Combined Financial Statements and Supplementary Information and Report of Independent Certified Public Accountants

Central Services of the Roman Catholic Archbishop of Baltimore

(A corporation sole of the State of Maryland, and other combined entities)

June 30, 2022 and 2021

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Your Excellency William E. Lori
Archbishop of Baltimore
Central Services of the Roman Catholic Archbishop of Baltimore,
A corporation sole of the State of Maryland, and other combined entities

Opinion

We have audited the combined financial statements of Central Services of the Roman Catholic Archbishop of Baltimore, a corporation sole of the State of Maryland, and other combined entities (the "Combined Entities"), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Combined Entities as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the combined financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Combined Entities and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Combined Entities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Combined Entities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton

Other matters

Supplementary information
The accompanying schedules, on pages 40 to 52, included as supplementary information as of and for the years ended June 30, 2022 and 2021 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Grant Thornton LLP

Arlington, Virginia
December 22, 2022

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30,

	2022	2021
ASSETS		
Cash and cash equivalents	$ 36,711,843	$ 30,546,981
Investments:		
Investments without donor restrictions	20,774,760	23,143,425
Board-designated investments	91,562,684	98,138,694
Investments held in perpetuity and split-interest agreements	16,773,619	20,871,002
Total investments	129,111,063	142,153,121
Agency investments held for others	3,083,977	3,594,610
Prepaids and other assets	3,457,448	3,680,779
Loans and accounts receivable from Archdiocesan parishes and schools, net of allowance of $38,614,438 and $45,758,854 in 2022 and 2021, respectively	24,961,327	25,451,826
Contributions receivable, net of allowance and discounts of $772,886 and $1,004,095 in 2022 and 2021, respectively	3,214,908	3,372,349
Property and equipment, net	48,475,841	47,822,444
Total assets	$ 249,016,407	$ 256,622,110
LIABILITIES AND NET ASSETS		
Liabilities		
Demand notes payable	$ 27,497,866	$ 26,676,146
Agency funds and liabilities to related entities	4,217,180	3,863,942
Accounts payable, accrued expenses and interest rate swap agreements	15,245,494	21,007,888
Grants payable	4,781,296	4,958,154
Claims reserve for insurance liabilities	16,454,412	15,007,025
Pension and post-retirement benefit obligations, net	25,815,836	35,632,206
Tax-exempt and long-term notes payable	26,834,324	27,683,392
Total liabilities	120,846,408	134,828,753
Net assets		
Without donor restrictions	108,335,570	97,293,405
With donor restrictions	19,834,429	24,499,952
Total net assets	128,169,999	121,793,357
Total liabilities and net assets	$ 249,016,407	$ 256,622,110

The accompanying notes are an integral part of these combined financial statements.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Operating income			
Cathedraticum	$ 14,654,727	$ -	$ 14,654,727
Program service fees	5,255,772	-	5,255,772
Annual appeal gifts and pledges, net	8,605,931	-	8,605,931
Partners in Excellence gifts and pledges, net	1,355,321	208,132	1,563,453
Embracing Our Mission gifts and pledges, net	67,680	5,510	73,190
Gifts, trust, and endowment income	2,324,484	-	2,324,484
Contributions and bequests	1,694,193	2,051,018	3,745,211
Other income	1,358,045	-	1,358,045
Net assets released from restrictions	2,832,792	(2,832,792)	-
Total operating revenues	38,148,945	(568,132)	37,580,813
Investment income			
Investment earnings, net	1,241,722	-	1,241,722
Other operations, net			
Insurance operations	4,771,736	-	4,771,736
Child Nutrition Program	140,352	-	140,352
Total other operations, net	4,912,088	-	4,912,088
Total operating income (loss)	44,302,755	(568,132)	43,734,623
Expenses:			
Central management and administration	15,394,522	-	15,394,522
Fundraising and development	3,539,832	-	3,539,832
Evangelization and pastoral services	8,113,991	-	8,113,991
Department of Catholic Schools	8,516,359	-	8,516,359
Priest care and retired clergy	1,663,327	-	1,663,327
Clergy services and programs	2,902,824	-	2,902,824
Total operating expenses	40,130,855	-	40,130,855
Change in operating net assets	4,171,900	(568,132)	3,603,768
Non-operating income:			
Non-operating investment income			
Gain from Sale of Seton Keough Property	8,863,922	-	8,863,922
Contribution - Franklin Street Parking Garage	1,265,500	-	1,265,500
Gain from interest rate swap agreements	3,099,153	-	3,099,153
Realized gain	717,539	-	717,539
Unrealized loss	(6,850,403)	(4,097,391)	(10,947,794)
Realized gain - insurance operations	698,642	-	698,642
Unrealized loss - insurance operations	(10,355,275)	-	(10,355,275)
	(2,560,922)	(4,097,391)	(6,658,313)
Gain from retirement plan obligation	9,816,370	-	9,816,370
Central management and administration - MML	(385,183)	-	(385,183)
Total non-operating income	6,870,265	(4,097,391)	2,772,874
Change in non-operating net assets	6,870,265	(4,097,391)	2,772,874
CHANGES IN NET ASSETS	11,042,165	(4,665,523)	6,376,642
Net assets, beginning of year	97,293,405	24,499,952	121,793,357
Net assets, end of year	$ 108,335,570	$ 19,834,429	$ 128,169,999

The accompanying notes are an integral part of this combined financial statement.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Operating income			
Cathedraticum	$ 13,561,020	$ -	$ 13,561,020
Program service fees	5,516,095	-	5,516,095
Annual appeal gifts and pledges, net	8,722,086	-	8,722,086
Partners in Excellence gifts and pledges, net	1,490,029	17,460	1,507,489
Embracing Our Mission gifts and pledges, net	241,295	524,804	766,099
Gifts, trust, and endowment income	1,807,105	-	1,807,105
Contributions and bequests	4,179,395	1,633,152	5,812,547
Reserve for uncollectible pledges	-	(685,801)	(685,801)
Other income	2,590,796	-	2,590,796
Net assets released from restrictions	3,602,236	(3,602,236)	-
Total operating revenues	41,710,057	(2,112,621)	39,597,436
Investment income			
Investment earnings, net	763,098	-	763,098
Total investment income	763,098	-	763,098
Other operations, net			
Insurance operations	1,538,858	-	1,538,858
Child Nutrition Program	(251,332)	-	(251,332)
Total other operations, net	1,287,526	-	1,287,526
Total operating income	43,760,681	(2,112,621)	41,648,060
Expenses:			
Central management and administration	13,777,298	-	13,777,298
Fundraising and development	3,812,715	-	3,812,715
Evangelization and pastoral services	8,484,293	-	8,484,293
Department of Catholic Schools	6,886,791	-	6,886,791
Priest care and retired clergy	2,526,154	-	2,526,154
Clergy services and programs	2,919,595	-	2,919,595
Total operating expenses	38,406,846	-	38,406,846
Change in operating net assets	5,353,835	(2,112,621)	3,241,214
Non-operating income:			
Non-operating investment income			
Gain from interest rate swap agreements	2,172,338	-	2,172,338
Realized gains	1,517,288	-	1,517,288
Unrealized gains	4,710,664	3,912,611	8,623,275
Realized gain - insurance operations	4,239,850	-	4,239,850
Unrealized gains - insurance operations	5,709,439	-	5,709,439
	18,349,579	3,912,611	22,262,190
Gain from Retirement Plan Liabilities	20,622,426	-	20,622,426
Central management and administration - MML	1,384,161	-	1,384,161
Total non-operating income	40,356,166	3,912,611	44,268,777
Change in non-operating net assets	40,356,166	3,912,611	44,268,777
CHANGES IN NET ASSETS	45,710,001	1,799,990	47,509,991
Net assets, beginning of year	51,583,404	22,699,962	74,283,366
Net assets, end of year	$ 97,293,405	$ 24,499,952	$ 121,793,357

The accompanying notes are an integral part of this combined financial statement.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2022

	Central Management and Administration	Fund Raising and Development	Evangelization and Pastoral Services	Department of Catholic Schools	Priest Care and Retired Clergy	Clergy Services and Programs	2022 Total Expenses
Travel	$ 3,887	$ 1,143	$ 24,358	$ -	$ -	$ 9,206	$ 38,594
Supplies	518,787	96,793	133,453	-	-	95,073	844,106
Seminarians	-	-	-	-	-	2,287,051	2,287,051
Salaries and benefits	7,834,575	1,661,387	3,147,657	1,890,908	1,573,144	335,160	16,442,831
Occupancy	1,640,069	178,828	405,240	119,077	935	71,966	2,416,115
Office equipment	568,849	84,824	47,853	167,716	960	1,217	871,419
Profess dev/meeting	145,916	77,865	94,712	40,226	13,092	10,131	381,942
Office expense	2,403,808	966,227	107,370	272,332	42,774	73,245	3,865,756
Bad debt	765,998	207,326	-	34,246	-	-	1,007,570
Professional fees	1,451,719	265,439	802,147	116,951	1,876	14,616	2,652,748
Grants and donations	60,914	-	3,969,507	5,874,903	30,546	5,159	9,941,029
EOM Grants	-	-	(618,306)	-	-	-	(618,306)
Total	$ 15,394,522	$ 3,539,832	$ 8,113,991	$ 8,516,359	$ 1,663,327	$ 2,902,824	$ 40,130,855

The accompanying notes are an integral part of this combined financial statement.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	Central Management and Administration	Fund Raising and Development	Evangelization and Pastoral Services	Department of Catholic Schools	Priest Care and Retired Clergy	Clergy Services and Programs	2021 Total Expenses
Travel	$ 2,926	$ 1,118	$ (969)	$ -	$ -	$ 9,290	$ 12,365
Supplies	267,925	205,887	112,661	3,800	-	30,893	621,166
Seminarians	-	-	-	-	-	2,316,330	2,316,330
Salaries and benefits	8,081,618	1,996,256	3,260,086	2,040,537	2,485,150	365,271	18,228,918
Occupancy	558,867	192,201	455,234	134,474	870	82,311	1,423,957
Office equipment	684,589	78,035	20,224	169,472	960	2,138	955,418
Profess dev/meeting	88,691	18,232	107,349	30,218	5,540	4,799	254,829
Office expense	2,332,148	796,652	71,095	260,170	45,106	22,526	3,527,697
Bad debt	674,512	315,999	-	(43,548)	-	-	946,963
Professional fees	1,053,085	202,835	548,552	28,490	682	80,896	1,914,540
Grants and donations	32,937	5,500	4,403,806	3,743,178	(12,154)	5,141	8,178,408
EOM Grants	-	-	(493,745)	520,000	-	-	26,255
Total	$ 13,777,298	$ 3,812,715	$ 8,484,293	$ 6,886,791	$ 2,526,154	$ 2,919,595	$ 38,406,846

