Charities	103,999	113,778
Mercy	153,448	156,946
PRMAA	11,665	9,887
Total	$ 2,362,684	$ 2,494,576

6. ENDOWMENTS

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

The Archdiocese has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor permanently restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Archdiocese classifies as permanently restricted net assets (a) the original value of gifts, (b) the original value of subsequent gifts, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment net asset composition by type of fund as of June 30, 2022 and 2021, is as follows:

2022	Without Donor Restrictions	With Donor Restrictions—Temporary In Nature	With Donor Restrictions—Perpetual In Nature	Total
Donor—restricted funds	$ -	$ 18,820	$ 82,348	$ 101,168
Designated funds	786,038	-	-	786,038
Total funds	$ 786,038	$ 18,820	$ 82,348	$ 887,206

2021	Without Donor Restrictions	With Donor Restrictions—Temporary In Nature	With Donor Restrictions—Perpetual In Nature	Total
Donor—restricted funds	$ -	$ 22,615	$ 55,567	$ 78,182
Designated funds	861,175	-	23,028	884,203
Total funds	$ 861,175	$ 22,615	$ 78,595	$ 962,385

Changes in endowment net assets for the years ended June 30, 2022 and 2021, are as follows:

2022	Without Donor Restrictions	With Donor Restrictions—Temporary In Nature	With Donor Restrictions—Perpetual In Nature	Total
Endowment net assets—beginning of year	$ 861,175	$ 22,615	$ 78,595	$ 962,385
Investment return	(74,725)	(3,238)	(5,843)	(83,806)
Contributions and transfers	1,102	25	9,827	10,954
Transfer of net assets	-	-	(90)	(90)
Appropriation of endowment assets for expenditures	(1,514)	(582)	(141)	(2,237)
Endowment net assets—end of year	$ 786,038	$ 18,820	$ 82,348	$ 887,206

2021	Without Donor Restrictions	With Donor Restrictions—Temporary In Nature	With Donor Restrictions—Perpetual In Nature	Total
Endowment net assets—beginning of year	$ 670,996	$ 13,333	$ 71,169	$ 755,498
Investment return	190,355	16,084	7,281	213,720
Contributions and transfers	1,590	25	630	2,245
Transfer of net assets	-	-	(51)	(51)
Appropriation of endowment assets for expenditures	(1,766)	(6,827)	(434)	(9,027)
Endowment net assets—end of year	$ 861,175	$ 22,615	$ 78,595	$ 962,385

Funds with Deficiencies—From time to time, the fair value of assets associated with individual donor permanently restricted funds may fall below the level that the donor or UPMIFA requires the Archdiocese to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies of this nature as of June 30, 2022 and 2021.

Return Objectives and Risk Parameters—The Archdiocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Archdiocese must hold in perpetuity or for a donor-specified period(s) as well as designated funds. The Archdiocese expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives—To satisfy its long-term rate-of-return objectives, the Archdiocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy— The Archdiocese has a policy of appropriating for distribution each year up to 5% of its designated endowment fund's average fair value over the prior four quarters through March 31 preceding the fiscal year in which the distribution is planned. In establishing this policy, the Archdiocese considered the long-term expected return on its endowment. Accordingly, over the long term, the Archdiocese expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

7. NET ASSETS

Net assets as of June 30, 2022 and 2021, comprise the following:

2022	Unrestricted Undesignated	Unrestricted Designated	Restricted Temporary in Nature	Restricted Perpetual in Nature	Total
Parishes	$ -	$ 862,182	$ 65,478	$ -	$ 927,660
Charitable activities	-	1,155,883	37,121	56,689	1,249,693
Cemeteries	-	162,258	-	-	162,258
Pastoral Center	(213,853)	61,604	50,388	25,659	(76,202)
PRMAA	-	(103,192)	-	-	(103,192)
Consolidating entries	-	139,739	-	-	139,739
Total	$ (213,853)	$ 2,278,474	$ 152,987	$ 82,348	$ 2,299,956

2021	Unrestricted Undesignated	Unrestricted Designated	Restricted Temporary in Nature	Restricted Perpetual in Nature	Total
Parishes	$ -	$ 828,276	$ 71,694	$ -	$ 899,970
Charitable activities	-	1,202,356	38,440	53,009	1,293,805
Cemeteries	-	97,660	-	-	97,660
Pastoral Center	(157,460)	67,616	57,069	25,586	(7,189)
PRMAA	-	(129,753)	-	-	(129,753)
Consolidating entries	-	146,642	-	-	146,642
Total	$ (157,460)	$ 2,212,797	$ 167,203	$ 78,595	$ 2,301,135

All unrestricted net assets are designated for the use of the specific consolidated entity, with the exception of the Pastoral Center's net assets not designated for seminary operations.

With donor restrictions net assets as of June 30, 2022 and 2021, are available for the following purposes and periods:

	2022	2021
With donor restrictions:		
With donor restrictions—temporary in nature:		
Time-restricted contributions	$ 7,338	$ 5,784
Program operations	61,408	71,939
Capital development	83,229	88,031
Other	1,012	1,449
Total with donor restrictions—temporary in nature	152,987	167,203
Total with donor restrictions—perpetual in nature	82,348	78,595
Total with donor restrictions	$ 235,335	$ 245,798

Net assets released from net assets with donor restriction as of June 30, 2022 and 2021, by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor are as follows:

	2022	2021
Satisfaction of purpose restriction:		
Program operations	$ 20,373	$ 22,103
Capital development	4,281	6,427
Total satisfaction of purpose restriction	24,654	28,530
Satisfaction of pass of time restriction	4,751	5,956
Total net assets released from net assets with donor restrictions	$ 29,405	$ 34,486

8. LOAN PROGRAM

The Pastoral Center has a parish loan program, which lends at rates generally believed to be below the prevailing commercial interest rate. This program is mainly funded by deposits of surplus funds from Parishes and other religious organizations. At June 30, 2022 and 2021, there were loans outstanding to Parishes, net of allowance for doubtful accounts, aggregating $7,581 and $10,461, respectively, and loans outstanding to other religious organizations, net of allowance for doubtful accounts, of $980 and $1,129, respectively. Loans outstanding to Parishes are eliminated upon consolidation in the statement of financial position. Loans outstanding to Other Religious Organizations are classified as notes, accounts, and pledges receivable in the statement of financial position.

