Archdiocese of Chicago

Consolidated Financial Statements as of and
for the Years Ended June 30, 2023 and 2022, and
Independent Accountant's Review Report

ARCHDIOCESE OF CHICAGO

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

His Eminence Cardinal Blase J. Cupich
Archbishop of Chicago:

We have reviewed the accompanying consolidated financial statements of the Archdiocese of Chicago (the "Archdiocese"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Archdiocese's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

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

Accountant's Responsibility

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

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

Accountant's Conclusion

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

Deloitte & Touche LLP

March 22, 2024

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022
(Dollars in thousands)

ASSETS	2023	2022
CASH AND CASH EQUIVALENTS	$ 308,377	$ 336,786
RESTRICTED CASH	41,505	40,035
INVESTMENTS	2,523,256	2,362,684
RECEIVABLES:		
Notes, accounts, and pledges receivable—net	82,776	74,065
Cemetery installment contracts	67,160	58,341
Total receivables	149,936	132,406
CEMETERY PROPERTY—Ready and available for use	60,003	58,903
INVESTMENT IN FINANCING LEASES	5,795	6,087
PENSION ASSET	11,081	-
POSTRETIREMENT ASSET	153	-
LAND, BUILDINGS, AND EQUIPMENT:		
Undeveloped realty	26,072	26,072
Land	243,553	244,147
Buildings and equipment	2,861,753	2,816,314
Construction in progress	35,900	24,529
Total land, buildings, and equipment	3,167,278	3,111,062
Less accumulated depreciation	(1,918,563)	(1,870,950)
Land, buildings, and equipment—net	1,248,715	1,240,112
RIGHT OF USE ASSETS	23,914	18,269
OTHER ASSETS	40,917	41,976
CASH SURRENDER VALUE OF INSURANCE POLICIES	2,380	2,275
TOTAL	$ 4,416,032	$ 4,239,533

LIABILITIES	2023	2022
LIABILITIES:		
Accounts payable and accrued expenses	$ 270,474	$ 269,643
Deferred revenue	237,671	232,647
Current portion of lease liability	5,511	3,636
Deposits	4,252	4,387
Borrowings (less debt issuance costs of $2,902 and $3,093 for 2023 and 2022, respectively)	228,048	233,250
Insurance claims	203,442	202,328
Unearned rental income	98	15,248
Accrued pension cost	83,155	106,918
Postretirement liabilities	107,233	107,441
Long-term lease liability	19,437	15,452
Asset retirement obligations	81,359	80,034
Accrued cemetery maintenance costs	525,646	514,198
Refundable grant advances	148,167	154,395
Total liabilities	1,914,493	1,939,577
NET ASSETS:		
Without donor restrictions:		
Undesignated	(185,629)	(213,853)
Designated	2,442,761	2,278,474
Total without donor restrictions	2,257,132	2,064,621
With donor restrictions:		
Temporary in nature	161,120	152,987
Perpetual in nature	83,287	82,348
Total with donor restrictions	244,407	235,335
Total net assets	2,501,539	2,299,956
	-	-
TOTAL	$4,416,032	$4,239,533

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

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR 2022)
(Dollars in thousands)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
REVENUES:				
Parishes:				
Collections and activities	$ 314,508	$ 3,805	$ 318,313	$ 336,848
Tuition and related fees	314,361	-	314,361	306,672
Charitable activities:				
Program services	256,170	-	256,170	239,715
Fund appeals and bequests	87,236	24,304	111,540	120,243
Cemeteries sales and services	71,966	-	71,966	71,351
Archdiocesan Pastoral Center	60,038	8,306	68,344	70,466
PRMAA	5,893	-	5,893	3,921
Annual Catholic Appeal	15,771	-	15,771	15,140
TTWCI campaign revenue	1,164	-	1,164	668
Investment income	7,213	-	7,213	81
Contributed nonfinancial assets	7,539	-	7,539	5,801
Other	11,018	-	11,018	5,617
Net assets released from restrictions	40,941	(40,941)	-	-
Total revenues	1,193,818	(4,526)	1,189,292	1,176,523
EXPENSES:				
Parishes:				
General operations	277,931	-	277,931	264,161
School programs	343,353	-	343,353	324,126
Charitable activities	369,905	-	369,905	345,732
Cemeteries	60,360	-	60,360	58,909
Archdiocesan Pastoral Center	110,040	-	110,040	114,830
PRMAA	9,566	-	9,566	11,097
Annual Catholic Appeal fundraising expenses	1,216	-	1,216	1,179
Depreciation and accretion	68,290	-	68,290	67,424
Interest expense	10,330	-	10,330	17,313
Total expenses	1,250,991	-	1,250,991	1,204,771
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	(57,173)	(4,526)	(61,699)	(28,248)

(Continued)

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR 2022)
(Dollars in thousands)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	$ (57,173)	$ (4,526)	$ (61,699)	$ (28,248)
NET INVESTMENT RETURN	168,045	13,598	181,643	(175,870)
NET PROPERTY GAINS (LOSSES)	46,167	-	46,167	35,814
WINDDOWN COSTS RELATING TO HOLY FAMILY VILLA	839	-	839	(3,952)
PARISH BUILDING FUND REVENUES	12,163	-	12,163	10,452
TTWCI REVENUES	4,479	-	4,479	3,314
CHANGE IN FUTURE CEMETERY CARE COSTS	(11,448)	-	(11,448)	99,245
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COSTS	35,903	-	35,903	11,340
POSTRETIREMENT-RELATED CHANGES OTHER THAN NET PERIODIC POSTRETIREMENT COSTS	(2,560)	-	(2,560)	46,346
OTHER COMPONENTS OF NET PERIODIC BENEFIT PLAN COST	(3,904)	-	(3,904)	380
CHANGE IN NET ASSETS	192,511	9,072	201,583	(1,179)
NET ASSETS—Beginning of year	2,064,621	235,335	2,299,956	2,301,135
NET ASSETS—End of year	$ 2,257,132	$ 244,407	$ 2,501,539	$ 2,299,956

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

(Concluded)