The accompanying notes are an integral part of this combined financial statement.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

COMBINED STATEMENTS OF CASH FLOWS

Years ended June 30,

	2022	2021
Cash flows from operating activities:		
Changes in net assets	$ 6,376,642	$ 47,509,991
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense included in change in net assets	1,531,937	446,206
Net realized and unrealized loss (gain) on insurance operations	9,656,633	(9,949,289)
Net realized and unrealized loss (gain) on investments	10,230,255	(10,140,563)
Net unrealized gain on swaps	(3,099,153)	(2,172,338)
Decrease (increase) in assets held for others	510,633	(569,328)
(Decrease) Increase in allowance for doubtful accounts	(9,051,771)	604,435
Decrease in contributions receivable	388,651	4,302,445
Decrease (increase) in receivables	8,633,024	(3,356,308)
Decrease in notes receivable	678,037	1,510,557
Decrease (increase) in prepaid and other assets	223,331	(1,218,586)
Increase (decrease) in agency funds and liabilities to related entities	353,238	(3,790,972)
(Decrease) increase in PPP loan	-	(3,696,533)
Decrease in retirement obligations	(9,816,370)	(20,622,426)
Decrease in payables, accrued expenses, claims reserve	(1,215,854)	(5,516,080)
Decrease in grants payable	(176,858)	(971,364)
Net cash provided by (used in) operating activities	15,222,375	(7,630,153)
Cash flows from investing activities:		
Purchases of equipment	(2,056,584)	(14,447,985)
Purchases of investments	(21,369,706)	(32,518,886)
Proceeds from sales and maturities of investments	14,595,746	35,754,607
Net cash used in investing activities	(8,830,544)	(11,212,264)
Cash flows from financing activities:		
Payments of long-term debt	(849,068)	(849,088)
Payments on line of credit	-	(1,500,000)
Proceeds from notes payable received for Mother Mary Lange School Construction	-	19,110,000
Proceeds from notes payable to Archdiocesan Parishes	1,593,697	1,838,945
Principal payments on notes payable to Archdiocesan Parishes	(971,598)	(651,000)
Net cash (used in) provided by financing activities	(226,969)	17,948,857
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,164,862	(893,560)
Cash and cash equivalents, beginning of year	30,546,981	31,440,541
Cash and cash equivalents, end of year	$ 36,711,843	$ 30,546,981

The accompanying notes are an integral part of these combined financial statements.

NOTE 1 - ORGANIZATION

The accompanying combined financial statements include the operations and accounts of Central Services, a part of the Roman Catholic Archbishop of Baltimore, a corporation sole of the State of Maryland (the "Corporation Sole," "Central Services" or "Archdiocese"), the Archbishop of Baltimore Annual Appeal Trust ("Archbishop's Annual Appeal"), Route 175 East, LLC. and Catholic Community School Land, Inc. ("CCSLC"), collectively referred to as "Combined Entities." Significant programs and campaigns of Central Services includes, the Partners in Excellence scholarship campaign ("PIE"), the Embracing Our Mission capital campaign ("EOM"), and the Child Nutrition Program.

Central Services' offices are located in the Catholic Center building in Baltimore, Maryland. Central Services is organized around seven departments (Office of the Archbishop, Communications - includes Catholic Review, Catholic Schools, Management Services, Development, Evangelization and Human Resources), which are responsible for providing certain services and programs. In exchange for various assessments and fees, Central Services operates as the fiscal and administrative division of the Corporation Sole. Central Services' functions provide direct support to parishes and schools, including fundraising, program development, centralized benefits and insurance administration, coordination of capital and repair projects, legal services, and financing programs. Major sources of revenues for Central Services are the cathedraticum assessment of the parishes, program contributions and service fees related to religious and education programs, and premiums charged to offset costs of centralized benefits and insurance.

Certain funds in the combined financial statements are held in trust for specific purposes, are held in custody for other entities, or are owned by entities separate from the Corporation Sole and are not available to the Corporation Sole. Such funds include, but are not limited to, parish and school funds, funds in the insurance program, and separate trusts and endowment funds.

The combined financial statements do not include individual parishes or schools, Inter-parish Loan Fund, Inc. ("IPLF"), The Catholic Community Foundation of the Archdiocese of Baltimore, Inc. ("CCF"), and certain other affiliates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments that are readily convertible into known amounts of cash and have original maturities of three months or less.

Concentration of Credit Risk

Financial instruments which potentially subject the Combined Entities to concentrations of credit risk consist of cash and temporary investments, investments in debt and equity securities, and receivables. The Combined Entities place its cash and temporary investments with credit worthy, high quality financial institutions. Though the fair value of investments is subject to fluctuations on a year-to-year basis, the Combined Entities believe that its investment policies are prudent for the long-term welfare of the organization.

Cash and cash equivalents are concentrated in a few financial institutions resulting in balances that exceed the Federal Deposit Insurance Corporation insurance limit. Central Services monitors the creditworthiness of these financial institutions to minimize the risk of credit loss. As of June 30, 2022 and 2021, such excess balances totaled $35,368,496 and $28,573,722, respectively. Central Services does not anticipate nonperformance by any of these financial institutions. The Combined Entities have not experienced such losses on these funds.

Loans, notes, grants and accounts receivables are primarily amounts due from parishes and schools related to insurance, capital projects, and other activities. Credit risk is limited to the geographic dispersion of the various entities and the related party nature of transactions.

Investments

Investments are carried at fair value and realized and unrealized gains and losses are reflected in the combined statements of activities and changes in net assets.

Investments in securities required to be held in perpetuity due to donor restrictions are maintained in a pool under a trust agreement with a bank. An investment advisor, with general guidelines from the Archdiocesan Board of Financial Administration, a subcommittee of the Board of Directors, has full discretionary authority for the purchase and sale of securities. A portion of the investment pool is unitized on a fair-value basis with individual funds subscribing to or disposing of units on the basis of the fair value per unit.

Investment income is recorded as revenue in the appropriate net asset classification in accordance with donor stipulations, if any.

Investments, at fair value, consist of the following at June 30:

	2022	2021
Cash equivalents	$ 18,692,535	$ 16,129,101
Equities	36,010,645	33,772,762
Fixed income	38,327,519	48,295,877
Alternatives	19,799,301	23,687,164
Split-interest agreements	16,281,063	20,268,217
Total investments	$ 129,111,063	$ 142,153,121

Management expenses related to the purchase and sale of investments amounted to $314,581 and $280,081 for the fiscal years ended 2022 and 2021, respectively, and are included in investment earnings.

Investment income (loss) gain, not pertaining to investments designated for insurance programs, for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021
Operating investment income:		
Parish and school lending programs, net	$ (535,371)	$ (517,438)
Dividend and investment income, net	1,777,093	1,280,536
Net operating investment income	1,241,722	763,098
Non-operating investment income		
Change in fair value of interest rate swap	3,099,153	2,172,338
Investment market (loss) gain (non-Insurance)	(10,230,255)	10,140,563
Net non-operating investment income (loss) gain	(7,131,102)	12,312,901
Total investment income (loss) gain	$ (5,889,380)	$ 13,075,999

Investments are categorized on the combined statements of financial position in accordance with the intended use of the investment assets. Information regarding each category is as follows:

Without Donor Restriction Investments - Unrestricted investments are held for general purposes of the Combined Entities. Interest and earnings generated from these investments are used for the general operations of the Combined Entities.

Board Designated Investments - Investments that have been raised by specific programs of the Combined Entities and intended solely for the use of these programs. Details include:

	2022	2021
Insurance programs held in trusts	$ 63,983,178	$ 71,969,045
Annual, campaign and PIE fundraising collections that will be used within 12 months	1,551,486	1,712,437
Specific programs of combined entities	19,593,205	22,596,664
Deferred maintenance funds	4,388,905	-
Property fund	2,045,910	1,860,548
Total designated investments	$ 91,562,684	$ 98,138,694

Time and Purpose Restricted Investments - Investments that are held for specific donor-imposed stipulations that are not expected to be fully fulfilled within the next 12-month period.

Donor Restricted in Perpetuity Investments - Investments originating from permanently imposed donor restrictions. These investments include the value of split-interest investments, described below, and the corpus amount of endowment gifts restricted for perpetuity.

Agency Assets Held for Others

Central Services acts as a custodian in an investment program that is administered by a commercial bank for parishes, schools, and affiliates of the Archdiocese to utilize. Central Services does not have any variance power in terms of the use of these investments or any economic interest. The Archdiocesan Investment

Committee reviews investment performance and recommends changes, if necessary, to available investment options. The value of these assets is also accounted for as a liability on the combined statements of financial position. Central Services receives no investment income or records any changes on the combined statements of activities and changes in net assets relating to their agency assets.

Split-Interest Agreements

Central Services is a partial beneficiary to several trusts established by donors. The assets held by a third-party trustee pertaining to these trusts will not revert to Central Services at any time and the income received is used in accordance with donor stipulations. These irrevocable and perpetual assets held in trust are recorded at fair value at the date of initial recognition and any change in fair value is recorded as an unrealized gain or loss to split-interest irrevocable trusts. These assets had a fair value of $16,281,063 and $20,268,217 as of June 30, 2022 and 2021, respectively, which are included in investments held in perpetuity and split-interest agreements on the combined statements of financial position.

Loans and Accounts Receivable

Archdiocesan parishes, schools, and affiliated entities engage Central Services to perform a variety of programs and compensate Central Services for such services. Major revenues include cathedraticum assessments to parishes, insurance program premiums, and school related fees. Cathedraticum is the primary operating source for Central Services budget and is a formula-driven assessment applied to income without donor restrictions of all parishes within the Archdioceses. The assessment was 7% on the first $200,000 raised; 15.5% on the next $100,000; 16.5% on the next $200,000; and 17% on all funds without donor restriction recorded thereafter during the year ended June 30, 2022. The assessment was 6.5% on the first $100,000 raised; 12.5% on the next $100,000; and, 15.5% on all funds without donor restriction recorded thereafter during the year ended June 30, 2021.

Additionally, Central Services administers a financing program that is unaffiliated with IPLF. This program is primarily related to loans associated with the 2007 tax-exempt revenue bonds (Note 8) and other initiatives not financed through IPLF. Archdiocesan entities participating in this program remit funds in excess of immediate operating funds, which are held by Central Services as demand notes payable to the entities. Rates offered on deposits are consistent with the prevailing rates offered in IPLF. Rates offered on loans are based on the cost of financing the particular project. Interest on deposits averaged .50% for both fiscal years 2022 and 2021. Interest rate on loans averaged 5.49% for both fiscal years 2022 and 2021.