A rollforward schedule of the allowance for doubtful accounts related to gross loans receivable for the year ended June 30, 2022, on a portfolio segment basis, is as follows:

	Parishes		Other Religious Organizations		
	Capital	Operating	Capital	Operating	Total
Allowance for doubtful accounts:					
Beginning of year	$(42,874)	$(55,588)	$(1,264)	$ (15)	$ (99,741)
Provision (expense) benefit	700	111	-	-	811
Write-offs—net of recoveries	1,539	3,894	-	-	5,433
End of year	$(40,635)	$(51,583)	$(1,264)	$ (15)	$ (93,497)
Gross loan receivables—ending balance	$ 47,989	$ 51,810	$ 1,264	$ 995	$102,058

A rollforward schedule of the allowance for doubtful accounts related to gross loans receivable for the year ended June 30, 2021, on a portfolio segment basis, is as follows:

	Parishes		Other Religious Organizations		
	Capital	Operating	Capital	Operating	Total
Allowance for doubtful accounts:					
Beginning of year	$ (44,918)	$ (58,523)	$ (1,264)	$ (87)	$ (104,792)
Provision (expense) benefit	2,044	475	-	-	2,519
Write-offs—net of recoveries	-	2,460	-	72	2,532
End of year	$ (42,874)	$ (55,588)	$ (1,264)	$ (15)	$ (99,741)
Loan receivables—ending balance	$ 53,090	$ 55,833	$ 1,264	$ 1,144	$ 111,331

The ending balance of each financing receivable is evaluated individually, as opposed to collectively, for impairment.

The Pastoral Center determines the allowance for doubtful accounts related to loans based on the creditworthiness of the individual parish or religious organization. The primary factors used to evaluate loan collectability include performance, both during the fiscal year and, in the future, based on available financial resources. Category 1 indicates that the parish or other religious organization is deemed financially sound. Category 5 indicates that there is substantial doubt that the parish or religious organization will be able to repay the loan. Categories 2 through 4 indicate that there is some level of doubt regarding loan repayment.

The gross loan balance by creditworthiness category as of June 30, 2022, is as follows:

	Parishes		Other Religious Organizations		
	Capital	Operating	Capital	Operating	Total
Creditworthiness category:					
1	$ 7,307	$ -	$ -	$ 980	$ 8,287
2	53	252	-	-	305
3	-	-	-	-	-
4	-	-	-	-	-
5	40,629	51,558	1,264	15	93,466
	$ 47,989	$ 51,810	$ 1,264	$ 995	$ 102,058

The gross loan balance by creditworthiness category as of June 30, 2021, is as follows:

	Parishes		Other Religious Organizations		
	Capital	Operating	Capital	Operating	Total
Creditworthiness category:					
1	$ 8,952	$ 86	$ -	$ 1,129	$ 10,167
2	1,184	181	-	-	1,365
3	398	-	-	-	398
4	-	-	-	-	-
5	42,556	55,566	1,264	15	99,401
	$ 53,090	$ 55,833	$ 1,264	$ 1,144	$ 111,331

9. LAND, BUILDINGS, AND EQUIPMENT

The Archdiocese purchases sites that are reasonably foreseen to be necessary for future development and disposes of bequeathed income property and parish facilities that are no longer expected to be used.

Undeveloped realty as of June 30, 2022 and 2021, consists of the following sites for future development:

	2022	2021
Future parish sites	$ 6,936	$ 6,936
Cemeteries	19,136	19,136
	$ 26,072	$ 26,072

In addition to undeveloped realty, the Archdiocese had land, buildings, and equipment as of June 30, 2022, as follows:

	Land	Buildings and Equipment	Construction in Progress	Accumulated Depreciation	Total
Parishes	$ 154,809	$ 2,033,980	$ -	$ (1,419,273)	$ 769,516
Charitable activities	68,952	479,329	23,926	(247,615)	324,592
Pastoral Center	13,634	209,479	-	(155,021)	68,092
Cemeteries	6,752	93,526	603	(49,041)	51,840
Total	$ 244,147	$ 2,816,314	$ 24,529	$ (1,870,950)	$ 1,214,040

In addition to undeveloped realty, the Archdiocese had land, buildings, and equipment as of June 30, 2021, as follows:

	Land	Buildings and Equipment	Construction in Progress	Accumulated Depreciation	Total
Parishes	$ 158,986	$ 2,035,861	$ -	$ (1,400,573)	$ 794,274
Charitable activities	66,916	458,350	23,489	(239,089)	309,666
Pastoral Center	13,634	201,106	-	(151,428)	63,312
Cemeteries	6,752	88,359	339	(46,422)	49,028
Total	$ 246,288	$ 2,783,676	$ 23,828	$ (1,837,512)	$ 1,216,280

Depreciation and accretion expense for the years ended June 30, 2022 and 2021, was $67,424 and $71,381, respectively.

10. BORROWINGS

A summary of borrowings as of June 30, 2022 and 2021, are as follows:

	2022	2021
Pastoral Center $100,000 notes payable, due April 25, 2032, interest rate is fixed at 5.14%	$ 62,498	$ 67,167
Pastoral Center $150,000 notes payable, due June 30, 2042, interest rate is fixed at 5.75%	150,000	
Pastoral Center $60,000 notes payable, due October 2, 2024, interest rate is fixed at 5.85%	-	60,000
Pastoral Center $75,000 term loan, due January 18, 2022, interest rate is LIBOR plus 165bps (0% and 1.74% at June 30, 2022 and 2021, respectively)	-	37,000
Catholic Charities revenue refunding bond: Series 2014, loan payable to Wintrust Bank, due January 1, 2028, variable interest rate adjusted monthly, weighted-average interest rate of 1.15% and 1.04%, respectively	10,070	10,070
Porta Coeli note payable to City of Chicago, due in a lump sum on December 1, 2054; interest free	760	760
St. Sabina note payable to City of Chicago, due in a lump sum on June 1, 2039; interest free	388	388
All Saints note payable to City of Chicago, due in a lump sum on December 2, 2052; interest free	893	893
Catholic Charities note payable to Sisters of Saint Casimir, due in annual installments through December 1, 2034, interest free	2,600	2,800
Catholic Charities mortgages payable to HUD due in equal monthly installments through 2033, interest rate 8.375%	3,864	4,089
Catholic Charities mortgages payable to Illinois Housing Development Authority, due in equal monthly installments, with additional principal payments required based on residual receipts, interest free	1,005	1,006
St. Leo note payable to the Veteran's Administration, due in monthly installments through 2045, interest rate 4.78%	3,971	-
St. Leo mortgage payable to the Illinois Housing Development Authority, monthly installments of $100, principal due in 2046, interest free	732	-
Total, before discount of interest free note payable—net	236,781	184,173
Less discount of interest free note payable	(438)	(513)
Total long-term debt—net	$ 236,343	$ 183,660

Principal payments as of June 30, 2022, are due as follows:

Years Ending June 30	
2023	$ 5,458
2024	5,742
2025	6,040
2026	6,356
2027	10,979
Thereafter	202,206
Total	$ 236,781

Debt Covenants—The Pastoral Center, along with Cemeteries, and Charities are required to meet certain debt covenants related to minimum liquidity levels and investment-to-debt ratios. The Pastoral Center, along with Cemeteries, and Charities were in compliance with financial debt covenants at June 30, 2022 and 2021.