ARCHDIOCESE OF CHICAGO

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

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
REVENUES:			
Parishes:			
Collections and activities	$ 336,077	$ 771	$ 336,848
Tuition and related fees	306,672	-	306,672
Charitable activities:			
Program services	239,715	-	239,715
Fund appeals and bequests	92,353	27,890	120,243
Cemeteries sales and services	71,351	-	71,351
Archdiocesan Pastoral Center	64,160	6,306	70,466
PRMAA	3,921	-	3,921
Annual Catholic Appeal	15,140	-	15,140
TTWCI campaign revenue	318	350	668
Investment income	81	-	81
Contributed nonfinancial assets	5,801	-	5,801
Other	5,617	-	5,617
Net assets released from restrictions	29,405	(29,405)	-
Total revenues	1,170,611	5,912	1,176,523
EXPENSES:			
Parishes:			
General operations	264,161	-	264,161
School programs	324,126	-	324,126
Charitable activities	345,732	-	345,732
Cemeteries	58,909	-	58,909
Archdiocesan Pastoral Center	114,830	-	114,830
PRMAA	11,097	-	11,097
Annual Catholic Appeal fundraising expenses	1,179	-	1,179
Depreciation and accretion	67,424	-	67,424
Interest expense	17,313	-	17,313
Total expenses	1,204,771	-	1,204,771
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	(34,160)	5,912	(28,248)

(Continued)

ARCHDIOCESE OF CHICAGO

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

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

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

(Concluded)

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Dollars in thousands)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 201,583	$ (1,179)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in defined benefit pension and postretirement plans other than periodic pension and postretirement expense	(33,343)	(57,686)
Change in future cemetery care costs	11,448	(99,245)
Net gains on property sales	(46,167)	(35,814)
Net investment return	(153,038)	188,991
Depreciation and accretion	68,290	67,424
Permanently restricted contributions and contributions for parish property	(146)	(5,102)
Other	(2,424)	(7,133)
Changes in assets and liabilities:		
Receivables	(17,530)	(12,375)
Cemetery property ready and available for use	(1,100)	(2,813)
Right of use assets	(5,645)	(18,269)
Other assets	(9,060)	24,326
Deposits and accounts payable and accrued expenses	696	19,485
Deferred revenue	5,024	(26,828)
Lease liability	5,860	19,088
Insurance claims	1,114	3,954
Unearned rental income	(569)	(209)
Asset retirement obligations	1,325	1,665
Accrued pension and postretirement costs	9,372	(35,826)
Refundable grant advances from HUD	(6,228)	-
Net cash provided by operating activities	29,462	22,454
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	819,723	967,497
Purchases of investments	(827,141)	(1,023,716)
Proceeds from sales of property	34,104	50,502
Purchases of land, buildings, and equipment	(77,779)	(72,484)
Net cash used in investing activities	(51,093)	(78,201)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(5,454)	(102,120)
Issuance of borrowings	-	150,000
Permanently restricted contributions and contributions for parish property	146	5,102
Net cash provided by (used in) financing activities	(5,308)	52,982

(Continued)

ARCHDIOCESE OF CHICAGO

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Dollars in thousands)

	2023	2022
CHANGE IN CASH AND SHORT TERM INVESTMENTS	$ (26,939)	$ (2,765)
CASH AND CASH EQUIVALENTS—Beginning of year, including restricted cash	376,821	379,586
CASH AND CASH EQUIVALENTS—End of year, including restricted cash	$ 349,882	$ 376,821
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 12,687	$ 17,748
Accounts payable for construction and fixed asset purchases	$ 1,505	$ 2,067
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Cash and cash equivalents—end of year	$ 308,377	$ 336,786
Restricted cash—end of year	41,505	40,035
TOTAL	$ 349,882	$ 376,821

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

1. NATURE OF OPERATIONS

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Subsequent Events—The Archdiocese evaluated subsequent events through March 22, 2024, the date the consolidated financial statements were available for issuance.

Refer to the 'Insurance' section below for the subsequent events relevant to the Pastoral Center.

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

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

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

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

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

Capital Campaign—The To Teach Who Christ Is (TTWCI) capital fundraising campaign was an effort to raise funds to support parishes, Catholic education and faith formation initiatives over a five year period. The TTWCI capital fundraising campaign active solicitation efforts concluded in 2017, but the corresponding pledge fulfillment efforts continue. Ongoing TTWCI fulfillment continues to fund TTWCI campaign programs.

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

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

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

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

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

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

Asset Impairment—The Archdiocese reviews long-lived assets for impairment by comparing the future cash flows expected from the asset to the carrying value of the asset when certain conditions exist or events occur. The Archdiocese did not record an impairment loss on long-lived assets in 2023 or 2022.

Accrued Cemetery Maintenance—The amount recorded as accrued cemetery maintenance costs in the statements of financial position represents the liability for the estimated cost to maintain the Cemeteries' existing graves, crypts, and niches in the future, discounted to present value. For this estimate, the discount rate used was 5.27% as of June 30, 2023, and future maintenance costs are assumed to escalate 2.60% per annum. The undiscounted estimated costs may vary materially from actual future costs. Annually, management updates its estimates and assumptions, including the discount rate. Any change in the present value of the estimated future costs is recorded in the year such change is made. Such changes may be material to the consolidated financial statements.

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

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

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

During 2023 and 2022, the Pastoral Center paid multiple legal claims related to allegations of past professional misconduct by priests with settlements paid totaling $16,968 and $25,868, respectively. Subsequent to June 30, 2023, the Pastoral Center paid an additional $2,486 in settlement claims. The costs of these subsequent settlements are included in the insurance claims accrual at June 30, 2023.

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

Unearned Rental Income—In May 2008, The CBC executed a land lease agreement for the now former site of the Pastoral Center operational headquarters building. The lease has a term of 99 years that commenced on January 1, 2009, and gives the tenant the right to renew the term of the lease for two additional 25-year periods. The agreement allows for escalating rental payments during each rent-adjustment year. In addition, base rent will be adjusted annually by a factor of the percentage increase in the consumer price index, not to exceed 5% annually, commencing with the third lease year. The tenant made an initial rent payment of $18,000 at the inception of the agreement, which was set to be recognized on a straight-line basis over the 99-year lease term. In February 2023, the land lease agreement was terminated as a result of the execution of a land purchase agreement. A total net property gain of $21,250 was recognized in fiscal year 2023 which included both the recognition of the remaining unearned rental income of $14,650 and the purchase price of $6,600.