Interest income earned by the Corporation Sole on loans outstanding at June 30, 2022 and 2021 was $717,034 and $797,990, respectively. The income is netted against interest expense related to the demand notes payable deposits of $19,622 and $10,480, and the net balance is included in investment earnings on the accompanying combined statements of activities and changes in net assets for fiscal years 2022 and 2021, respectively. Also, netted against income is any interest or fees associated with long-term debt (including tax-exempt bonds) which totaled $1,246,405 and $1,309,428 for fiscal years 2022 and 2021, respectively.

A summary of loans and accounts receivable from Archdiocesan parishes and schools are as follows:

	2022	2021
Parish and school loans	$ 12,587,840	$ 13,265,877
Cathedraticum receivables	14,078,296	14,469,509
Insurance program receivables	25,191,720	33,837,119
Parish school assessments due within one year	888,717	984,410
Other receivables	10,829,192	8,653,765
Less allowance for doubtful accounts	(38,614,438)	(45,758,854)
Total loans and accounts receivable, net	$ 24,961,327	$ 25,451,826

Allowance for Doubtful Accounts

Central Services reviews all receivables annually and provides an allowance for those whose collection appears doubtful, and writes off those amounts deemed uncollectible.

Receivable assets are recorded in three major operating categories - Insurance, Cathedraticum, and Other. Changes in allowance for doubtful accounts during the years ended June 30, 2022 and 2021 consisted of the following:

	Cathedraticum	Insurance	Other	Totals
Balance at June 30, 2020	$ 10,392,358	$ 28,614,941	$ 4,699,169	$ 43,706,468
Additions	334,640	1,831,274	352,990	2,518,904
Write-offs	(129,680)	(317,321)	(19,517)	(466,518)
Balance at June 30, 2021	10,597,318	30,128,894	5,032,642	45,758,854
Additions	312,500	4,025,548	574,831	4,912,879
Write-offs	(62,500)	(11,897,962)	(96,833)	(12,057,295)
Balance at June 30, 2022	$ 10,847,318	$ 22,256,480	$ 5,510,640	$ 38,614,438

Gifts, Bequests and Contributions

Contributions receivable, less an appropriate allowance for uncollectible pledges, for the Archdiocese, EOM, Archbishop's Annual Appeal, and PIE are recorded at their estimated fair value when received. Amounts due in more than one year are recorded at the present value of the estimated future cash flows, discounted at a risk-adjusted rate applicable to the years in which the promises originate. The net contributions receivable is expected to be received as follows at June 30:

	2022	2021
Less than one year	$ 2,387,815	$ 2,442,031
One to five years	1,604,953	1,933,971
Over five years	-	12,676
Gross contributions receivable	3,992,768	4,388,678
Allowance for uncollectible pledges	(772,886)	(1,004,095)
Discount for net present value	(4,974)	(12,234)
Net contributions receivable	$ 3,214,908	$ 3,372,349

Included in gross contributions receivable for the fiscal year ended June 30, 2022 are Archdiocese pledges of $217,308; EOM pledges of $1,806,031; Archbishop's Annual Appeal pledges of $1,797,079; and PIE pledges of $172,350. Included in gross contributions receivable for the fiscal year ended June 30, 2021 are Archdiocese pledges of $199,103; EOM pledges of $2,709,067; Archbishop's Annual Appeal pledges of $1,377,083; and PIE pledges of $103,425.

Revenue Recognition

Central Services recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration Central services expects to receive in exchange for satisfying distinct performance obligations. Program service fees performance obligations are satisfied either over time or at a point in time and the related revenue is recognized as services are rendered. Central services recognized $932,626 and $883,515 of revenue over time during the years ended June 30, 2022 and 2021. Central Services recognized $4,323,146 and $4,632,580 of revenue at a point in time during the years ended June 30, 2022 and 2021. Central services management expects that the period between when Central Services transfers goods and services to their customers and when the customers pay for those goods and services will be one year or less. There are no significant financing components. Invoices are generally due within 30 days of the invoice date and Central Services earns all revenue in the United States.

Property and Equipment, net

All land, building and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of 40 years for buildings and improvements and three to 15 years for equipment. Land, building and equipment balances at June 30 consist of the following:

	2022	2021
Buildings and improvements	$ 39,016,873	$ 36,969,422
Equipment, automobiles and furniture	4,624,767	4,421,971
	43,641,640	41,391,393
Less accumulated depreciation	(13,958,711)	(12,555,524)
Total building and equipment, net	29,682,929	28,835,869
Land	6,613,362	6,807,025
Land held for parishes	12,179,550	12,179,550
Total property and equipment, net	$ 48,475,841	$ 47,822,444

Depreciation expense was $1,531,937 and $446,206 for fiscal years 2022 and 2021, respectively.

Compensated Absences

Central Services records a liability for amounts due to employees for future absences that are attributable to services performed in the current and prior periods.

Grants Payable

Grant obligations to parishes, schools, and organizations both within and external to the Archdiocese are recognized when all conditions have been met regarding specific capital projects or operating needs. The funding sources are primarily associated with the Archbishops Annual Campaign and the Embracing Our Mission capital campaign.

Operating Leases

Central Services leases certain office equipment under non-cancelable operating leases expiring at various dates through fiscal year 2025. Central Services recognizes the expense per the monthly fixed rate agreements. The future minimum payments due under non-cancelable operating leases are as follows:

For Fiscal Years Ending	
2023	$ 18,010
2024	17,001
2025	17,001

Rent expense under all operating leases was $53,844 and $65,772 for years ended June 30, 2022 and 2021, respectively.

Pending Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. The amendments in ASU 2016-02 create FASB Accounting Standards Codification ("ASC") *Topic 842, Leases,* and supersede the requirements in ASC *Topic 840, Leases.* ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for all leases, including operating leases, with a term greater than 12 months. Under the guidance of ASU 2016-02, a lessee should recognize in the statement of financial position, a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. The effective date for this guidance is for the fiscal year ending June 30, 2023. Central Services is currently in the process of evaluating the impact of the new standard on its financial statements.

Net Assets

Under current guidance for financial statements of not-for-profit organizations, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Donor Restricted in Perpetuity

Net assets subject to donor-imposed stipulations that they be maintained in perpetuity. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes. These assets include split-interest irrevocable trusts in which the income from these assets are used for specific purposes. The assets are held by a third-party trust. Income generated by the fund is generally used for the specific purpose within the fiscal period. Changes in the fair values are recorded as part of donor restricted in perpetuity net assets.

Time and Purpose Restricted

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Combined Entities and/or the passage of time. Included in this net asset balance are future year collections on PIE and EOM pledges, and money collected for specific seminarian and religious education programs sponsored or managed by Central Services that were not fully utilized as of the end of the fiscal year. Donor-restricted contributions received and fulfilled in the same period are reported as without donor restrictions.

Without Donor Restrictions

Net assets that are not considered restricted. Revenues are reported as increases in net assets without donor restriction unless they are limited by express donor-imposed restrictions. Expirations of time and/or purpose restrictions recognized on net assets (i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated-time period has elapsed) are reported as reclassifications from time and/or purpose restricted to without donor-restricted net assets.

Certain net assets without donor restrictions are classified as designated due to limitations on their use to specific areas or purpose at the direction of the Archbishop or pursuant to contractual obligations. For example, the net assets of the insurance trusts established by the Corporation Sole are classified without donor restrictions per U.S. GAAP although the use of the fund is restricted under the language of the trust agreements.

Income Taxes

As a religious organization, the activities of the Corporation Sole and Archbishop's annual appeal are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC" or "Code"), except for those activities which constitute unrelated business income, through its inclusion in the United States Conference of Catholic Bishops ("USCCB") group ruling and listing in the Official Catholic Directory.

As a single member limited liability company, Route 175 East LLC is a disregarded entity under the IRC for income tax purposes and, as such, is not directly subject to federal income taxes and state income taxes.

The Archdiocese follows the accounting guidance for uncertainties in income tax positions, which required that a tax position be recognized or not recognized based on a more-likely-than-not threshold. This applies to positions taken or expected to be taken in a tax return. The Archdiocese does not believe its combined financial statements include any material uncertain tax positions.

The Archdiocese has processes presently in place to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. The Archdiocese has determined that there are no material uncertain tax positions that require recognition or disclosure in the combined financial statements.

Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the combined financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Statements of Cash Flows

The combined entities paid interest of $19,622 and $10,480 for the years ended June 30, 2022 and 2021, respectively, related to demand notes payable to parishes, schools and affiliated entities. Additionally, the combined entities paid interest of $596,871 and $369,724 in fiscal years 2022 and 2021, respectively, on long-term borrowing arrangements.

Derivative Instruments

Central Services uses derivative financial instruments selectively to offset exposure to market risks from changes in interest rates. The derivative financial instruments used by Central Services consist of interest rate swap agreements.

Central Services reports derivative instruments in accordance with the current authoritative guidance for derivative financial instruments and hedging activities, which requires that all derivative financial instruments be recorded in the combined statements of financial position at fair value. Changes in the fair value and gains or losses of derivative instruments are included in the combined statements of activities and changes in net assets.

Central Services uses three separate interest rate swap agreements as a means of fixing the interest rate on portions of its long-term debt. Unrealized gains and losses are included in changes in net assets. In December 2010, Swap No. 1 was amended to reflect the refinancing changes of the tax-exempt debt and the notional amounts approximate half of the expected outstanding amount over the loan period. In September 2010, Swap No. 2 was amended to reflect the refinancing changes of the taxable debt and the notional amounts approximate half of the expected outstanding amount over the loan period. In August 2011, Swap No. 3 was added to further protect balance on the tax-exempt debt that was not included in Swap No. 1. Details of the swaps as of June 30, 2022 and 2021 follow:

	2022	2021
Swap No. 1 (Tied to Tax-Exempt Loan)		
Notional amount	$ 12,085,000	$ 12,085,000
Fair value of agreement	(2,219,870)	(3,865,792)
Expiration date	7/1/2037	7/1/2037
Swap No. 2 (Tied to 20-Year Loan)		
Notional amount	$ 2,480,000	$ 3,060,000
Fair value of agreement	(110,409)	(348,057)
Expiration date	7/1/2025	7/1/2025
Swap No. 3 (Tied to Tax-Exempt Loan)		
Notional amount	$ 9,590,000	$ 9,590,000
Fair value of agreement	(643,770)	(1,769,354)
Expiration date	2/1/2037	2/1/2037

Operating Measure

Central Services classifies its combined statements of activities and changes in net assets into operating and non-operating activities. Operating activities principally include all income and expenses related to carrying out its mission, including interest and dividend income. Included in the non-operating activities are primarily market driven income and expenses.

Gain from Sale of Seton Keough Property

On October 27, 2021, the sale of the Seton Keough Property was completed. Central Services had an asset value of $238,082 on the property. Central Services recorded a gain of $8,863,922 from the sale of the property on the Statement of Activities for the year ended June 30, 2022.

NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, follow:

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 36,711,843	$ 30,546,981
Investments without donor restrictions	20,774,760	23,143,425
Board-designated investments	91,562,684	98,138,694
Investments held in perpetuity and split-interest agreements	16,773,619	20,871,002
Agency investments held for others	3,083,977	3,594,610
Accounts receivable, net of allowance	24,961,327	25,451,826
Contribution receivables, net of allowance	3,214,908	3,372,349
Total financial assets available	197,083,118	205,118,887
Less amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions - time and purpose	(3,060,824)	(3,628,956)
Cash held at insurance trust	(1,918,660)	(1,136,789)
Investments held in perpetuity and split-interest agreements	(16,773,619)	(20,871,002)
Agency investments held for others	(3,083,977)	(3,594,610)
Contributions receivables, net - long term	(1,604,953)	(1,946,646)
Accounts and notes receivables, net - long term	(12,587,840)	(13,259,129)
Board-designated investments	(91,562,684)	(98,138,694)
Investments without donor restrictions held as collateral for long-term note payable	(5,159,325)	(6,008,392)
Total available financial assets to management for general expenditures within one year	$ 61,331,235	$ 56,534,669

The Combined Entities maintain cash balances at a level designed to ensure short-term liquidity. A suitable proportion of the Combined Entities investment balances are held in instruments that can readily be converted to cash, if needed. The available cash balance is also intended to serve the pension and post-retirement benefit obligation and tax-exempt note payable shown in the combined statements of financial position. In addition to the financial assets and liquidity resources available to meet general expenditures over the next 12 months, the Combined Entities operates within a prudent range of fiscal responsibility and anticipates collecting sufficient revenue to cover its operating expenses.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and Cash Equivalents and Investments

The carrying amount of cash and cash equivalents and investments approximates fair value. The fair value of investments is based on quoted market prices as of the reporting date. Income from cash and cash equivalents and investments are included in unrestricted investment income unless the income is restricted by express donor stipulations. All income is reported net of investment-related expenses.

Tax-Exempt Borrowings and Long-Term Note Payable

The outstanding bank qualified tax-exempt loan totaled $21,675,000 as of June 30, 2022 and 2021. The outstanding long-term note payable as of June 30, 2022 and 2021 totaled $5,159,324 and $6,008,392, respectively. Refer to Note 12 - Tax Exempt and Long-Term Note Payable for further information.

Pledge Receivables

Donor pledges that are expected to be collected in future periods in excess of 12 months are recorded at the present value of the estimated future cash flows, discounted at a risk-adjusted rate applicable to the years in which the promises were received. Discount rates utilized in fiscal years 2022 and 2021 ranged from .29% to 4.30%. Refer to Note 2 - Summary of Significant Accounting Policies for details on amounts associated with Gifts, Bequests, and Contributions.

Interest Rate Swap Agreements

The fair value of interest rate swaps is determined using the estimated present value of the fixed leg and floating leg. The value of the fixed leg is the present value of the known fixed monthly payments. The value of the floating leg is the present value of the floating monthly payments determined at the agreed dates of each payment. Forward rates derived from the yield curve are used to approximate the floating rates. Each series of cash flows is discounted by market rates of interest. Refer to Note 2 - Summary of Significant Accounting Policies for details on amounts associated with Derivative Instruments.

Charitable Gift Annuities

The net fair value of gift annuities is determined annually by adjusting the annuity liabilities to reflect amortization of the discount and changes in the life expectancy of the donors or other life beneficiaries. The annuity liability reflects the present value of the estimated future payments to be made to the donor and/or other beneficiaries. Refer to Note 2 - Summary of Significant Accounting Policies for details on amount associated with Split-Interest Agreements.

Fair Value Measurement

Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability as of the reporting date. Our financial assets recorded at fair value on a recurring basis primarily relate to investments in available-for-sale securities.

The following describes the hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires the assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market;

Level 2 - Fair value is based on pricing inputs other than quoted prices in active markets and which are either directly or indirectly observable as of the reporting date. The nature of these securities includes investments for which quoted prices are available but traded less frequently than securities traded on what are deemed active markets; and

Level 3 - Pricing of securities are unobservable as of the reporting date. The inputs used in the determination of fair value are not observable and require significant judgment or estimation.

The combined entities endeavor to utilize the best available information in measuring fair value. Investments are managed by the Archdiocesan Investment Committee using funds-of-funds asset allocation strategy with custodial services provided by an independent third party. The Archdiocesan Investment Committee also employs an independent consultant to evaluate fund managers.

The combined entities use the net asset value ("NAV") to determine the fair value of all underlying investments which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following tables summarize the valuation of our financial instruments by the above authoritative pricing levels as of June 30, 2022 and 2021:

	June 30, 2022				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Assets					
Investments and split interest agreements					
Cash equivalents	$18,662,632	$ 29,903	$ -	$ -	$ 18,692,535
Fixed income	13,087,978	22,922,667	-	-	36,010,645
Equities	38,327,519	-	-	-	38,327,519
Investments held at NAV	-	-	-	19,799,301	19,799,301
Split interest agreements	-	-	16,281,063	-	16,281,063
Total investments and split interest agreements	$70,078,129	$22,952,570	$16,281,063	$19,799,301	$129,111,063
Agency assets held for others	$ 2,507,188	$ 462,818	$ -	$ 113,971	$ 3,083,977
Liabilities					
Interest rate swap agreements	$ -	$ 2,974,049	$ -	$ -	$ 2,974,049

	June 30, 2021				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Assets					
Investments and split interest agreements					
Cash equivalents	$16,108,681	$ 20,420	$ -	$ -	$ 16,129,101
Fixed income	14,458,970	20,832,905	-	-	35,291,875
Equities	48,295,877	-	-	-	48,295,877
Investments held at NAV	-	-	-	22,168,051	22,168,051
Split interest agreements	-	-	20,268,217	-	20,268,217
Total investments and split interest agreements	$78,863,528	$20,853,325	$20,268,217	$22,168,051	$142,153,121
Agency assets held for others	$ 2,914,409	$ 573,379	$ -	$ 106,822	$ 3,594,610
Liabilities					
Interest rate swap agreements	$ -	$ 5,983,203	$ -	$ -	$ 5,983,203

∗ In accordance with Accounting Standards Codification Subtopic 820-10, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.

The following table details certain quantitative information as of June 30, 2022 and 2021, with respect to assets measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3):

Description	Fair Value June 30, 2022	Fair Value June 30, 2021	Principal Valuation Technique	Unobservable Inputs	Weighted Average
Beneficial interest in trusts	$16,281,063	$20,268,217	Market Approach	Interest percentage Fair value of assets	N/A

During the years ended June 30, 2022 and 2021, the unrealized (loss) gain on the beneficial interest in trusts was ($3,987,154) and $3,801,363.

The following tables detail certain attributes pertaining to the investment reported at fair value using NAV, or its equivalent, as of June 30, 2022 and 2021:

2022

Type	Strategy	Fair Value	# of Funds	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions	Redemption Notice Period
Venture Capital Fund	This fund invests in companies that are relocating to or being created in Baltimore City	$ 948,398	1	$ 920,000	6 years with two 1-year optional extensions	No liquidity until end of term	No liquidity until end of terms	No liquidity until end of terms
Commingled Core Bond Fund	To preserve capital and generate current income by investing in securities providing exposure to fixed income markets	17,271,085	1	-	N/A	Full liquidity	Monthly	5 days
Endowment	Long-term growth for Archdiocese Dept. of Communications	1,579,818	1	-	N/A	Full liquidity	60 Days	60 Days
Total		$19,799,301	3					

2021

Type	Strategy	Fair Value	# of Funds	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions	Redemption Notice Period
Venture Capital Fund	This fund invests in companies that are relocating to or being created in Baltimore City	$ 758,114	1	$ 70,000	6 years with two 1-year optional extensions	No liquidity until end of term	No liquidity until end of terms	No liquidity until end of terms
Commingled Core Bond Fund	To preserve capital and generate current income by investing in securities providing exposure to fixed income markets	19,685,989	1	-	N/A	Full liquidity	Monthly	5 days
Endowment	Long-term growth for Archdiocese Dept. of Communications	1,723,948	1	-	N/A	Full liquidity	60 Days	60 Days
Total		$22,168,051	3					

NOTE 5 - INSURANCE PROGRAM ACTIVITIES

The Archdiocesan Health and Benefits, Property and Casualty Insurance Programs (the "Programs") provide insurance coverage, both commercially purchased and self-insured, for affiliates of the Corporation Sole.

The Programs administer certain insurance trusts. Accordingly, the net operations of the Programs are included in unrestricted designated net assets and the risk and benefits belong to the trusts. Any shortfall of funds by the Programs is recovered from future premiums assessed.

Unrestricted designated assets and liabilities related to the insurance program activities primarily consist of the following at June 30:

	2022	2021
Assets:		
Cash and investments, at fair value	$ 63,983,178	$ 71,969,045
Insurance receivables, net of allowance for doubtful insurance receivables of $22,256,479 and $30,128,894 in 2022 and 2021, respectively	2,935,241	3,708,225
Other assets:		
Expected insurance receivable on claims	1,098,757	1,207,726
Liabilities:		
Claims reserve for insurance liabilities	16,454,412	15,007,025

NOTE 6 - ACCOUNTS PAYABLE, ACCRUED EXPENSES AND SWAP AGREEMENT LIABILITIES

Accounts payable, accrued expenses and interest rate swap agreement liabilities are as follows at June 30, 2022 and 2021:

	2022	2021
Accounts payable	$ 1,343,562	$ 1,456,595
Accrued payroll	1,253,206	1,414,877
Accrued liabilities - insurance	4,402,303	5,269,539
Accrued liabilities - swap agreements	2,974,049	5,983,203
Accrued liabilities - other	5,272,377	6,883,674
Total	$ 15,245,497	$ 21,007,888

NOTE 7 - PENSION PLANS

Central Services administers and participates in two separate pension plans - a lay employees plan and a separate plan for priests.

Lay Pension Plan

Lay employees of Central Services, in addition to those of certain affiliated organizations, corporations or agencies participate in a single-employer, under a common central group, defined benefit retirement plan. The Lay Employee Retirement Plan ("Lay Plan") provides monthly benefits upon retirement to participants based on salary and length of service. Funding for the Lay Plan comes from the Lay Retirement Trust, which is funded by each participating organization, corporation and agency. These funds are collected by Central Services and sent to the Trustee of the Lay Retirement Trust. Contributions to the Lay Retirement Trust were $16,759,148 and $9,006,629 for the years ended June 30, 2022 and 2021, respectively. The Lay Retirement Trust assets are not included on the accompanying combined statements of financial position. The unfunded obligation associated only with Central Services employees is shown as a liability.