Deferred Debt Issuance Costs—Expenses related to the procurement and underwriting of the direct obligation notes and revenue bonds have been deferred and are being amortized. These costs, net of accumulated amortization, are $3,093 and $1,030 as of June 30, 2022 and 2021, respectively, and are recorded as a reduction in borrowings in the consolidated statements of financial position.

Debt Offering—The Catholic Bishop of Chicago issued $150,000 of 2021 Senior Revenue Bonds with a maturity date of July 25, 2041 through the Public Finance Authority in August 2021, with issuance costs of $2,421. The proceeds from the sale of the 2021 Senior Revenue Bonds have been applied against the existing notes payable due October 2, 2024 for the $60,000 original principal amount, interest of $1,180, and make-whole payments of $5,890 in fiscal year 2022. The issuance costs of $27 for the notes payable were written off in fiscal year 2022. The 2021 Senior Revenue Bond proceeds were also applied against the $37,000 term loan balance, due January 18, 2022, and interest of $60. The issuance costs of $271 for the term loan were written off in fiscal year 2022. The remaining amount of the proceeds will be used for general corporate purposes. In August 2021, the notes payable due October 2, 2024 and the term loan due January 18, 2022 were fully extinguished.

11. REFUNDABLE GRANT ADVANCES

Under the terms of the federally funded program, Catholic Charities received certain HUD Supportive Housing for the Elderly (Section 202) grant advances and Affordable Housing Project Loans. Three Residences (Roseland Manor, Hayes Manor, and St. Brendan Apartments) received additional grant advances from HUD under the Green Retrofit Program for Multifamily Housing. The grant advances were funded by the American Recovery and Reinvestment Act of 2009 and were utilized for energy and green retrofit investments in the properties. As a condition for receiving these grant advances, the 40-year term was extended by 15 years.

Total advances as of June 30, 2022 and 2021, were as follows:

Project	Advance 2022	Advance 2021	End of Commitment
Matthew Manor	$ 4,016	$ 4,016	December 1, 2035
Tolton Manor	5,515	5,515	July 1, 2036
Frances Manor	4,823	4,823	April 1, 2037
Lawrence Manor	8,215	8,215	October 1, 2039
Bernardin Manor	13,990	13,990	June 1, 2040
St. Ailbe Faith Apartments	6,836	6,836	July 1, 2040
St. Sabina Elders Village	6,728	6,728	September 1, 2040
St. Ailbe Hope Apartments	814	814	March 1, 2041
Ozanam Village Apartments	5,152	5,152	May 1, 2041
St. Ailbe Love Apartments	6,300	6,300	February 1, 2042
St. Peter Claver Courts	7,749	7,749	March 1, 2043
Bishop Goedert Residence	9,592	9,592	December 1, 2044
St. Vincent De Paul Residence	10,891	10,891	November 1, 2045
Donald W. Kent Residence	8,975	8,975	January 1, 2046
Pope John Paul II Residence	2,253	2,253	September 1, 2046
Roseland Manor	912	912	March 1, 2047
St. Francis of Assisi Residence	11,319	11,319	November 1, 2047
Hayes Manor	631	631	June 1, 2048
St. Brendan Apartments	8,828	8,828	July 1, 2060
All Saints Residence	7,017	7,017	November 1, 2052
Porta Coeli Residence	14,357	14,357	November 1, 2054
Total HUD grant advances	144,913	144,913	
Affordable housing project loans	9,482	9,482	Various through 2060
Total refundable grant advances	$ 154,395	$ 154,395	

12. EMPLOYEE BENEFITS

Pastoral Center—The Archdiocese has a noncontributory pension plan covering substantially all lay employees of the Pastoral Center, Parishes, and participating charitable organizations. The Pastoral Center charges Parishes and participating charitable organizations for pension costs. The plan provides annual retirement benefits (over and above normal Social Security benefits) equal to 1.375% of annual pay for each year of employment based on the career average salary without limitation as to amount of salary or term of service before normal retirement age. For employment years prior to 1997, the salary was computed using the average salary during 1997 to 2001. A participant is 100% vested after five years of service.

During 2007, the pension plan was amended, effective July 1, 2007, to freeze benefit accruals and participation as of that date.

The significant contributing factors to the change in the funded status are the increase in the discount rate from 2.84% to 4.67% and the change in the assumed rates of retirement from active status which were offset by changes in the mortality improvement scale and actual return on the fair value of plan assets since the prior measurement date less than assumed.

The Pastoral Center has a defined contribution plan under Internal Revenue Code Section 403(b), which includes an employer matching contribution. The matching contribution is available to all lay benefits-eligible employees of the Pastoral Center, Parishes, and certain other Archdiocesan entities. The employer match is 50% of an employee's contribution, up to a maximum of 4% of gross salary. Vesting in the match occurs at 25% per year. The Archdiocese contributed to the plan and incurred expense of $4,675 and $0 in 2022 and 2021, respectively. The Archdiocese 403(b) plan's employer match was temporarily suspended as of June 2020. The Archdiocese 403(b) plan's employer match resumed in December 2022.

Effective July 1, 2007, the Archdiocese implemented the share plan contribution to replace the defined benefit pension plan for full-time and benefits-eligible part-time employees. Under the share plan, the Archdiocese makes a contribution to the eligible employees' 403(b) retirement plan accounts. The contribution is a percentage of gross pay and is deposited each quarter. For eligible employees hired on or before June 30, 2007, the quarterly contribution is an age-weighted percentage of the employee's gross earnings, and that percentage increases as employees advance in age, based on age as of January 1 each year.