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

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

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

Revenue Recognition—

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

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

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

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

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

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

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

Pastoral Center Services Revenue—Pastoral Center services revenue relates to the income generated by various departments within the Pastoral Center, which provide administrative and programming services to other agencies of the Archdiocese of Chicago. Revenue related to these services is recognized over time as the departments provide the associated services. A portion of Pastoral Center services revenue is also generated through donations to various programs and departments within the Pastoral Center. Pastoral Center services revenue derived from contracts with customers was $15,612 in 2023 and $13,783 in 2022. Pastoral Center services revenue derived from contributions was $11,990 in 2023 and $10,643 in 2022.

Seminaries Revenue—Seminaries tuition revenue is generated during the year in which the related services are provided to students. The performance obligation of delivering educational services and room and board is simultaneously received and consumed by the students, and therefore revenue is recognized over the course of the academic year. Seminaries revenue is also generated through rental income from third party tenants, which is recognized over time as the rental services are provided. A portion of Seminaries revenue is also generated through donations. Seminaries revenue derived from contracts with customers was $8,659 in 2023 and $6,338 in 2022. Seminaries revenue derived from contributions was $5,368 in 2023 and $8,425 in 2022.

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

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

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

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

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

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

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

The Cemeteries records deferred revenue in situations when items and services are purchased on a preneed basis, but Cemeteries has not performed on the contract. Such revenue is recognized when all criteria are subsequently met. Deferred revenues from contracts are classified as liabilities on the statements of financial position and as of June 30, 2023 and 2022 were $236,800 and $223,500, respectively.

There are no significant incremental costs of obtaining a contract, no significant incremental costs incurred fulfilling a contract at the time the contract was obtained, and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers. Collections on the portion of preneed easements applicable to future interment services are invested in the Fund. An allowance has been established to reflect estimated returns. This amount is recorded as a contra-receivable in the statements of financial position.

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

Catholic Charities—The majority of funding for Catholic Charities' operations is provided by governmental agencies. Charities recognizes revenues in the fiscal year that the services are rendered. Fee and grants from government agencies revenue and support revenues are recognized in the fiscal year that they are received. Program fees includes fees for programs that are received from individuals as well as federal, state and local governments.

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

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

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

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

Without Donor Restrictions

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

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

With Donor Restrictions

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

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

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

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

3. PARISHES

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

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

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

Expenses—General Operations—For the years ended June 30, 2023 and 2022, the summary of the general operations, other than for the school programs, prior to consolidation, eliminations, and reclassifications, is as follows:

	2023	2022
Salaries, wages, and benefits	$ 127,163	$ 120,284
Utilities, repairs, and insurance	88,556	86,354
Religious education (CCD)—including salaries and expenses	15,014	15,530
Other expenses—including administrative, depreciation, church, and rectory operating costs	108,189	107,323
Total expenses—general operations	$ 338,922	$ 329,491

Each parish pays an annual assessment to the Pastoral Center for continuing Archdiocesan programs. Ordinary income is the main factor considered in arriving at the individual assessments. The assessment is used to support the activities of the Pastoral Center and amounted to $21,699 and $24,064 in 2023 and 2022, respectively. This assessment is eliminated in the consolidated financial statements.

Expenses—School Programs—As of June 30, 2023 and 2022, the Archdiocese and Parishes operated 152 elementary schools and 3 high schools. A summary of school programs expenses for the years ended June 30, 2023 and 2022, prior to consolidation, eliminations, and reclassifications is as follows:

	2023	**2022**
Salaries, wages, and benefits	$ 274,088	$ 258,226
Utilities, repairs, and insurance	38,507	36,994
Books and instructional materials	10,575	11,805
Depreciation and other expenses	35,404	33,257
Total expenses—school programs	$ 358,574	$ 340,282

Expenses exceeded school revenues (tuition and related fees) by $44,213 and $33,610 in 2023 and 2022, respectively. These excess costs were financed from general parish revenues and reserves, special fundraising activities, and grants from the Archdiocese. The data above does not include 8 private elementary schools and 27 private high schools within Cook and Lake counties of Illinois operated by various religious orders as of June 30, 2023 and 2022.

4. LIQUIDITY AND AVAILABILITY

Pastoral Center—The following reflects the Pastoral Center's financial assets available for general expenditure within one year of the balance sheet date, June 30, 2023 and 2022, respectively. These liquid assets are reduced by amounts not available for general use due to donor-imposed restrictions and designations, which supports parish and school programs and obligations. Cash and investment assets also include parish, school, and seminary funds.

	2023	**2022**
Cash and cash equivalents	$ 54,335	$ 59,636
Investments available within one year	444,684	424,993
Loans to parishes	1,308	972
Pledge receivables	1,084	1,635
Other receivables	437	511
Other assets	2,985	3,084
	504,833	490,831
Less amounts unavailable for general expenditures:		
Donor-imposed restrictions:		
Temporary in nature	(17,824)	(16,114)
Perpetual in nature	(4,666)	(4,841)
	482,343	469,876
Management designated:		
Parish and school funds	(271,075)	(246,550)
Seminary and affiliate investment funds	(80,244)	(81,775)
Pastoral Center funds to support parishes, education, and faith formation	(32,036)	(27,380)
Required to meet self-insurance program obligations	(39,143)	(58,383)
Total financial assets available within one year for general expenditure	$ 59,845	$ 55,788

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

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

Cemeteries—The following represents the Cemeteries financial assets available for general expenditures within one year of the balance sheet date, June 30, 2023 and 2022, respectively. These liquid assets are reduced by amounts not available for general use due to designations:

	2023	**2022**
Cash and cash equivalents	$ 16,867	$ 16,515
Installment contracts receivable	16,351	10,519
Investments available within one year	544,443	541,393
	577,661	568,427
Less amounts unavailable for general expenditures—designated funds	(70,618)	(75,238)
Total financial assets available within one year for general expenditure	$ 507,043	$ 493,189