The portion of the unfunded benefit obligation of the Lay Plan associated with the Central Services for its lay employees was $15,210,874 and $16,062,757 for the years ended June 30, 2022 and 2021, respectively. The Lay Plan was frozen effective June 30, 2011. No additional benefits will accrue for existing participants and no additional participants will be added to the Plan.

Priest Pension Plan

The Priests' Pension Plan ("Priest Plan") covers substantially all Archdiocesan priests. The Priest Plan provides a monthly benefit upon retirement to participants based upon length of service. Funding for the Priest Plan comes from the Priest Pension Trust, which is funded primarily from organizations to which the priests are assigned. These funds are collected by Central Services and sent to the Trustee of the Priest Pension Trust. Contributions to the Priest Pension Trust totaled $892,248 and $985,989 for the years ended June 30, 2022 and 2021, respectively.

The Priest Plan's unfunded status, accumulated benefit obligation, and net pension benefit costs as of June 30, 2022 and 2021 were calculated by a consulting actuary and are summarized as follows:

	2022	2021
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$ 51,611,547	$ 53,090,728
Service cost	955,821	942,766
Interest cost	1,399,785	1,460,644
Plan amendments	-	-
Actuarial loss	(13,607,177)	(1,674,615)
Benefits paid	(2,174,620)	(2,207,976)
Benefit obligation at end of year	$ 38,185,356	$ 51,611,547
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 45,673,958	$ 37,565,423
Actual return on plan assets	(7,667,175)	9,330,522
Employer contributions	892,248	985,989
Benefits paid	(2,174,620)	(2,207,976)
Fair value of plan assets at end of year	$ 36,724,411	$ 45,673,958
Funded status at end of year	$ (1,460,945)	$ (5,937,589)
Amount recognized at end of year	$ (1,460,945)	$ (5,937,589)
Amount recognized in net assets without donor restrictions:		
Unrecognized transition liability	$ -	$ -
Unrecognized prior service cost	110,010	138,327
Unrecognized net actuarial loss	6,552,962	9,428,336
Total amount recognized in net assets without donor restrictions	$ 6,662,972	$ 9,566,663
Components of net pension benefit (gain) cost:		
Service cost	$ 955,821	$ 942,766
Interest cost	1,399,785	1,460,644
Expected return on plan assets	(3,188,371)	(2,619,786)
Amortization of net loss	123,743	1,045,137
Amortization of prior service cost	28,317	28,317
Net periodic post-retirement benefit (gain) cost	$ (680,705)	$ 857,078

	2022	2021
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions:		
Net actuarial loss	$ (2,751,633)	$ (8,385,351)
Prior service cost	-	-
Amortization of prior service cost	(28,317)	(28,317)
Amortization of net gain	(123,743)	(1,045,137)
Total amount recognized in net assets without donor restrictions	$ (2,903,693)	$ (9,458,805)
Additional information:		
Accumulated benefit obligation	$ 35,169,242	$ 46,945,558
Expected contributions for the fiscal years ended June 30	$ 960,000	$ 1,088,000

The Priest Plan assets fully met obligations and no expenses were recorded by Central Services for years ended June 30, 2022 and 2021.

Expected benefit payments for the fiscal years ending:

2023	$ 2,142,000
2024	2,279,000
2025	2,345,000
2026	2,391,000
2027	2,402,000
Next five years	12,159,000

Significant assumptions used to determine net periodic post-retirement cost are as follows:

	2022	2021
Discount rate	2.93%	2.83%

The discount rate has a significant effect on the amounts reported. For example, an increase in the fiscal year 2022 discount rate by one percentage point would decrease projected benefit obligations by $4,239,800. Decreasing the fiscal year 2022 discount rate by one percentage point would increase projected benefit obligations by $5,232,300.

The Corporation Sole utilizes a long-term rate of return of 7.0% in developing actuarial estimates. The Priest Plan's assets are managed by external investment managers who are given the return objectives of achieving a minimum of 7.0% over a complete market cycle and annual income of 3.5% to 5.0%. The Priest Plan has achieved 6.5% annual return the past five years. The Priest Plan's asset allocation at June 30, by asset category, was as follows:

	Target	Actual
2022:		
Money market	0 - 10%	4%
Fixed income	20 - 50	26
Equities - U.S.	25 - 60	56
Equities - non-U.S.	10 - 25	14
2021:		
Money market	0 - 10%	12%
Fixed income	20 - 50	22
Equities - U.S.	25 - 60	55
Equities - non-U.S.	10 - 25	11

On a regular basis the performance of the investments are reviewed by an independent investment committee. The investment committee also reviews the actual asset allocation and periodically rebalances the investment portfolio to the target allocation, when considered appropriate.

The following tables present the fair value of the Priest Plan's assets classified under the appropriate level of the fair value hierarchy:

	Level 1	Level 2	Level 3	NAV	Total Fair Value
June 30, 2022:					
Cash equivalents	$ 2,321,901	$ -	$ -	$ -	$ 2,321,901
Fixed income	1,881,047	2,271,819	186,296	-	4,339,162
Equities	24,932,613	-	-	-	24,932,613
Investments at NAV	-	-	-	5,130,735	5,130,735
	$29,135,561	$ 2,271,819	$ 186,296	$ 5,130,735	$ 36,724,411

	Level 1	Level 2	Level 3	NAV	Total Fair Value
June 30, 2021:					
Cash equivalents	$ 5,840,106	$ -	$ -	$ -	$ 5,840,106
Fixed income	1,758,463	2,502,588	208,384	-	4,469,435
Equities	29,574,161	-	-	-	29,574,161
Investments at NAV	-	-	-	5,790,256	5,790,256
	$37,172,730	$ 2,502,588	$ 208,384	$ 5,790,256	$ 45,673,958

The investment held at NAV within the table above is the same Commingled Core Bond Fund on page 25.

NOTE 8 - POST-RETIREMENT BENEFIT PLANS

Central Services administers and participates in two post-retirement benefit plans - a discontinued plan for retired lay employees and a plan for retired priests. In determining the Lay and Priest Post-Retirement medical plans funded status, effective June 30, 2007, both plans adopted new guidance issued by FASB, which requires the recognition of the funded status of a defined benefit or post-retirement plan as the difference between plan assets at fair value and the benefit obligation. Per the FASB requirements, any unrecognized gain or loss incurred shall be recorded as a component of net assets without donor restrictions.

Retired Lay Employees

The Corporation Sole provides a single-employer, under a common central group, defined benefit health care plan for lay employees (the “Lay Post-retirement Plan” or “Plan”). The Lay Post-retirement Plan provides post-retirement medical benefits to lay employees of the greater Corporation Sole, parishes, schools and certain affiliated organizations who retired by June 30, 1997, after age 55 and with at least 15 years of service. The June 30, 1997 requirement was a result of a partial termination of the Plan adopted February 1, 1997. The Plan is contributory with retiree contributions adjusted annually by the expected annual inflation rate and contains cost savings features such as deductibles and coinsurance. Central Service’s policy is to fund the actual cost of the medical benefit less retiree contributions. The Lay Post- retirement Plan does not have any assets in a trust. The unfunded obligation associated only with Central Services retirees is shown as a liability on Central Services combined statements of financial position.

The portion of the unfunded benefit obligation of the Lay Post-retirement Plan associated with Central Services for their lay employees was $104,294 and $178,073 for the years ended June 30, 2022 and 2021, respectively.

Retired Priests

The Corporation Sole also provides a single-employer, under a common central group, defined benefit health care plan that provides post-retirement medical benefits to all Archdiocesan priests upon retirement from Corporation Sole (the “Priest Post-retirement Plan”). In addition, Central Services sponsors plans providing subsidized living arrangements and subsidized auto insurance for these retired priests. The Priest Post-retirement Plan is noncontributory except for the excess of auto insurance premiums over the fixed subsidy and a portion of dental and vision coverage. In certain cases, Central Services provides for nursing home care. Central Services’ policy is to fund the actual cost of the medical and other benefits less amounts contributed by the retirees described above. A separate trust is maintained for the Priest Post-retirement Plan. The Priest Post-retirement Plan trust assets are not included on the combined statements of financial position. Unfunded obligations of the Priest Post-retirement Plan are shown as a liability.

The unfunded benefit obligation of the Priest Post-retirement Plan under FASB requirements was $9,039,723 and $13,453,787 as of June 30, 2022 and 2021, respectively, and is included in the combined statements of financial position. The net periodic post-retirement benefit cost was $402,836 and $758,341 for the years ended June 30, 2022 and 2021, respectively. The post-retirement benefit obligation was a net loss of $4,414,064 and a net loss of $4,988,431 for the years ended June 30, 2022 and 2021, respectively. Changes in the years were impacted by market conditions to investments and obligation valuations.

The Priest Post-retirement Plan's unfunded status, accumulated post-retirement obligation, and net periodic post-retirement benefit cost information as of June 30 were calculated by consulting actuaries and are summarized as follows:

	2022	2021
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$ 30,001,589	$ 31,621,682
Service cost	873,365	780,654
Interest cost	863,900	900,249
Actuarial loss	(8,133,860)	(2,450,090)
Benefits paid and plan expenses	(1,221,849)	(850,906)
Benefit obligation at end of year	$ 22,383,145	$ 30,001,589
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 16,547,802	$ 13,179,464
Actual return on plan assets	(3,305,772)	3,307,029
Employer contributions	1,323,241	912,215
Benefits paid	(1,221,849)	(850,906)
Fair value of plan assets at end of year	$ 13,343,422	$ 16,547,802
Funded status at end of year	$ (9,039,723)	$ (13,453,787)
Amount recognized at end of year	$ (9,039,723)	$ (13,453,787)
Amount recognized in net assets without donor restrictions		
Unrecognized net actuarial gain	$ (7,121,247)	$ (3,627,588)
Total amount recognized in net assets without donor restrictions	$ (7,121,247)	$ (3,627,588)
Components of net post-retirement benefit costs		
Service cost	$ 873,365	$ 780,654
Interest cost	863,900	900,249
Expected return on plan assets	(1,158,346)	(922,562)
Amortization of net transition liability	-	-
Amortization of net loss	(176,083)	-
Amortization of prior service cost	-	-
Net periodic post-retirement benefit cost	$ 402,836	$ 758,341
Additional information		
Accumulated benefit obligation	$ 22,383,145	$ 30,001,589
Expected contributions in fiscal year ended June 30	$ 1,462,743	$ 1,541,507

Expected benefit payment for fiscal years ending:

2023	$ 1,463,000
2024	1,103,000
2025	1,178,000
2026	1,087,000
2027	1,138,000
Next five years	6,098,000

Significant assumptions used in determining net periodic post-retirement cost are as follows:

	2022	2021
Discount rate	4.77%	3.10%
Health care - medical	6.83*	7.09*
Nursing home/auto	5.00	5.00
Dental	4.50	4.50

∗ Trending downward to 4.50% by 2029

The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the health care trend rate by one percentage point in each year would increase the accumulated post-retirement benefit obligation at June 30, 2022 by $3,646,300 and the aggregate of service and interest cost components of net periodic post-retirement benefit cost for the year by $475,000. Decreasing the health care rate by one percentage point in each year would decrease the accumulated post-retirement benefit obligation at June 30, 2022 by $(2,922,100) and the aggregate of service and interest cost components of net periodic post-retirement benefit cost for the year ended by $(349,000).