Share plan contributions for employees who became eligible or were hired on or after July 1, 2007, are based on a flat percentage of gross earnings, regardless of age. The flat contribution can range from 1.25% to 5% as determined annually by the Archdiocese. The share plan has the same five-year cliff vesting as the defined benefit pension plan. The Archdiocese contributed to the plan and incurred expense of $4,406 and $0 in 2022 and 2021, respectively. The Archdiocese 403(b) plan's employer match was temporarily suspended as of June 2020. The Archdiocese 403(b) plan's employer match resumed in December 2022.

Cemeteries—The Cemeteries sponsors a contributory defined benefit retirement plan for field employees and a noncontributory defined benefit plan for administrative employees. Eligibility for both plans is based on certain minimum service requirements. Benefits for both plans are based on compensation and for the administrative plan, years of service. The contributory defined benefit retirement plan is funded through contracts administered by Metropolitan Life Insurance Company. The noncontributory defined benefit plan is funded through contracts administered by Metropolitan Life Insurance Company and Prudential Insurance Company. Cemeteries funds the plans based on actuarial funding recommendations using the aggregate cost method.

The most significant contributing factor to the change in the funded status was that Actuarial gains in the benefit obligation were $17,500 in 2022 due to 178 basis point and 177 basis point increases in discount rates in the administrative and field discount plans respectively.

The Cemeteries also provides health care benefits to administrative retired employees based on hire date and years of service. The postretirement health care plan is unfunded.

The most significant contributing factor to the change in the funded status was that Actuarial gains in the benefit obligation were $15,900 in 2022 due to 204 basis point increase in discount rate in the plan.

Charitable Activities—Charities sponsors a noncontributory defined benefit pension plan covering substantially all lay employees. The plan is funded through the plan trustee. The plan provides annual retirement benefits (over and above normal Social Security benefits) equal to 1.125% of average earnings within the last five years of service multiplied by the number of years of full-time service up to 15 years, plus 1.5% of average earnings, as defined above, multiplied by the number of years of service in excess of 15 years.

Effective July 1, 2019, employees with less than 20 years of credited service in the pension plan will not accrue any additional benefits after that date. Employees with more than 20 years of credited service will continue to accrue benefits under the pension plan.

The significant contributing factors to the change in the funded status are the increase in the discount rate from 2.95% to 4.80% and the change in the assumed rates of retirement from active status which were offset by changes in the mortality improvement scale and actual return on the fair value of plan assets since the prior measurement date less than assumed.

Charities has a defined contribution plan under Internal Revenue Code Section 403(b) covering all new employees hired after July 1, 2002, as well as employees hired before July 1, 2002, who have opted out of the postretirement medical and dental benefits plan. The eligibility guidelines are based on one year of service and employees who work at least 20 hours per week. Charities contributes 1% of all participants' compensation, plus matching contributions of 1.5% of the individual participant's compensation. Total employer contributions and expense for the years ended June 30, 2022 and 2021, were approximately $1,641 and $2,265, respectively.

Charities offers certain medical and dental benefits for retired employees subject to a cap. Prior to January 1, 2022, the cap was $0.4 per month per retiree or $0.6 per month for retiree and spouse. On January 1, 2022, the cap was reduced to $0.25 per month for each retiree. This change has resulted in an actuarial gain of $7,188 for the year ended June 30, 2022.

For the years ended June 30, 2022 and 2021, plan measures of the benefit obligation and net periodic postretirement benefit cost are actuarially equivalent and include Medicare Part D subsidies. However, future obligations have not been reduced for anticipated subsidy collections because the amount is difficult to determine and management believes the effect is not material.

The postretirement benefit liability is $7,921,015 and $17,943,883 at June 30, 2022 and 2021, respectively. The significant contributing factors to the change in the funded status are the increase in the discount rate from 2.67% to 4.68% and the reduction of the monthly cap to $250 per retiree.

Maryville sponsors a noncontributory defined benefit pension plan covering substantially all lay employees. The plan is funded through the plan trustee. The plan provides annual retirement benefits (over and above normal Social Security benefits) equal to 1.125% of average earnings within the last five years of service multiplied by the number of years of full-time service up to 15 years, plus 1.5% of average earnings, as defined above, multiplied by the number of years of service in excess of 15 years. Plan assets consist primarily of mutual funds and fixed income securities. Effective December 31, 2014, Maryville amended the defined benefit pension plan, closing the plan to employees hired after December 31, 2014 and freezing future benefit accruals to participants in the plan as of that date.

The primary contributing factors to the change in the funded status were the increase in the discount rate from 2.75% to 4.46% and the change in return on the fair value of plan assets since the prior measurement date.

Maryville provides certain medical and dental benefits for retired employees. Maryville employees do not contribute to the cost of this benefit plan. The obligation is funded by Maryville on an annual basis, and the assets for this plan are segregated and held in a separate legal trust.

The primary contributing factors to the change in the funded status were the increase in the discount rate from 2.50% to 4.31% and the change in return on the fair value of plan assets since the prior measurement date.

PRMAA—In 1999, PRMAA established a defined contribution plan covering substantially all active priests. The plan operates as a deferred salary arrangement under Section 403(b) of the Internal Revenue Code. Under the plan, participating priests may defer a portion of their pretax earnings. PRMAA matches 50% of each priest's contributions, up to a maximum matching contribution of $500; however, PRMAA's contributions are discretionary.

The Archdiocese sponsors, through PRMAA, a defined benefit pension plan covering all the priests of the Archdiocese. The pension plan provides a flat benefit that varies depending on whether the retired priest resides in an ecclesiastical institution. The plan is funded based on actuarial funding determinations. Plan assets consist of deposits in an insurance company separate account and in a bank trust account. Plan expenses are borne by the pension plan.

The primary contributing factors to the change in the funded status were the increase in the discount rate from 2.86% to 4.68% and the change in return on the fair value of plan assets since the prior measurement date.

Certain insurance (medical, life, and auto) and other aid are provided to retired priests. Retired priests do not contribute to the cost of these benefit plans, and the plans are currently not funded. These benefits are administered and partially funded through PRMMA.

The primary contributing factors to the change in the funded status were the increase in the discount rate from 3.16% to 4.81% and the change in return on the fair value of plan assets since the prior measurement date.

The Archdiocese uses a June 30 measurement date for its plans.