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

Charitable Activities—The following reflects the Charitable activities' financial assets available for general expenditure within one year of the balance sheet date, June 30, 2023 and 2022, respectively. These liquid assets are reduced by amounts not available for general use due to Board designation and donor-imposed restrictions:

	2023	**2022**
Cash and cash equivalents	$ 46,349	$ 57,219
Investments	1,032,432	970,593
Accounts receivable	43,043	39,570
Contributions and pledge receivables	14,360	9,851
Other receivables	6,975	2,232
Other assets	971	5,697
Cash surrender value of life insurance policies	2,317	2,214
	1,146,447	1,087,376
Less—donor-imposed restrictions:		
Temporary in nature	(23,922)	(37,200)
Perpetual in nature	(46,376)	(45,043)
	1,076,149	1,005,133
Less—board-designated	(759,121)	(687,534)
Total financial assets available within one year for general expenditure	$ 317,028	$ 317,599

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

Parishes and Schools—The following reflects the parishes and schools' financial assets available for general expenditure within one year of the balance sheet date, June 30, 2023 and 2022, respectively. These liquid assets are reduced by amounts not available for general use due to parishioner and donor-imposed restrictions and obligations:

	2023	**2022**
Cash and cash equivalents	$ 189,198	$ 202,073
Deposits with the Archdiocesan Pastoral Center available within one year	271,075	246,550
Pledge receivables	126	325
Other receivables	4,068	4,285
	464,467	453,233
Less amounts unavailable for general expenditure—donor-imposed restrictions—temporary in nature	(64,848)	(64,214)
	399,619	389,019
Management designated:		
Parish assets to support faith formation and education	(65,551)	(66,301)
Unpaid obligations to Pastoral Center Archdiocesan Bank	(133,840)	(147,673)
Total financial assets available within one year for general expenditure of parishes and schools	$ 200,228	$ 175,045

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

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

Investments Measured at Fair Value—Investments measured at fair value on a recurring basis as of June 30, 2023 and 2022, are summarized below:

2023	**Level 1**	**Level 2**	**Level 3**	**Investments Measured at NAV**	**Total**
Invested cash	$ 271,690	$ -	$ -	$ -	$ 271,690
Equity investments	685,768	-	-	-	685,768
Fixed income investments	85,165	210,082	-	-	295,247
Investments measured at NAV:					
Commingled funds	-	-	-	81,960	81,960
Marketable alternative equity	-	-	-	781,430	781,430
Fixed income	-	-	-	16,050	16,050
Marketable energy and commodities	-	-	-	6	6
Real estate	-	-	-	64,780	64,780
Private investment funds	-	-	-	325,082	325,082
Total investments measured at NAV	-	-	-	1,269,308	1,269,308
Split-interest trust agreements	-	-	1,157	-	1,157
Beneficial interest in real estate trust	-	-	86	-	86
Total	$1,042,623	$210,082	$1,243	$1,269,308	$2,523,256

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

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

A summary of the unfunded commitments and redemptions restrictions of the Archdiocese's investment measured at NAV by major category as of June 30, 2023 and 2022, is as follows:

2023	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Side Pocket Investments(*)	Lockups/Gates
Marketable alternative equity	$ 781,430	$ -	Monthly–5 years	8–150 days	$ -	Rolling, 1–16 month lock-up
Commingled funds	81,960	-	Daily–Monthly	1–95 days	-	N/A
Fixed income	16,050	-	Daily	1 day	-	N/A
Marketable energy and commodities	6	-	N/A	N/A	-	N/A
Real estate	64,780	-	Monthly–Quarterly	30–45 days	-	2–6 years
Private investment funds	325,082	141,073	Quarterly	> 90 days	-	7–10 years
Total	$1,269,308	$141,073			$ -	

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

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

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

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

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

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

Investments measured at NAV are composed of marketable alternative equity investments, marketable energy and commodities, fixed income, and private equity investments. These investments are valued utilizing the NAVs provided by the investment funds as a practical expedient, without adjustments, when the NAVs of the investment funds are calculated in accordance with generally accepted accounting principles. The NAVs developed by external investment managers are accepted or adjusted through a valuation review performed by management. For the years ended June 30, 2023 and 2022, management made no such valuation adjustments.

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

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

Beneficial interest in real estate trusts is valued using the fair value of the assets held in the trust reported by the trustee as of June 30, 2023 and is categorized as a Level 3 of the fair value hierarchy because even though that measurement is determined by the trustee, the entity will never receive those assets or have the ability to direct the trustee to redeem them.

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

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

Investments as of June 30, 2023 and 2022, are held by the following entities:

	2023	**2022**
Cemeteries	$ 802,728	$ 752,867
Pastoral Center	317,276	293,989
Pastoral Center—on behalf of Parishes	137,325	124,974
Pastoral Center—on behalf of seminaries	109,395	104,148
Misericordia	792,820	744,441
Maryville	66,360	73,153
Charities	108,408	103,999
Mercy	173,370	153,448
PRMAA	15,574	11,665
Total	$ 2,523,256	$ 2,362,684

6. ENDOWMENTS

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

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

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

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

Endowment net asset composition by type of fund as of June 30, 2023 and 2022, is as follows:

2023	Without Donor Restrictions	With Donor Restrictions— Temporary In Nature	With Donor Restrictions— Perpetual In Nature	Total
Donor—restricted funds	$ -	$ 20,005	$ 83,287	$ 103,292
Designated funds	863,896	-	-	863,896
Total funds	$ 863,896	$ 20,005	$ 83,287	$ 967,188

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

Changes in endowment net assets for the years ended June 30, 2023 and 2022, are as follows:

2023	Without Donor Restrictions	With Donor Restrictions— Temporary In Nature	With Donor Restrictions— Perpetual In Nature	Total
Endowment net assets—beginning of year	$786,038	$18,820	$82,348	$887,206
Investment return	82,596	3,996	1,634	88,226
Contributions and transfers	-	25	256	281
Transfer of net assets	-	-	(556)	(556)
Appropriation of endowment assets for expenditures	(4,738)	(2,836)	(395)	(7,969)
Endowment net assets—end of year	$863,896	$20,005	$83,287	$967,188

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

Funds with Deficiencies—From time to time, the fair value of assets associated with individual donor permanently restricted funds may fall below the level that the donor or UPMIFA requires the Archdiocese to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies of this nature as of June 30, 2023 and 2022.