The Corporation Sole utilizes a long-term rate of return of 6.50% in developing actuarial estimates. The Plans assets are managed by external investment managers who are given the return objectives of achieving a minimum of 6.5% over a complete market cycle and annual income of 3.5% to 5.0%. The Plan has achieved a 6.5% annual return over the past ten years. The estimated amount to be amortized from accumulated net assets without donor restrictions into net periodic benefit costs over the next fiscal year is $0. The Plan's asset allocation at June 30, by asset category, was as follows:

	Target	Actual
2022:		
Money market	0 - 10%	5%
Fixed income	20 - 50	25
Equities - U.S.	25 - 60	56
Equities - non-U.S.	10 - 25	14
Alternatives	0 - 20	-
2021:		
Money market	0 - 10%	12%
Fixed income	20 - 50	21
Equities - U.S.	25 - 60	56
Equities - non-U.S.	10 - 25	11
Alternatives	0 - 20	-

On a regular basis the performance of the investments are reviewed by an independent investment committee. The investment committee also reviews the actual asset allocation and periodically rebalances the investment to the target allocation when considered appropriate.

The following tables present the fair value of priest post-retirement assets classified under the appropriate level of the fair value hierarchy as of June 30:

	Level 1	Level 2	Level 3	NAV	Total Fair Value
2022:					
Cash equivalents	$ 737,494	$ -	$ -	$ -	$ 737,494
Fixed income	832,549	809,420	250,000	-	1,891,969
Equities	8,969,263	-	-	-	8,969,263
Investments at NAV	-	-	-	1,774,696	1,774,696
	$10,539,306	$ 809,420	$ 250,000	$ 1,744,696	$ 13,343,422

	Level 1	Level 2	Level 3	NAV	Total Fair Value
2021:					
Cash equivalents	$ 1,901,698	$ -	$ -	$ -	$ 1,901,698
Fixed income	611,431	1,016,757	250,000	-	1,878,188
Equities	10,798,952	-	-	-	10,798,952
Investments at NAV	-	-	-	1,968,964	1,968,964
	$13,312,081	$1,016,757	$ 250,000	$ 1,968,964	$ 16,547,802

The investment held at NAV within the table above is the same Commingled Core Bond Fund on page 25**.**

NOTE 9 - BANK FINANCING ARRANGEMENTS (SHORT TERM)

At June 30, 2022 and 2021, the Corporation Sole had available letters of credit totaling $546,054. The purpose of these arrangements is to provide funding for capital projects. The Corporation Sole had no short-term borrowings as of June 30, 2022 and 2021.

NOTE 10 - TAX-EXEMPT AND LONG-TERM NOTES PAYABLE

The Corporation Sole has two long-term financing arrangements with a balance of $26,834,324 and $27,683,392 as of June 30, 2022 and 2021, respectively.

Bank Qualified Tax-Exempt Note Payable

In June 2007, the Maryland Health and Higher Educational Facilities Authority (“MHHEFA”) issued revenue bonds in the amount of $24,165,000. The net proceeds were for financing and refinancing a portion of the costs of acquisition, construction, renovation and equipping of six projects at three elementary school facilities, two secondary school facilities and the facility housing the overall school administration.

In December 2010, the Corporation Sole entered into new financing arrangements and terms on its tax-exempt debt. Through the MHHEFA, a commercial financial institution purchased all of the 2007 issued revenue bonds outstanding and entered into a bank qualified tax-exempt loan with the Corporation Sole.

The bank qualified tax-exempt loan has a monthly floating interest rate based on London Interbank Offered Rate ("LIBOR"). The weighted interest rate for the fiscal years ended June 30, 2022 and 2021 was 4.48% and 4.49%, respectively. The bank qualified tax-exempt loan requires the Corporation Sole to pledge collateral in the form of property equal to the amount outstanding. The bank qualified loan requires compliance with certain financial covenants and other performance requirements. The Corporation Sole is in compliance with these requirements as of June 30, 2022 and 2021.

The Corporation Sole has entered into an interest rate swap agreement for half of the principal amount due with a fixed rate of 3.973%. The interest rate swap agreement originated in 2007 was not affected by the re-financing terms. It is identified as Swap No. 1 in Note 2 - Summary of Significant Accounting Policies. In August 2011, the Corporation Sole entered into an additional interest rate swap agreement for the remaining principal amount due with a fixed rate of 2.75%. This interest rate swap agreement identified as Swap No. 3 in Note 2 - Summary of Significant Accounting Policies, became effective July 2012.

The debt is expected to be fully paid in June 2037. Principal payments due over the next five years and thereafter are as follows:

Fiscal Years Ending June 30,	
2023	$ -
2024	-
2025	407,917
2026	1,228,750
2027	1,359,583
Thereafter	18,678,750
	$ 21,675,000

Long-Term Note Payable

In June 2007, the Corporation Sole entered into a twenty-year note payable ("2007 Note") with a commercial financial institution in the amount of $15,905,000. The purpose of the loan was to refinance short-term debt and to finance future capital projects. The note was refinanced in 2011 under new terms with a new commercial financial institution. The refinanced note ("2011 Note") was split into two separate notes each requiring certain collateral. As of June 30, 2022 and 2021, Note A has an outstanding balance of $3,005,882 and $3,500,000, respectively. Note B outstanding amounts were $2,153,443 and $2,508,392 as of June 30, 2022 and 2021, respectively. In 2014, both notes were extended under new terms with the same commercial financial institution ("2014 Note"), primarily changing collateral from cash and property to cash only.

The 2014 Note - Note A is secured by certain cash funds equal to the outstanding amount with a variable interest rate of LIBOR plus 75 bps. The 2014 Note - Note B is secured by certain cash funds equal to the outstanding amount with a variable interest rate of LIBOR plus 75 bps. The weighted-interest rate of the total term loans for fiscal years 2022 and 2021 was 3.69% and 3.81%, respectively.

Prior to August 2010, the Corporation Sole had entered into an interest rate swap agreement for half of the principal amount due with a fixed rate of 5.86%. As part of the refinancing arrangements, the original rate swap agreement was terminated, and a new interest rate swap agreement was provided by a commercial finance institution holding the term loan. The new interest rate swap agreement continues to have the same notional schedule as the original agreement reflecting half of the outstanding amount due.

The new swap has a fixed rate of 6.144%. The current swap agreement is identified as Swap No. 2 in Note 2 - Summary of Significant Accounting Policies.

The note requires compliance with certain financial covenants and other performance requirements. Central Services is in compliance with these requirements as of June 30, 2022. Principal payments due over the next five years and thereafter are as follows:

Fiscal Years Ending June 30,	
2023	$ 849,068
2024	849,068
2025	849,068
2026	849,068
2027	849,068
Thereafter	913,985
	$ 5,159,325

NOTE 11 - CATHOLIC COMMUNITY SCHOOL LAND, INC. - NEW MARKET TAX CREDIT

On December 31, 2019, CCSLC entered into a New Market Tax Credit ("NMTC") transaction related to the construction of Mother Mary Lange School (the "School"), a kindergarten through eighth grade school located in West Baltimore City. The Land Corp. will construct and own the land and fixed assets of the School and the School will pay lease payments annually beginning in 2021 to the Land Corp. The NMTC transaction provides long-term debt financing to the Land Corp. through two notes payable (Note A & Note B, respectively) issued by Harbor Community Fund XXI LLC totaling $4,900,000. Note A totaled $3,486,900 as of June 30, 2022 and 2021 and matures December 1, 2054. Note A requires only interest payments until December 10, 2028, when principal payments begin. Interest expense of $34,869 was incurred during the years ended June 30, 2022 and 2021, respectively, on Note A. Note B totaled $1,413,100 as of June 30, 2022 and 2021, and matures on December 1, 2054. Note B requires only interest payments until December 10, 2028, when principal payments begin. Interest expense of $14,131 was incurred during the years ended June 30, 2022 and 2021, respectively, on Note B.

On November 20, 2020, the Land Corp. entered into a second NMTC transaction related to the construction of the School. The NMTC transaction provides long-term debt financing to the Land Corp. through four additional notes payable (Note C, Note D, Note E & Note F) issued by Harbor Community Fund XXI LLC totaling $19,110,000. Note C totaled $ 9,365,971 and matures December 1, 2059. Note C requires only interest payments until December 10, 2028, when principal payments begin. Interest expense of $93,660 was incurred during the year ended June 30, 2022 on Note C. Note D totaled $2,884,029 as of June 30, 2022, and matures on December 1, 2059. Note D requires only interest payments until December 10, 2028, when principal payments begin. Interest expense of $28,840 was incurred during the year ended June 30, 2022 on Note D. Note E totaled $5,327,471 as of June 30, 2022, and matures on December 1, 2059. Note E requires only interest payments until December 10, 2028, when principal payments begin. Interest expense of $53,275 was incurred during the year ended June 30, 2022 on Note E. Note F totaled $1,532,529 as of June 30, 2022, and matures on December 1, 2059. Note F requires only interest payments until December 10, 2028, when principal payments begin. Interest expense of $15,325 and $8,940 was incurred during the years ended June 30, 2022 and 2021 on Note F.

Each respective Note entered into through the NMTC transactions carries an interest rate of 1.00%. The notes related to the NMTC transactions require compliance with certain financial covenants and other performance requirements. The Corporation Sole is in compliance with these requirements as of June 30, 2022 and 2021.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS - TIME AND PURPOSE RESTRICTED

Net assets with donor restrictions, for purpose and/or time, as of June 30 include the following:

	2022	2021
PIE	$ 171,322	$ 102,546
EOM	1,734,116	2,392,569
Other Central Services initiatives	1,155,386	1,133,842
	$ 3,060,824	$ 3,628,956

NOTE 13 - CONTINGENT LIABILITIES

The Corporation Sole has entered into several gift annuities for the benefit of certain affiliated entities. The Corporation Sole has segregated assets to provide for these annuities as separate and distinct funds independent from Central Services. These funds may not be applied to payments of any debts and/or obligations of the Combined Entities.

These gift annuities require regular payments to donors reducing annuity principal balances. Upon the death of the donor, any remaining balance is given to stated Archdiocesan beneficiaries. Any regularly scheduled payments to donors that are in excess of annuity principal would be made by Central Services. As of June 30, 2022, the required balance is believed to be sufficient to cover the estimated remaining annuity payments.