Summary information for all plans as of June 30, 2022 and 2021, is as follows:

	2022		2021	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
Accumulated benefit obligation	$ 969,064	$ 110,716	$ 1,203,180	$ 155,484
Projected benefit obligation	$ 981,393	$ 110,716	$ 1,212,403	$ 155,484
Plan assets at fair value	874,475	3,429	1,087,796	4,010
Funded status	$ (106,918)	$ (107,287)	$ (124,607)	$ (151,474)
Accrued benefit cost	$ (106,918)	$ (107,287)	$ (124,607)	$ (151,474)
Amounts recognized in the combined statements of financial position—asset	$ -	$ 154	$ 31,790	$ -
Amounts recognized in the combined statements of financial position—liability	$ (106,918)	$ (107,441)	$ (156,397)	$ (151,474)
Benefit cost	$ 856	$ 6,256	$ 5,722	$ 10,404
Employer contributions	$ 7,204	$ 4,239	$ 7,641	$ 5,461
Participant contributions	$ 167	$ 624	$ 332	$ 693
Medicare Part D subsidy	$ -	$ 61	$ -	$ 185
Benefits paid	$ (57,461)	$ (5,184)	$ (60,779)	$ (6,599)

The pension and postretirement plans accumulated losses and prior service credits not yet recognized as a component of periodic pension and postretirement expense, but accumulated in unrestricted net assets for the years ended June 30, 2022 and 2021, are as follows:

	2022		2021	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
Unrecognized actuarial losses	$ 99,901	$ (15,075)	$ 107,266	$ 4,826
Unrecognized prior service costs (credits)	(189)	(9,724)	449	(5,071)
Total accumulated in unrestricted net assets	$ 99,712	$ (24,799)	$ 107,715	$ (245)

The pension plans and postretirement plans items not yet recognized as a component of periodic pension and postretirement expense, but included as a separate charge to net assets during 2022 and 2021, are as follows:

	2022		2021	
	Pension Benefits	**Postretirement Benefits**	**Pension Benefits**	**Postretirement Benefits**
Net actuarial losses/(gains) arising during the period	$ (8,170)	$ (41,405)	$ (72,120)	$ (11,577)
Asset true up	-	-	-	-
Prior service cost (credit)	(367)	-	(367)	-
Reclassification adjustment for recognition of prior service (costs) credits	(363)	(4,653)	(1,233)	(24,977)
Reclassification adjustment for recognition of actuarial losses/(gains)	(2,440)	(288)	(4,431)	(480)
Total recognized as a separate cost/(benefit) to net assets	$ (11,340)	$ (46,346)	$ (78,151)	$ (37,034)

Actuarial assumptions for the plans as of June 30, 2022 and 2021, are as follows:

	2022		2021	
	Pension Benefits	**Postretirement Benefits**	**Pension Benefits**	**Postretirement Benefits**
Weighted-average assumptions used to determine benefit obligations and cost as of June 30:				
Discount rate (obligation)	4.46-4.80%	4.31-4.89%	2.75–2.96%	2.67–3.09%
Discount rate (cost)	2.75-2.96	2.85-5	2.64–2.91	2.37–3.09
Expected return on plan assets	3.5-6	0–5	3.70–6	0–5
Rate of compensation increase	0-4	0–4	0–4	0–4

The Archdiocese determined the overall long-term rate of return on the plans' assets by considering the historical returns and expected future returns for each asset class, as well as the target asset allocation of the plans.

The Archdiocese's investment strategy is to meet its obligations to retired employees. To achieve this objective, the Archdiocese generally invests in a diversified portfolio of investments, including fixed income securities.

The Archdiocese plans to contribute $9,159 to its pension and postretirement plans in fiscal year 2023.

The benefit payments, which reflect expected future services, as appropriate, as of June 30, 2022, are expected to be paid as follows:

Years Ending June 30	Pension Benefits	Postretirement Benefits
2023	$ 104,409	$ 5,050
2024	60,811	5,193
2025	61,457	5,339
2026	62,078	5,505
2027	62,527	5,672
2028–2032	313,645	31,702

Plan Assets—The primary return objectives of the plans are (a) the preservation of principal, (b) to earn a competitive total return consistent with prudent levels of risk, and (c) to create a stream of investment returns to ensure the systematic and adequate funding of actuarially determined benefits through contributions from the Archdiocese and professional management of the plan assets.

This is accomplished through diversification of assets in accordance with the various investment policies. The assets of the pension plans are primarily invested in fixed income securities.

Invested cash includes money market mutual funds and is generally categorized in Level 1 of the fair value hierarchy.

Equity investments include common stock, equity mutual funds, and domestic equity securities. Common stock is valued based on quoted prices from an exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are generally categorized in Level 1 of the fair value hierarchy. Equity mutual funds are valued based on the NAV as computed once per day based on the quoted market prices of the securities in the fund's portfolio and are generally categorized in Level 1 of the fair value hierarchy. Domestic equity securities include investments in large-cap and mid-cap companies located in the United States. Equity securities are valued based on quoted prices from an exchange. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Fixed income mutual funds are valued based on the NAV as computed once per day, based on the quoted market prices of the securities in the fund's portfolio and are generally categorized in Level 1 of the fair value hierarchy if they have a published NAV and "Investments Measured at NAV" of the fair value hierarchy if they don't have a published NAV.

Fixed-income securities are comprised of U.S. government securities, U.S. government agency securities, foreign government agency securities, foreign government securities, municipal bonds, and corporate bonds. The fair value of U.S. government securities, U.S. government agency securities, foreign government agency securities, foreign government securities, municipal bonds, and corporate bonds is estimated using recently executed transactions, market price quotations (where observable) or bond spreads. If the spread data does not reference the issuer, then data that reference a comparable issuer are used. These fixed-income securities are generally categorized in Level 2 of the fair value hierarchy.

Equity separate accounts are privately managed accounts with underlying investments, primarily in equity securities of large cap, mid cap, and small cap companies located in both the United States and offshore. The underlying equity securities are valued based on quoted prices from an exchange, but the separate equity accounts are not actively traded and are therefore categorized in Level 2 of the fair value hierarchy.

The Plan uses NAV to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement policies of an investment company or have the attributes of an investment company.