Return Objectives and Risk Parameters—The Archdiocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Archdiocese must hold in perpetuity or for a donor-specified period(s) as well as designated funds. The Archdiocese expects its endowment funds, over time, to provide an average rate of return of approximately 5-8% annually. Actual returns in any given year may vary from this amount.

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

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

7. NET ASSETS

Net assets as of June 30, 2023 and 2022, comprise the following:

2023	Unrestricted Undesignated	Unrestricted Designated	Restricted Temporary in Nature	Restricted Perpetual in Nature	Total
Parishes	$ -	$ 872,183	$ 70,220	$ -	$ 942,403
Charitable activities	-	1,274,757	34,665	57,458	1,366,880
Cemeteries	-	202,873	-	-	202,873
Pastoral Center	(185,629)	64,340	56,235	25,829	(39,225)
PRMAA	-	(99,997)	-	-	(99,997)
Consolidating entries	-	128,605	-	-	128,605
Total	$ (185,629)	$ 2,442,761	$ 161,120	$ 83,287	$ 2,501,539

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

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

With donor restrictions net assets as of June 30, 2023 and 2022, are available for the following purposes and periods:

	2023	2022
With donor restrictions—		
with donor restrictions—temporary in nature:		
Time-restricted contributions	$ 8,934	$ 7,338
Program operations	66,726	61,408
Capital development	84,464	83,229
Other	996	1,012
Total with donor restrictions—temporary in nature	161,120	152,987
Total with donor restrictions—perpetual in nature	83,287	82,348
Total with donor restrictions	$ 244,407	$ 235,335

Net assets released from net assets with donor restriction as of June 30, 2023 and 2022, by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor are as follows:

	2023	2022
Satisfaction of purpose restriction:		
Program operations	$ 25,207	$ 20,373
Capital development	10,074	4,281
Total satisfaction of purpose restriction	35,281	24,654
Satisfaction of pass of time restriction	5,660	4,751
Total net assets released from net assets with donor restrictions	$ 40,941	$ 29,405

8. LOAN PROGRAM

The Pastoral Center has a parish loan program, which lends at rates generally believed to be below the prevailing commercial interest rate. This program is mainly funded by deposits of surplus funds from Parishes and other religious organizations. At June 30, 2023 and 2022, there were loans outstanding to Parishes, net of allowance for doubtful accounts, aggregating $7,017 and $7,581, respectively, and loans outstanding to other religious organizations, net of allowance for doubtful accounts, of $692 and $980, respectively. Loans outstanding to Parishes are eliminated upon consolidation in the statement of financial position. Loans outstanding to Other Religious Organizations are classified as notes, accounts, and pledges receivable in the statement of financial position.

A rollforward schedule of the allowance for doubtful accounts related to gross loans receivable for the year ended June 30, 2023, on a portfolio segment basis, is as follows:

	Parishes		Other Religious Organizations		
	Capital	**Operating**	**Capital**	**Operating**	**Total**
Allowance for doubtful accounts:					
Beginning of year	$ (40,635)	$ (51,583)	$ (1,264)	$ (15)	$ (93,497)
Provision (expense) benefit	4	-	-	-	4
Write-offs—net of recoveries	3,811	6,320	-	-	10,131
End of year	$ (36,820)	$ (45,263)	$ (1,264)	$ (15)	$ (83,362)
Gross loan receivables—ending balance	$ 43,511	$ 45,387	$ 1,264	$ 909	$ 91,071

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

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

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

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

The gross loan balance by creditworthiness category as of June 30, 2023, is as follows:

	Parishes Capital	Operating	Other Religious Organizations Capital	Operating	Total
Creditworthiness category:					
1	$ 6,692	$ -	$ -	$ 894	$ 7,586
2	-	132	-	-	132
3	-	-	-	-	-
4	-	-	-	-	-
5	36,819	45,255	1,264	15	83,353
	$ 43,511	$ 45,387	$ 1,264	$ 909	$ 91,071

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

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

9. LAND, BUILDINGS, AND EQUIPMENT

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

Undeveloped realty as of June 30, 2023 and 2022, consists of the following sites for future development:

	2023	2022
Future parish sites	$ 6,936	$ 6,936
Cemeteries	19,136	19,136
	$ 26,072	$ 26,072

In addition to undeveloped realty, the Archdiocese had land, buildings, and equipment as of June 30, 2023, as follows:

	Land	Buildings and Equipment	Construction in Progress	Accumulated Depreciation	Total
Parishes	$ 152,313	$ 2,042,679	$ -	$(1,448,044)	$ 746,948
Charitable activities	70,854	509,182	35,419	(260,487)	354,968
Pastoral Center	13,634	212,743	-	(158,125)	68,252
Cemeteries	6,752	97,149	481	(51,907)	52,475
Total	$ 243,553	$ 2,861,753	$ 35,900	$(1,918,563)	$ 1,222,643

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

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

Depreciation and accretion expense for the years ended June 30, 2023 and 2022, was $68,290 and $67,424, respectively.

10. BORROWINGS

A summary of borrowings as of June 30, 2023 and 2022, are as follows:

	2023	2022
Pastoral Center $100,000 notes payable, due April 25, 2032, interest rate is fixed at 5.14%	$ 57,585	$ 62,498
Pastoral Center $150,000 notes payable, due June 30, 2042, interest rate is fixed at 5.75%	150,000	150,000
Catholic Charities revenue refunding bond: Series 2014, loan payable to Wintrust Bank, due January 1, 2028, variable interest rate adjusted monthly, weighted-average interest rate of 3.85% and 1.15%, respectively	10,070	10,070
Porta Coeli note payable to City of Chicago, due in a lump sum on December 1, 2054; interest free	760	760
St. Sabina note payable to City of Chicago, due in a lump sum on June 1, 2039; interest free	388	388
All Saints note payable to City of Chicago, due in a lump sum on December 2, 2052; interest free	893	893
Catholic Charities note payable to Sisters of Saint Casimir, due in annual installments through December 1, 2034, interest free	2,400	2,600
Catholic Charities mortgages payable to HUD due in equal monthly installments through 2033, interest rate 8.375%	3,620	3,864
Catholic Charities mortgages payable to Illinois Housing Development Authority, due in equal monthly installments, with additional principal payments required based on residual receipts, interest free	1,003	1,005
St. Leo note payable to the Veteran's Administration, due in monthly installments through 2045, interest rate 4.78%	3,878	3,971
St. Leo mortgage payable to the Illinois Housing Development Authority, monthly installments of $0.1, principal due in 2046, interest free	731	732
Total, before discount of interest free note payable—net	231,328	236,781
Less discount of interest free note payable	(378)	(438)
Total long-term debt—net	$ 230,950	$ 236,343