NOTE 14 - RELATED PARTY TRANSACTIONS

Central Services leases office space to certain affiliated organizations. Rental income from these leases included in the combined statements of activities and changes in net assets was $150,624 for both years ended June 30, 2022 and 2021, respectively.

Mercy Ridge, Inc., a continuing care retirement community, is a joint venture between Central Services and Mercy Health Services. There is a sponsorship agreement between Central Services and Mercy Ridge, Inc. whereby Central Services earns an annual payment in the amount of $2,871 per each assisted and independent living unit constructed in the project, subject to a consumer price index increase, and is contingent upon Mercy Ridge, Inc. meeting its occupancy test as defined in the Amended and Restated Sponsorship Agreement. For the years ended June 30, 2022 and 2021, the Archdiocese received sponsorship fees from Mercy Ridge, Inc. totaling $653,153 and $619,710, respectively. Central Services provided funds to pay expenses for the care of certain retired priests residing at Mercy Ridge, Inc. during the years ended June 30, 2022 and 2021. Total expenses paid to Mercy Ridge were $872,021 and $823,540, respectively.

Central Services was awarded $115,000 and $142,961 in grants to fund special projects and operations from John Carroll Foundation in the Archdiocese of Baltimore (“JCF”), a non-combined affiliate within the Archdiocese, for the years ended June 30, 2022 and 2021.

Central Services awarded grants of $6,281,333 and $3,359,280 to parishes and schools for the years ended June 30, 2022 and 2021, respectively. Included in Central Services awards in fiscal years 2022 and 2021, respectively, are $1,391,370 and $1,334,700 in tuition assistance from Partners in Excellence, and $1,345,361 and $1,431,840 in tuition assistance and subsidy to Archdiocesan schools, and $71,404 and $113,940 in Mustard Seed Match for tuition assistance endowments within CCF. The Archbishop's Annual Appeal annual campaign awarded grants of $3,332,721 and of $3,886,746 to parishes, schools, and other Archdiocesan entities for the years ended June 30, 2022 and 2021, respectively. EOM recognized grants of $(653,541) and $(159,917) for parishes, schools, and other Archdiocesan entities for the years ended June 30, 2022 and 2021, respectively.

Central Services was awarded $1,560,195 and $1,274,403 in grants to fund specific operating areas from CCF for the years ended June 30, 2022 and 2021, respectively. Additionally, Central Services recorded $805,845 and $741,727 in fee income to provide administrative services for CCF.

Central Services recorded $500,000 in fee income to provide administrative services to IPLF for both fiscal years 2022 and 2021.

CCSLC received grants from Mother Mary Lange Support Corporation ("MMLSC"), a related entity, totaling $1,328,836 and $1,891,214 for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022, land, land improvements, buildings, and equipment totaling $24,728,182 had been acquired by the CCSLC. Construction on the School was completed during June 2022. As of June 30, 2021, land, land improvements, buildings, and equipment totaling $23,701,946 had been acquired by the CCSLC. Construction on the School was completed during June 2021.

During the year ended June 30, 2022, Central Services used proceeds from the sale of Seton Keough High School to pay back an IPLF loan totaling $4,812,092 on behalf of MMLSC. As part of the transaction, Central Services granted $2,500,000 to MMLSC and gave an interest free loan of $2,312,092.

NOTE 15 - LITIGATION

The Corporation Sole is subject to various commitments and contingent liabilities, including general litigation. Various lawsuits and claims are pending against the Corporation Sole, the majority of which are subject to coverage under Central Services' insurance programs. The Corporation Sole is also aware of potential claims, some involving alleged sexual abuse. The Corporation Sole and legal counsel cannot presently determine the merits of these potential claims and the potential for losses not covered by existing insurance until such time as additional information is made available.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 22, 2022, which is the date the combined financial statements were available to be issued.

The Corporation Sole is not aware of any subsequent events which would require additional recognition or disclosure in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF INSURANCE OPERATIONS

Year ended June 30, 2022

Schedule I

	General Reserve Fund*	Health Reserve Fund	Misconduct Fund	2022 Total
Premium contributions	$ 18,027,831	$ 42,367,070	$ 1,837,225	$ 62,232,126
Premium expense	7,628,850	1,585,978	773,786	9,988,614
Claims expense	5,906,355	36,381,640	499,104	42,787,099
Administrative charges	2,616,818	1,532,684	448,347	4,597,849
Other expenses	525,525	767,678	77,163	1,370,366
Total expenses	16,677,548	40,267,980	1,798,400	58,743,928
Net operating surplus	1,350,283	2,099,090	38,825	3,488,197
Investments:				
Return on investments, net	(5,339,880)	(2,692,263)	(226,298)	(8,258,441)
Net surplus	$ (3,989,598)	$ (593,173)	$ (187,473)	$ (4,770,244)

* Includes property and casualty, auto, worker's compensation, short-term and long-term disability, unemployment and life insurance.

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and the combined financial statements and notes thereto.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF INSURANCE OPERATIONS

Year ended June 30, 2021

Schedule I

	General Reserve Fund*	Health Reserve Fund	Misconduct Fund	2021 Total
Premium contributions	$ 16,979,154	$ 44,113,105	$ 2,129,507	$ 63,221,766
Premium expense	7,583,240	2,258,271	48,212	$ 9,889,723
Claims expense	5,849,552	38,082,951	(155,981)	43,776,522
Administrative charges	2,329,321	1,525,535	411,408	4,266,264
Other expenses	705,172	3,518,160	89,439	4,312,771
Total expenses	16,467,285	45,384,917	393,078	62,245,280
Net operating surplus	511,869	(1,271,812)	1,736,429	976,486
Investments:				
Return on investments, net	6,420,574	2,981,729	1,109,359	10,511,662
Net surplus	$ 6,932,443	$ 1,709,917	$ 2,845,788	$ 11,488,148

* Includes property and casualty, auto, worker's compensation, short-term and long-term disability, unemployment and life insurance.

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and the combined financial statements and notes thereto.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF CENTRAL SERVICES

STATEMENTS OF FINANCIAL POSITION

June 30,

Schedule II

	2022	2021
ASSETS		
Cash and cash equivalents	$ 26,767,723	$ 20,434,238
Investment, at fair value		
Unrestricted	20,774,760	23,143,425
Designated to support Central Service programs	26,028,020	24,457,212
Designated for insurance programs	59,371,513	66,929,954
Designated for Partners in Excellence	529,155	653,471
Investments held in perpetuity	16,773,619	20,871,002
Agency	4,106,308	4,653,576
Total cash, cash equivalents and investments	154,351,098	161,142,878
Contributions receivable, net	387,610	298,700
IPLF Loans and accounts receivable from Archdiocesan parishes, schools and entities, net	36,001,924	36,291,877
Prepaid expenses and other assets	4,728,044	4,664,715
Land, buildings and equipment, net	15,919,181	15,216,642
Total assets	$ 211,387,857	$ 217,614,812
LIABILITIES AND NET ASSETS		
Liabilities		
Demand notes payable to parishes, schools and related entities	$ 3,487,866	$ 2,666,146
Agency investments and liabilities to related entities	5,240,487	4,922,909
Accounts payable and accrued expenses	12,948,360	16,750,333
Grants payable	128,590	-
Claims reserve	15,096,676	14,108,727
Pension and post-retirement benefit obligation	25,815,836	35,632,206
Bonds and long-term notes payable	26,834,324	27,683,392
Total liabilities	89,552,139	101,763,713
Net assets		
Without donor restrictions	103,735,404	93,743,716
With donor restrictions	18,100,313	22,107,383
Total net assets	121,835,718	115,851,099
Total liabilities and net assets	$ 211,387,857	$ 217,614,812

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF CENTRAL SERVICES

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

Schedule III

	Department of Vicariate and Pastoral Leadership	Department of Management Services	Department of Development	Department of Human Resources	Department of Evangelization	Department of Catholic Schools	General Operations and Parish Support	Total 2022
Operating revenue:								
Cathedraticum	$ 6,011,629	$ 2,872,245	$ 815,838	$ 866,443	$ 640,139	$ 1,367,961	$ 2,080,472	$ 14,654,727
Program contributions and service fees	550,224	2,715,122	1,376,535	257,363	229,437	996,514	291,654	6,416,849
Annual appeal	1,420,500				1,180,000	-	515,000	3,115,500
CCF grants	184,493	2,560			48,764	216,466	1,041,080	1,493,363
Contributions and bequests	760,077				5,400	28,906	4,523,897	5,318,280
Other income	683,438	248,932			137,275	72,287	9,517,637	10,659,569
Investment income	359,599				7,500	7,500	1,087,297	1,461,896
Total operating revenue	9,969,960	5,838,859	2,192,373	1,123,806	2,248,515	2,689,634	19,057,037	43,120,184
Operating expenses:								
Salaries and benefits	4,480,251	4,292,564	1,818,010	895,015	1,332,284	1,890,908	-	14,709,032
Program and office	4,975,615	1,475,455	303,800	228,621	771,233	634,598	3,135,790	11,525,112
Professional fees and dues	357,006	64,140	70,563	-	144,398	115,951	785,144	1,537,202
Grants	157,088	6,700	-	170	600	48,177	6,281,333	6,494,068
Total operating expenses	9,969,960	5,838,859	2,192,373	1,123,806	2,248,515	2,689,634	10,202,267	34,265,414
Operating surplus (deficit)	-	-	-	-	-	-	8,854,770	8,854,770
Other activity:								
Bond financing project, net	-	-	-	-	-	-	(529,371)	(529,371)
Insurance program, net	-	-	-	-	-	-	(4,770,242)	(4,770,242)
Clergy on special assignment	-	-	-	-	-	-	(453,380)	(453,380)
Retired clergy medical care, net	-	-	-	-	-	-	141,023	141,023
Gain on retirement plan valuation	-	-	-	-	-	-	9,816,370	9,816,370
Realized/unrealized investment gains	-	-	-	-	-	-	(10,173,702)	(10,173,702)
Gain on SWAP agreements	-	-	-	-	-	-	3,099,153	3,099,153
Total other activity	-	-	-	-	-	-	(2,870,149)	(2,870,149)
Total surplus	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,984,621	$ 5,984,621