The information about the Archdiocese's pension plan assets and liabilities measured at fair value as of June 30, 2022 and 2021, by fair value hierarchy, is as follows:

2022	**Level 1**	**Level 2**	**Level 3**	**Assets Measured at NAV**	**Total**
Assets—invested cash	$ 18,898	$ -	$ -	$ -	$ 18,898
Equity Investments	126,933	-	-	-	126,933
Fixed income mutual funds	21,971	-	-	76,457	98,428
Commingled fund	-	-	-	23,312	23,312
Fixed income:					
Corporate bonds	-	318,012	-	-	318,012
Municipal bonds	-	12,640	-	-	12,640
U.S. government agency	-	25,101	-	-	25,101
U.S. government	-	177,803	-	-	177,803
Total fixed income	-	533,556	-	-	533,556
Separate accounts:					
Equity	-	23,880	-	-	23,880
Fixed income alternative	-	-	-	-	-
Real estate	-	778	-	-	778
Variable income accounts	-	996	-	-	996
Total separate accounts	-	25,654	-	-	25,654
Investments measured at NAV:					
Marketable alternative equity	-	-	-	50,276	50,276
Real estate	-	-	-	6,249	6,249
Total investments measured at NAV	-	-	-	56,525	56,525
Total pension plan assets	$ 167,802	$ 559,210	$ -	$ 156,294	883,306
Payable for investment purchase					(8,831)
Total fair value of pension plan net assets					$ 874,475

2021	Level 1	Level 2	Level 3	Assets Measured at NAV	Total
Assets:					
Invested cash	$ 37,918	$ -	$ -	$ -	$ 37,918
Equity Investments	149,666	-	-	-	149,666
Fixed income mutual funds	23,322	-	-	107,558	130,880
Commingled fund	-	-	-	25,382	25,382
Fixed income:					
Corporate bonds	-	387,959	-	-	387,959
Municipal bonds	-	15,758	-	-	15,758
U.S. government agency	-	27,327	-	-	27,327
U.S. government	-	234,041	-	-	234,041
Total fixed income	-	665,085	-	-	665,085
Separate accounts:					
Equity	-	29,473	-	-	29,473
Real estate	-	925	-	-	925
Variable income accounts	-	3,751	-	-	3,751
Total separate accounts	-	34,149	-	-	34,149
Investments measured at NAV:					
Marketable alternative equity	-	-	-	49,557	49,557
Real estate	-	-	-	5,056	5,056
Total investments measured at NAV	-	-	-	54,613	54,613
Total pension plan assets	$ 210,906	$ 699,234	$ -	$ 187,553	1,097,693
Payable for investment purchase					(9,897)
Total fair value of pension plan net assets					$ 1,087,796

The information about the Archdiocese's postretirement plan assets measured at fair value as of June 30, 2022 and 2021, by fair value hierarchy, is as follows:

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Invested cash and short-term investments	$ 220	$ -	$ -	$ 220
Common stocks and mutual funds	1,854	-	-	1,854
Fixed income:				
Corporate bonds	-	750	-	750
U.S. government agency	-	223	-	223
U.S. government	-	382	-	382
Total fixed income	-	1,355	-	1,355
Total	$ 2,074	$ 1,355	$ -	$ 3,429
2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Invested cash and short-term investments	$ 157	$ -	$ -	$ 157
Common stocks and mutual funds	2,359	-	-	2,359
Fixed income:				
Corporate bonds	-	703	-	703
U.S. government agency	-	324	-	324
U.S. government	-	467	-	467
Total fixed income	-	1,494	-	1,494
Total	$ 2,516	$ 1,494	$ -	$ 4,010

13. CONTRIBUTED NONFINANCIAL ASSETS

The Charitable activities recognized contributed nonfinancial assets donations of goods and services that would be purchased in the normal course of business that fulfill the mission of the Charitable activities. These gifts are intended to be used by the Charitable activities and only monetized if not deemed useable for operations. The fair market value is determined when the items are initially received. Contributed services are valued and are reported at the estimated fair value in the consolidated financial statements based on current rates for similar services.

	2022	**2021**
Gifts in kind:		
Food	$ 4,036	$ 4,715
Other	1,342	1,166
Total gifts in kind	5,378	5,881
Donated services	423	288
Total contributed nonfinancial assets	$ 5,801	$ 6,169

14. COMMITMENTS AND CONTINGENCIES

Cemeteries owns two landfills, which are the subjects of certain environmental remediation plans required by the Illinois Environmental Protection Agency. Both landfills have been closed for more than 25 years. Engineers have been engaged to study issues related to these sites. While they have developed plans and estimates related to remediation, and remediation has begun, the future costs are only estimable within a wide range covering a period of more than 20 years. The engineering estimates for the total costs of remediation are likely to fall in a range of $7,000 to $30,000.

In order to demonstrate financial assurance that the funds necessary to meet the costs of post-closure care for the landfills will be available when needed, Cemeteries has secured an irrevocable standby letter of credit for $1,900 for the benefit of the Illinois Environmental Protection Agency. The entire $1,900 is secured by restricted cash.

The accrued landfill liability balance related to the Cemeteries' landfill liability obligation was $16,700 and $16,670 as of June 30, 2022 and 2021, respectively, and includes compensation and litigation costs. This balance is included within the "Accounts payable and accrued expense" line of the consolidated statement of financial position.

As of June 30, 2022, the Cemeteries had $1,600 in construction related commitments.

On November 1, 2022, the real estate and operations of Holy Family Villa, a skilled nursing facility, were sold to a third party by Catholic Charities. As part of this closure, management has accrued $3,952 related to estimated insurance claims incurred but not yet reported and is included in Other Liabilities in the Consolidated Statement of Financial Position for the year ended June 30, 2022. Management does not believe any additional costs will be incurred relating to this closure.

Other various legal actions and governmental proceedings involve the CBC or separately incorporated religious organizations under its control. These actions can involve claims for compensatory or punitive damages, as well as other types of relief. Among the pending or potential legal claims against the Archdiocese are some related to allegations of past sexual misconduct by priests. Cost of settlement and legal defense for such claims are managed and reported through an insurance claims reserve (see Note 2). The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material effect on the net assets of the Archdiocese beyond the reserve for insurance claims already reflected in the consolidated statements of financial position. The ultimate liability will change in the future and is sensitive to precedents established by pending court cases, possible legislative action, particularly related to the statutes of limitation, and additional claims that may be asserted in the future.