Principal payments as of June 30, 2023, are due as follows:

Years Ending June 30	
2024	$ 5,742
2025	6,040
2026	6,356
2027	10,979
2028	11,574
Thereafter	190,637
Total	$ 231,328

Debt Covenants—The Pastoral Center, along with Cemeteries, and Charities are required to meet certain debt covenants related to minimum liquidity levels and investment-to-debt ratios. The Pastoral Center, along with Cemeteries, and Charities were in compliance with financial debt covenants at June 30, 2023 and 2022.

Deferred Debt Issuance Costs—Expenses related to the procurement and underwriting of the direct obligation notes and revenue bonds have been deferred and are being amortized. These costs, net of accumulated amortization, are $2,902 and $3,093 as of June 30, 2023 and 2022, respectively, and are recorded as a reduction in borrowings in the consolidated statements of financial position.

Debt Offering—The Catholic Bishop of Chicago issued $150,000 of 2021 Senior Revenue Bonds with a maturity date of July 25, 2041 through the Public Finance Authority in August 2021, with issuance costs of $2,421. The proceeds from the sale of the 2021 Senior Revenue Bonds were applied against the existing notes payable due October 2, 2024 for the $60,000 original principal amount, interest of $1,180, and make-whole payments of $5,890 in fiscal year 2022. The issuance costs of $27 for the notes payable were written off in fiscal year 2022. The 2021 Senior Revenue Bond proceeds were also applied against the $37,000 term loan balance, due January 18, 2022, and interest of $60. The issuance costs of $271 for the term loan were written off in fiscal year 2022. The remaining amount of the proceeds will be used for general corporate purposes. A debt service reserve fund was established to maintain cash equal to at least the aggregate amount of one year's worth principal and interest due on the notes payable included in restricted cash in the statements of financial position.

11. REFUNDABLE GRANT ADVANCES

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

Total advances as of June 30, 2023 and 2022, were as follows:

Project	Advance 2023	Advance 2022	End of Commitment
Matthew Manor	$ 4,016	$ 4,016	December 1, 2035
Tolton Manor	5,515	5,515	July 1, 2036
Frances Manor	4,823	4,823	April 1, 2037
Lawrence Manor	8,215	8,215	October 1, 2039
Bernardin Manor	13,990	13,990	June 1, 2040
St. Ailbe Faith Apartments	6,837	6,836	July 1, 2040
St. Sabina Elders Village	6,728	6,728	September 1, 2040
St. Ailbe Hope Apartments	814	814	March 1, 2041
Ozanam Village Apartments	5,152	5,152	May 1, 2041
St. Ailbe Love Apartments	6,300	6,300	February 1, 2042
St. Peter Claver Courts	7,749	7,749	March 1, 2043
Bishop Goedert Residence	9,592	9,592	December 1, 2044
St. Vincent De Paul Residence	10,891	10,891	November 1, 2045
Donald W. Kent Residence	8,975	8,975	January 1, 2046
Pope John Paul II Residence	2,253	2,253	September 1, 2046
Roseland Manor	912	912	March 1, 2047
St. Francis of Assisi Residence	11,319	11,319	November 1, 2047
Hayes Manor	631	631	June 1, 2048
St. Brendan Apartments	8,828	8,828	July 1, 2060
All Saints Residence	7,017	7,017	November 1, 2052
Porta Coeli Residence	14,356	14,357	November 1, 2054
Total HUD grant advances	144,913	144,913	
Affordable housing project loans	3,254	9,482	Various through 2060
Total refundable grant advances	$ 148,167	$ 154,395	

12. EMPLOYEE BENEFITS

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

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

The significant contributing factors to the change in the funded status are the increase in the discount rate from 4.67% to 5.04% and the change in the assumed rates of retirement from active status which were offset by changes in the mortality improvement scale and actual return on the fair value of plan assets since the prior measurement date less than assumed.

The Pastoral Center has a defined contribution plan under Internal Revenue Code Section 403(b), which includes an employer matching contribution. The matching contribution is available to all lay benefits-eligible employees of the Pastoral Center, Parishes, and certain other Archdiocesan entities. The employer match is 50% of an employee's contribution, up to a maximum of 4% of gross salary. Vesting in the match occurs at 25% per year. The Archdiocese contributed to the plan and incurred expense of $4,714 and $4,675 in 2023 and 2022, respectively. The Archdiocese 403(b) plan's employer match was temporarily suspended as of June 2020. The Archdiocese 403(b) plan's employer match resumed in December 2022.

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

Share plan contributions for employees who became eligible or were hired on or after July 1, 2007, are based on a flat percentage of gross earnings, regardless of age. The flat contribution can range from 1.25% to 5% as determined annually by the Archdiocese. The share plan has the same five-year cliff vesting as the defined benefit pension plan. The Archdiocese contributed to the plan and incurred expense of $11,236 and $4,406 in 2033 and 2022, respectively. The Archdiocese 403(b) plan's employer match was temporarily suspended as of June 2020. The Archdiocese 403(b) plan's employer match resumed in December 2022.

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

The most significant contributing factor to the change was that actual return on plan assets were $3,700 and employer contributions totaled $3,200 in 2023.

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

The most significant contributing factors to the change were that benefits paid increased $354 in 2023 while Actuarial gains decreased to $83.