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF CENTRAL SERVICES

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

Schedule III

	Department of Vicariate and Pastoral Leadership	Department of Management Services	Department of Development	Department of Human Resources	Department of Evangelization	Department of Catholic Schools	General Operations and Parish Support	Total 2021
Operating revenue:								
Cathedraticum	$ 5,809,367	$ 2,966,057	$ 767,200	$ 772,513	$ 1,366,837	$ 1,649,656	$ 229,390	$ 13,561,020
Program contributions and service fees	1,639,361	1,916,452	1,808,287	250,769	125,709	924,053	284,163	6,948,794
Annual appeal	1,535,000	-	-	-	482,000	25,000	715,000	2,757,000
CCF grants	162,046	2,495	-	-	47,393	181,589	831,324	1,224,847
Contributions and bequests	307,608	149,688	-	-	17,415	613,221	6,316,123	7,404,055
Other income	539,135	298,479	-	-	67,111	7,500	6,436	918,661
Investment income	282,279	-	-	-	18,504	7,500	707,642	1,015,925
Total operating revenue	10,274,796	5,333,171	2,575,487	1,023,282	2,124,969	3,408,519	9,090,078	33,830,302
Operating expenses:								
Salaries and benefits	4,688,868	4,404,351	1,996,255	856,186	1,455,721	2,040,536	(280,460)	15,161,457
Program and office	4,678,086	861,622	532,331	161,796	642,991	786,951	2,004,298	9,668,075
Professional fees and dues	328,565	65,998	41,401	-	25,707	27,290	764,582	1,253,543
Grants	579,277	1,200	5,500	5,300	550	553,742	3,359,280	4,504,849
Total operating expenses	10,274,796	5,333,171	2,575,487	1,023,282	2,124,969	3,408,519	5,847,699	30,587,923
Operating surplus (deficit)	-	-	-	-	-	-	3,242,378	3,242,378
Other activity:								
Bond financing project, net	-	-	-	-	-	-	(513,745)	(513,745)
Insurance program, net	-	-	-	-	-	-	9,388,610	9,388,610
Clergy on special assignment	-	-	-	-	-	-	(386,584)	(386,584)
Retired clergy medical care, net	-	-	-	-	-	-	(185,649)	(185,649)
Gain on retirement plan valuation	-	-	-	-	-	-	20,622,426	20,622,426
Realized/unrealized investment gains	-	-	-	-	-	-	10,147,941	10,147,941
Gain on SWAP agreements	-	-	-	-	-	-	2,172,338	2,172,338
Total other activity	-	-	-	-	-	-	41,245,336	41,245,336
Total surplus	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,487,715	$ 44,487,715

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and the combined financial statements and notes thereto.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF ARCHBISHOP'S ANNUAL APPEAL

STATEMENTS OF FINANCIAL POSITION

June 30,

Schedule IV

	2022	2021
ASSETS		
Cash and investments	$ 3,492,989	$ 4,760,457
Pledges receivable, net of allowance of $388,553 and $380,689 in 2022 and 2021, respectively	1,408,495	996,393
Total assets	$ 4,901,484	$ 5,756,850
LIABILITIES AND NET ASSETS		
Liabilities		
Campaign grants payable	$ 1,561,467	$ 1,576,467
Accounts payable and accrued liabilities	1,458,176	2,521,498
Total liabilities	3,019,643	4,097,965
Net assets		
Designated without donor restrictions	1,881,841	1,658,885
Total liabilities and net assets	$ 4,901,484	$ 5,756,850

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF ARCHBISHOP'S ANNUAL APPEAL

STATEMENTS OF ACTIVITIES

Years ended June 30,

Schedule V

	2022	2021
Revenues:		
Gifts and pledges	$ 8,605,931	$ 8,722,086
Allowance for uncollectibles	(207,326)	(315,999)
Investments, net	(35,264)	(7,086)
Total net revenue	8,363,342	8,399,000
Expenses:		
Fundraising costs and administration	1,692,164	1,620,279
Grant expenditures:		
Evangelization and Pastoral Services		
Associated Catholic Charities	1,100,512	706,500
Strengthening parishes and forming church leaders	2,502,709	3,225,246
Respect life ministries and programs	100,000	100,000
Chaplaincy (hospital, prison, and Apostleship of the Sea)	90,000	120,000
Care for the elderly and impaired	-	30,000
Hispanic ministries	100,000	80,000
Continuing education and Evangelization programs	485,000	450,000
Supporting work for the Holy Father	100,000	100,000
Total Liturgical and Pastoral Services	4,478,221	4,811,746
Priest Care and Clergy Services:		
Vocations	700,000	700,000
Sr. Priest medical care	100,000	210,000
Total Priest Care and Clergy Services	800,000	910,000
Young Adult and Youth Education Ministries:		
Tuition and school assistance	515,000	540,000
Newman Centers	550,000	352,000
O'Dwyer retreat house and Youth Ministry Support	105,000	120,000
Total Young Adult and Youth Education Ministries	1,170,000	1,012,000
Total expenses and grant expenditures	8,140,385	8,354,025
NET SURPLUS (DEFICIT)	$ 222,957	$ 44,975

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF PARTNERS IN EXCELLENCE

STATEMENTS OF FINANCIAL POSITION

June 30,

Schedule VI

	2022	2021
ASSETS		
Cash and marketable securities	$ 795,226	$ 880,181
Pledges receivable, net of allowances of $1,027 and $0 in fiscal 2022 and 2021, respectively	171,323	102,546
Investments with donor restrictions	598,300	598,300
Total assets	$ 1,564,849	$ 1,581,027
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	$ 48,359	$ -
Net assets		
Without donor restrictions	746,868	880,181
With donor restrictions	769,622	700,846
Total liabilities and net assets	$ 1,564,849	$ 1,581,027

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF PARTNERS IN EXCELLENCE

STATEMENTS OF ACTIVITIES

Years ended June 30,

Schedule VII

	2022	2021
Revenues:		
Gifts and pledges	$ 1,648,453	$ 1,592,488
Investment income, net	(83,969)	136,058
Total revenues	1,564,484	1,728,546
Expenses:		
Fund raising expenditures	237,650	356,268
Adult and faith education ministries - tuition assistance	1,391,370	1,334,700
Total expenses	1,629,021	1,690,968
NET DEFICIT	$ (64,537)	$ 37,578

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF CHILD NUTRITION PROGRAM

STATEMENTS OF FINANCIAL POSITION

June 30,

Schedule VIII

	2022	2021
ASSETS		
Cash and cash equivalents	$ 425,539	$ 97,884
Accounts receivable	35,623	95,410
Office and kitchen equipment, net	31,664	18,743
Total assets	$ 492,826	$ 212,037
LIABILITIES AND NET DEFICIT		
Liabilities		
Accounts payable and accrued liabilities	$ 1,906,052	$ 1,765,614
Total liabilities	1,906,052	1,765,614
Net deficit		
Without donor restriction	(1,413,226)	(1,553,577)
Total liabilities and net deficit	$ 492,826	$ 212,037

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and the combined financial statements and notes thereto.

Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF CHILD NUTRITION PROGRAM

STATEMENTS OF ACTIVITIES

Years ended June 30,

Schedule IX

	2022	2021
Revenues:		
Federal reimbursements	$ 1,200,801	$ 432,904
State reimbursements	7,017	48,820
Commodities received	109,111	65,707
Food sales at schools	858	689
Other income	84,964	28,842
Total revenues	1,402,751	576,963
Expenses:		
Salaries and benefits	543,401	473,414
Food services, storage and commodities	639,116	272,371
Equipment rentals and expenses	13,063	11,523
Office supplies and miscellaneous	66,848	70,987
Total expenses	1,262,428	828,295
NET SURPLUS (DEFICIT)	$ 140,323	$ (251,332)

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF EMBRACING OUR MISSION PROGRAM

STATEMENTS OF FINANCIAL POSITION

June 30,

Schedule X

	2022	2021
ASSETS		
Cash and investments	$ 5,132,494	$ 5,174,946
Pledges receivable, net of allowances of $384,333 and $631,811 in 2022 and 2021, respectively	1,418,803	2,077,256
Total assets	$ 6,551,297	$ 7,252,202
LIABILITIES AND NET ASSETS		
Liabilities		
Campaign grants payable	$ 3,091,239	$ 3,381,687
Accounts payable and accrued liabilities	618,898	1,557,975
Total liabilities	3,710,137	4,939,662
Net assets		
With donor restrictions	2,841,160	2,312,540
Total liabilities and net assets	$ 6,551,297	$ 7,252,202

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Central Services of the Roman Catholic Archbishop of Baltimore
(A corporation sole of the State of Maryland, and other combined entities)

SUPPLEMENTAL SCHEDULE OF EMBRACING OUR MISSION PROGRAM

STATEMENTS OF ACTIVITIES

Years ended June 30

Schedule XI

	2022	Campaign to Date
Revenues:		
Gifts and pledges	$ 73,190	$ 128,517,100
Allowance for uncollectible amounts	-	21,881,881
Total net revenue	73,190	106,635,219
Expenses:		
Fundraising costs and administration	162,876	16,249,283
Grant commitments:		
Support of Catholic Charities	-	8,200,000
Support of Catholic Education:		
Capital improvements to schools	-	13,921,749
Academic program enhancements	-	3,550,845
Tuition assistance endowment	-	11,915,085
Direct tuition assistance	-	1,757,501
Support of Cathedrals	-	6,440,000
Support of Clergy:		
Vocations	-	1,315,050
Priest retirement/medical	-	6,904,751
Support of evangelization and religious education	-	3,131,378
Other	-	4,184,249
Parish share	(618,306)	26,224,168
Total grant commitments	(618,306)	87,544,776
Total expenses and support area grant commitments	(455,430)	103,794,059
CHANGES IN NET ASSETS (will be allocated to support areas when cash is available)	$ 528,620	$ 2,841,160

Note: For accounting purposes, campaign support areas associated directly with other established campaign areas such as PIE and CCF, Inc. are not included in the above. Such amounts are included within the separately reported campaigns. A summary of total campaign support goals and progress including these other campaign areas:

	Through June 30, 2022	Campaign Overall Goal
Campaign Priority Areas of Support:		
Support of Catholic Charities (includes $350,000 in CCF, Inc. and $650,000 direct to ACC)	$ 9,200,000	$ 9,200,000
Support of Catholic Education:		
Tuition assistance and endowments (includes $10,189,935 in CCF, Inc.)	22,105,020	22,200,000
Capital improvements to schools	13,921,749	14,294,200
Academic program enhancements (includes $400,000 in CCF, Inc.)	3,950,845	4,600,000
Direct tuition assistance (includes $2,238,109 in PIE & $610,184 in AoB Gala)	4,605,794	4,105,800
Support of Clergy (Retirement Vocations) (includes $377,811 in CCF, Inc.)	8,597,612	9,200,000
Support of Cathedrals	6,440,000	6,440,000
Support of Evangelization and Rel. Educ (includes $25,000 in CCF, Inc.)	3,156,378	3,560,000
Local Parish Support (includes $461,333 in CCF, Inc.)	26,685,501	18,400,000
Unallocated but expected future collections	2,841,160	-
Total Priority Areas of Campaign	$ 101,504,059	$ 92,000,000

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