15. LEASES

Lessee Disclosures

The Archdiocese's lessee arrangement consists of agreements to lease certain office space, copiers, scanners, vehicles, etc., as well as agreements to lease certain apartments for use by Community Care members and the Bishop Lyne Residence for use by the priests of the Archdiocese. The initial terms of the leases range from 1 year to 75 years. Most leases have options to renew at then prevailing market rates. As any extension or renewal is at the sole discretion of the Archdiocese and at this date, is not certain, the renewal options are not included in the calculation of the ROU asset or lease liability. The Archdiocese has agreements with the various affiliates, which are related parties, but these agreements are nominal. As there is no exchange of consideration, they are not deemed to be lease agreements to be evaluated under ASC 842.

The components of lease expense were as follows:

	For the Year Ended June 30, 2022
Lease cost:	
Operating lease cost	$6,539
Financing lease cost:	
Amortization of right-of-use assets	254
Interest on lease liabilities	20
Total lease cost	$6,813

Supplemental cash flow information related to leases was as follows:

	For the Year Ended June 30, 2022
Operating cash flows payments for operating leases	$6,562
Operating cash flows payments for finance leases—interest	140
Financing cash flows payments for finance leases—principal	255

Supplemental statement of financial position information related to leases was as follows:

	As of June 30, 2022
Weighted Average Remaining Lease Term	
Operating leases	1.00–20.24 years
Finance leases	2.05–3.67 years
Weighted Average Discount Rate	
Operating leases	3.00 %
Finance leases	3.00

The maturity of lease liabilities as of June 30, 2022 were as follows:

	Operating Leases	Finance Leases
2023	$ 4,331	$ 237
2024	2,600	198
2025	1,744	119
2026	1,358	54
2027	1,138	-
Thereafter	13,865	-
Total lease payments	25,036	608
Less imputed interest	(6,542)	(13)
Total	$ 18,494	$ 595

Lessor Disclosures

The Archdiocese of Chicago entered into a lease agreement with a telecommunications provider in 2002 to lease its excess Instructional Television Fixed Service ('ITFS') capacity. In 2007, the lease was renewed for an additional five years. As of April 12, 2013, the Archdiocese of Chicago entered into a new lease with Clearwire Spectrum Holdings III LLC, effectively replacing the second renewal term of the existing lease. At that time, the existing lease was in its second renewal term, which began June 14, 2012. The initial term of the new lease began in May 2013 and ends in June 2030, when the lessee first has the option to terminate the lease in writing with respect to the license of call sign WND546.

During the year ended June 30, 2022, the Pastoral Center recognized rental revenue of $2,557 for the ITFS lease. The table below summarizes the expected annual lease revenue to be received by the Pastoral Center for the ITFS lease for the years ended June 30:

	Rental Revenue
2023	$ 2,557
2024	2,557
2025	2,557
2026	2,557
2027	2,557
Thereafter	7,567

Additionally, the Archdiocese of Chicago entered into a lease agreement with the Children's Hospital in 2008 to lease the land on the 155 East Superior property. The initial term of the lease began in May 2008 and ends in May 2107. The agreement was entered into for lease of land subject to permitted exceptions for a term of 99 years commencing on the date when the landlord tenders possession of the premises to the tenant. The agreement gives the tenant a right to renew the term of lease for 2 additional 25-year periods.

During the year ended June 30, 2022, the Pastoral Center recognized rental revenue of $390 for the land lease. The table below summarizes the expected annual lease revenue to be received by the Pastoral Center for the land lease for the years ended June 30:

	Rental Revenue
2023	$ 390
2024	390
2025	390
2026	390
2027	390
Thereafter	31,380

Catholic Charities currently has one lessor arrangement involving a leveraged lease for an on-site health clinic at St. Leo Residence (St. Leo). The clinic was placed in service in May 2007. Development costs of the clinic funded from the proceeds of the Veteran's Administration (VA) loan. The VA operates the clinic as a tenant. St. Leo cannot sell the property independently of the VA and its continuing financial involvement with the clinic is limited to maintenance of the building's exterior common areas. Because substantially all of the financial risks of ownership for the clinic reside with the VA, the original cost of development of the clinic site have been recorded as a leveraged lease. The difference between the carrying value of the clinic and value of the VA lease were recorded as unearned lease revenue, which is being amortized straight-line over the lease period. These amounts are presented as investment in financing lease and unearned lease income on the consolidated statement of financial position. The unamortized values of the investment in financing lease and unearned lease income as of June 30, 2022 are $6,087 and $1,866, respectively.

16. FUNCTIONAL EXPENSES

The summary of expenses by functional classification and reconciliation to total expenses for the year ended June 30, 2022, is as follows:

Functional Expenses	**Program Activities**	**Management and General Expenses**	**Cemeteries**	**Parishes and Schools**	**Fundraising and Development Expenses**	**Total Expenses**
Salaries and employee benefits:						
Salaries	$ 171,836	$ 37,264	$33,829	$ 246,758	$ 6,478	$ 496,165
Employee benefits and payroll taxes	42,396	9,652	-	48,721	1,569	102,338
Total salaries and employee benefits	214,232	46,916	33,829	295,479	8,047	598,503
Insurance program:						
Employee benefits including parishes	78,843	65	-	-	3	78,911
Insurance expenses	37,397	74	-	-	39	37,510
Net periodic pension expense	3,496	-	-	-	-	3,496
Total insurance program	119,736	139	-	-	42	119,917
Parish and school support:						
Contributions for PRMAA	7,376	-	-	-	-	7,376
Parish and agency grants	16,806	-	-	-	-	16,806
Interest expense for deposits and change in value of gift annuities	(7,876)	-	-	-	-	(7,876)
Total parish and school support	16,306	-	-	-	-	16,306
Other expenses:						
Program expenses	18,883	1,841	-	27,335	1,250	49,309
Professional fees	38,112	11,862	-	-	2,024	51,998
Contributions, grants, and assessments	1,238	678	-	-	987	2,903
Borrowings	-	17,500	-	-	-	17,500
Miscellaneous	7,273	2,110	-	34,330	2,017	45,730
Office expenses	2,521	361	-	21,343	233	24,458
Repairs and maintenance	-	-	10,948	60,604	-	71,552
Meals, travel, and transportation	51	70	-	-	10	131
Scholarships	405	-	-	-	-	405
Seminary and vocation program expenses	2,767	273	-	-	255	3,295
Utilities	3,344	2,472	-	35,953	11	41,780
Occupancy	20,350	2,059	-	-	445	22,854
Dues and subscriptions	171	167	-	-	9	347
Printing and publications	3,304	3,121	-	-	3,994	10,419
Cost of cemetery property	-	-	5,950	-	-	5,950
Food purchases	17,756	-	-	-	-	17,756
Distribution of contributed nonfinancial assets	4,670	-	-	-	-	4,670
Specific assistance to individuals	24,507	-	-	-	13	24,520
Total other expenses	145,352	42,514	16,898	179,565	11,248	395,577
Depreciation and amortization	16,101	3,847	2,905	44,215	356	67,424
Allocation of management and general expenses	10,251	(11,068)	8,182	-	(321)	7,044
Total expenses	$ 521,978	$ 82,348	$61,814	$ 519,259	$ 19,372	$1,204,771

The summary of expenses by functional classification and reconciliation to total expenses for the year ended June 30, 2021 is as follows:

Functional Expenses	Program Activities	Management and General Expenses	Cemeteries	Parishes and Schools	Fundraising and Development Expenses	Total Expenses
Salaries and employee benefits:						
Salaries	$ 168,443	$ 35,446	$33,490	$ 235,006	$ 6,722	$ 479,107
Employee benefits and payroll taxes	43,509	10,440	-	45,134	1,774	100,857
Total salaries and employee benefits	211,952	45,886	33,490	280,140	8,496	579,964
Insurance program:						
Employee benefits including parishes	72,113	182	-	-	4	72,299
Insurance expenses	36,628	63	-	-	40	36,731
Net periodic pension expense	3,772	-	-	-	-	3,772
Total insurance program	112,513	245	-	-	44	112,802
Parish and school support:						
Contributions for PRMAA	-	-	-	-	-	-
Parish and agency grants	8,132	-	-	-	-	8,132
Interest expense for deposits and change in value of gift annuities	2,354	-	-	-	-	2,354
Total parish and school support	10,486	-	-	-	-	10,486
Other expenses:						
Program expenses	18,569	1,614	-	26,319	752	47,254
Professional fees	34,677	8,678	-	-	2,000	45,355
Contributions, grants, and assessments	336	3,405	-	-	263	4,004
Borrowings	-	7,753	-	-	-	7,753
Miscellaneous	13,772	1,621	-	36,994	958	53,345
Office expenses	2,342	364	-	18,730	291	21,727
Repairs and maintenance	-	-	9,589	50,034	-	59,623
Meals, travel, and transportation	1,940	172	-	-	14	2,126
Scholarships	1,580	-	-	-	-	1,580
Seminary and vocation program expenses	3,869	43	-	-	-	3,912
Utilities	1,313	2,355	-	29,141	11	32,820
Occupancy	20,367	2,362	-	-	494	23,223
Dues and subscriptions	150	147	-	-	34	331
Printing and publications	5,823	827	-	-	3,930	10,580
Cost of cemetery property	-	-	5,972	-	-	5,972
Food purchases	17,232	-	-	-	-	17,232
Specific assistance to individuals	18,489	-	-	-	51	18,540
Total other expenses	140,459	29,341	15,561	161,218	8,798	355,377
Depreciation and amortization	17,153	3,935	2,588	47,348	357	71,381
Allocation of management and general expenses	8,793	(6,676)	4,233	-	36	6,386
Total expenses	$ 501,356	$ 72,731	$55,872	$ 488,706	$ 17,731	$1,136,396

The Archdiocese classifies expenses into five functional areas: program activities, management and general, Cemeteries, Parishes and Schools, and fundraising and development. Program activities includes all expenses related to supporting the mission and ministry of the parishes, schools, seminaries and other affiliated agencies of the Archdiocese, excluding Cemeteries. Management and general expenses represent the administrative costs of the Archdiocese entities, excluding Cemeteries. Cemeteries includes all expenses directly related to the operations of the Cemeteries, including management and general expenses. Parishes and Schools includes all expenses directly related to the operations of the Parishes and Schools, including management and general expenses. Fundraising and development expenses includes expenses related to the solicitation of contributions. All costs are recorded directly to the functional area.

17. RELATED-PARTY TRANSASCTIONS

The Misericordia Foundation (the "Foundation"), formerly known as the Misericordia Family Association ("MFA"), is an unconsolidated nonprofit corporation organized under the laws of the State of Illinois as a separate legal entity that raises money for Misericordia. In 2022, Misericordia had contributions from the Foundation of $1,955. To assist Misericordia Home with funding its ongoing operations and capital expenditures, the Misericordia Foundation shall make unrestricted contributions of not less than $1,000 or 3% of the Misericordia Foundation's endowment net assets (whichever is greater) to Misericordia Home by December 31 of each calendar year.

18. SALE OF HOLY FAMILY VILLA

On November 1, 2021, the real estate and operations of Holy Family Villa were sold by Catholic Charities to a third party for $9,100. Proceeds from the sale, net of closing costs, were $7,945. The proceeds from the sale are included in assets whose use is limited in the consolidated balance sheet as these funds are not available for immediate use. These proceeds will be used to settle any remaining liabilities associated with Holy Family Villa.

19. ACQUISITION

St. Leo Residence LLC was formed in April 2003 for the purpose of constructing and operating a 141 unit residential apartment building located at 7750 South Emerald, Chicago, Illinois. At the time of formation, Catholic Charities Housing Development Corporation (CCHDC) provided funding of $527 in exchange for an equity ownership of 0.01% and a loan receivable of $4,146, both of which are included in consolidated statements of financial position as of June 30, 2021. CCHDC was the controlling entity of the general partner of the limited partnership and guaranteed to fund any operating deficits up to $195 or reduced income tax benefits incurred by the limited partner during the duration of the partnership agreement.

For the years ended June 30, 2022, CCHDC and Catholic Charities collectively provided operating funding of $674, and received reimbursement of $396. As of June 30, 2022, the net balance due from St. Leo Residence LLC was $0. This amount is included in the consolidated statements of financial position as due from affiliates.

On April 1, 2022, CCHDC acquired the remaining 99.9% ownership of St. Leo Residence LLC in exchange for one dollar. The fair value of the net assets acquired was $9,697. An inherent contribution for this amount was recorded in the consolidated statement of activities and changes in net assets. The inherent contribution is presented in the consolidated statement of activities and changes in net assets net of the write-off of the $5,041 loan receivable from CCHDC to St. Leo Residence LLC and the $235 due to Catholic Charities. The results of operations beginning April 1, 2022 are included in the consolidated financial statements.

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