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

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

The significant contributing factors to the change in the funded status are the increase in the discount rate from 4.80% to 5.15% and the change in the assumed rates of retirement from active status which were offset by changes in the mortality improvement scale and actual return on the fair value of plan assets since the prior measurement date less than assumed.

Charities has a defined contribution plan under Internal Revenue Code Section 403(b) covering all new employees hired after July 1, 2002, as well as employees hired before July 1, 2002, who have opted out of the postretirement medical and dental benefits plan. The eligibility guidelines are based on one year of service and employees who work at least 20 hours per week. Charities contributes 1% of all participants' compensation, plus matching contributions of 1.5% of the individual participant's compensation. Total employer contributions and expense for the years ended June 30, 2023 and 2022, were approximately $1,889 and $1,641, respectively.

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

For the years ended June 30, 2023 and 2022, plan measures of the benefit obligation and net periodic postretirement benefit cost are actuarially equivalent and include Medicare Part D subsidies. However, future obligations have not been reduced for anticipated subsidy collections because the amount is difficult to determine and management believes the effect is not material.

The postretirement benefit liability is $7,357 and $7,921 at June 30, 2023 and 2022, respectively. The significant contributing factors to the change in the funded status are the increase in the discount rate from 4.68% to 5.05% and the reduction of the monthly cap to $250 per retiree.

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

The primary contributing factors to the change in the funded status were the increase in the discount rate from 4.46% to 5.09% and the change in return on the fair value of plan assets since the prior measurement date.

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

The primary contributing factors to the change in the funded status were the increase in the discount rate from 4.31% to 5.03% and the change in return on the fair value of plan assets since the prior measurement date.

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

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

The primary contributing factors to the change in the funded status were the increase in the discount rate from 4.68% to 5.05% and the change in return on the fair value of plan assets since the prior measurement date.

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

The primary contributing factors to the change in the funded status were the increase in the discount rate from 4.81% to 5.11% and the change in return on the fair value of plan assets since the prior measurement date.

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

Summary information for all plans as of June 30, 2023 and 2022, is as follows:

	2023		2022	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
Accumulated benefit obligation	$ 909,186	$ 110,347	$ 969,064	$ 110,716
Projected benefit obligation	$ 921,044	$ 110,347	$ 981,393	$ 110,716
Plan assets at fair value	848,970	3,267	874,475	3,429
Funded status	(72,074)	(107,080)	(106,918)	(107,287)
Accrued benefit cost	$ (72,074)	$ (107,080)	$ (106,918)	$ (107,287)
Amounts recognized in the statements of financial position—asset	$ 11,081	$ 153	$ -	$ 154
Amounts recognized in the combined statements of financial position—liability	$ (83,155)	$ (107,233)	$ (106,918)	$ (107,441)
Benefit cost	$ 7,462	$ 2,090	$ 856	$ 6,256
Employer contributions	$ 6,404	$ 4,864	$ 7,204	$ 4,239
Participant contributions	$ 159	$ 524	$ 167	$ 624
Medicare Part D subsidy	$ -	$ (14)	$ -	$ 61
Benefits paid	$ (57,356)	$ (5,643)	$ (57,461)	$ (5,184)

The pension and postretirement plans accumulated losses and prior service credits not yet recognized as a component of periodic pension and postretirement expense, but accumulated in unrestricted net assets for the years ended June 30, 2023 and 2022, are as follows:

	2023		2022	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
Unrecognized actuarial losses	$ 72,231	$ (12,824)	$ 99,901	$ (15,075)
Unrecognized prior service costs (credits)	(137)	(9,418)	(189)	(9,724)
Total accumulated in unrestricted net assets	$ 72,094	$ (22,242)	$ 99,712	$ (24,799)

The pension plans and postretirement plans items not yet recognized as a component of periodic pension and postretirement expense, but included as a separate charge to net assets during 2023 and 2022, are as follows:

	2023		2022	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
Net actuarial gains arising during the period	$ (34,924)	$ (1,177)	$ (8,170)	$ (41,405)
Prior service credit	(367)	-	(367)	-
Reclassification adjustment for recognition of prior service (costs) credits	52	3,471	(363)	(4,653)
Reclassification adjustment for recognition of actuarial losses (gains)	(664)	266	(2,440)	(288)
Total recognized as a separate cost (benefit) to net assets	$ (35,903)	$ 2,560	$ (11,340)	$ (46,346)

Actuarial assumptions for the plans as of June 30, 2023 and 2022, are as follows:

	2023		2022	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
Weighted-average assumptions used to determine benefit obligations and cost as of June 30:				
Discount rate (obligation)	5.04%–5.15%	5.03%–5.15%	4.46%–4.80%	4.31%–4.89%
Discount rate (cost)	4.46–4.73	4.31–5.00	2.75–2.96	2.85–5.00
Expected return on plan assets	5.00–6.24	0–5.00	3.50–6.00	0–5.00
Rate of compensation increase	2.00–4.00	0–4.00	0–4.00	0–4.00

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

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

The Archdiocese plans to contribute $9,403 to its pension and postretirement plans in fiscal year 2024.

The benefit payments, which reflect expected future services, as appropriate, as of June 30, 2023, are expected to be paid as follows:

Years Ending June 30	Pension Benefits	Postretirement Benefits
2024	$ 91,168	$ 5,251
2025	61,551	5,422
2026	62,124	5,579
2027	62,697	5,761
2028	62,930	5,979
2029–2033	312,514	33,158

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

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

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

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

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

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

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

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

The information about the Archdiocese's pension plan assets and liabilities measured at fair value as of June 30, 2023 and 2022, by fair value hierarchy, is as follows:

2023	**Level 1**	**Level 2**	**Level 3**	**Assets Measured at NAV**	**Total**
Assets—invested cash	$ 42,134	$ -	$ -	$ -	$ 42,134
Equity investments	121,479	-	-	-	121,479
Fixed income mutual funds	34,539	-	-	64,837	99,376
Fixed income:					
Corporate bonds	-	288,356	-	-	288,356
Municipal bonds	-	9,587	-	-	9,587
U.S. government agency	-	25,675	-	-	25,675
U.S. government	-	168,905	-	-	168,905
Total fixed income	-	492,523	-	-	492,523
Separate accounts:					
Equity	-	24,936	-	-	24,936
Real estate	-	652	-	-	652
Variable income accounts	-	2,443	-	-	2,443
Total separate accounts	-	28,031	-	-	28,031
Commingled fund	-	-	-	22,321	22,321
Investments measured at NAV:					
Marketable alternative equity	-	-	-	48,802	48,802
Real estate	-	-	-	5,097	5,097
Total investments measured at NAV	-	-	-	53,899	53,899
Total pension plan assets	$ 198,152	$ 520,554	$ -	$ 141,057	859,763
Payable for investment purchase					(10,793)
Total fair value of pension plan net assets					$ 848,970

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

The information about the Archdiocese's postretirement plan assets measured at fair value as of June 30, 2023 and 2022, by fair value hierarchy, is as follows:

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Invested cash and short-term investments	$ 86	$ -	$ -	$ 86
Common stocks and mutual funds	1,817	-	-	1,817
Fixed income:				
Corporate bonds	-	780	-	780
U.S. government agency	-	220	-	220
U.S. government	-	364	-	364
Total fixed income	-	1,364	-	1,364
Total	$ 1,903	$ 1,364	$ -	$ 3,267

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Invested cash and short-term investments	$ 220	$ -	$ -	$ 220
Common stocks and mutual funds	1,854	-	-	1,854
Fixed income:				
Corporate bonds	-	750	-	750
U.S. government agency	-	223	-	223
U.S. government	-	382	-	382
Total fixed income	-	1,355	-	1,355
Total	$ 2,074	$ 1,355	$ -	$ 3,429

13. CONTRIBUTED NONFINANCIAL ASSETS

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

	2023	**2022**
Gifts in kind:		
Food	$ 4,186	$ 4,036
Other	2,779	1,342
Total gifts in kind	6,965	5,378
Donated services	574	423
Total contributed nonfinancial assets	$ 7,539	$ 5,801

14. COMMITMENTS AND CONTINGENCIES

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

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

The accrued landfill liability balance related to the Cemeteries' landfill liability obligation was $18,300 and $16,700 as of June 30, 2023 and 2022, respectively, and includes compensation and litigation costs. This balance is included within the "Accounts payable and accrued expense" line of the consolidated statement of financial position.

As of June 30, 2023, the Cemeteries had $921 in construction related commitments.

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

15. LEASES

Lessee Disclosures

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

The components of lease expense were as follows:

	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022
Lease cost:		
Operating lease cost	$6,172	$6,539
Financing lease cost:		
Amortization of right-of-use assets	545	254
Interest on lease liabilities	12	20
Total lease cost	$6,729	$6,813

Supplemental cash flow information related to leases was as follows:

	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022
Operating cash flows payments for operating leases	$7,003	$6,562
Operating cash flows payments for finance leases—interest	184	140
Financing cash flows payments for finance leases—principal	255	255

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

	As of June 30, 2023	As of June 30, 2022
Weighted Average Remaining Lease Term		
Operating leases	3.53–18.25 years	1.00–20.24 years
Finance leases	1.20–2.70 years	2.05–3.67 years
Weighted Average Discount Rate		
Operating leases	3.00 %	3.00 %
Finance leases	3.00	3.00

The maturity of lease liabilities as of June 30, 2023 were as follows:

	Operating Leases	Finance Leases
2024	$ 6,239	$198
2025	5,363	101
2026	2,370	54
2027	1,548	-
2028	1,234	-
Thereafter	14,659	-
Total lease payments	31,413	353
Less imputed interest	(6,811)	(7)
Total	$24,602	$346

Lessor Disclosures

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

During the year ended June 30, 2023 and 2022, the Pastoral Center recognized rental revenue of $2,557 for the ITFS lease. The table below summarizes the expected annual lease revenue to be received by the Pastoral Center for the ITFS lease for the years ended June 30:

	Rental Revenue
2024	$ 2,557
2025	2,557
2026	2,557
2027	2,557
2028	2,557
Thereafter	5,010

Catholic Charities currently has one lessor arrangement involving a leveraged lease for an on-site health clinic at St. Leo Residence (St. Leo). The clinic was placed in service in May 2007. Development costs of the clinic funded from the proceeds of the Veteran's Administration (VA) loan. The VA operates the clinic as a tenant. St. Leo cannot sell the property independently of the VA and its continuing financial involvement with the clinic is limited to maintenance of the building's exterior common areas. Because substantially all of the financial risks of ownership for the clinic reside with the VA, the original cost of development of the clinic site have been recorded as a leveraged lease. The difference between the carrying value of the clinic and value of the VA lease were recorded as unearned lease revenue, which is being amortized straight-line over the lease period. These amounts are presented as investment in financing lease and unearned lease income on the consolidated statement of financial position. The unamortized values of the investment in financing lease and unearned lease income as of June 30, 2022 are $6,087 and $1,866, respectively. The unamortized values of the investment in financing lease and unearned lease income as of June 30, 2023 are $5,795 and $1,613, respectively.

16. FUNCTIONAL EXPENSES

The summary of expenses by functional classification and reconciliation to total expenses for the year ended June 30, 2023, is as follows:

Functional Expenses	Program Activities	Management and General Expenses	Cemeteries	Parishes and Schools	Fundraising and Development Expenses	Total Expenses
Salaries and employee benefits:						
Salaries	$165,944	$ 38,775	$32,820	$252,917	$ 6,497	$ 496,953
Employee benefits and payroll taxes	43,615	10,366	-	58,313	1,518	113,812
Total salaries and employee benefits	209,559	49,141	32,820	311,230	8,015	610,765
Insurance program:						
Employee benefits including parishes	86,653	89	-	-	4	86,746
Insurance expenses	25,119	92	-	-	58	25,269
Net periodic pension expense	3,250	-	-	-	-	3,250
Total insurance program	115,022	181	-	-	62	115,265
Parish and school support:						
Contributions for PRMAA	6,261	-	-	-	-	6,261
Parish and agency grants	6,300	-	-	-	-	6,300
Interest expense for deposits and change in value of gift annuities	212	-	-	-	-	212
Total parish and school support	12,773	-	-	-	-	12,773
Other expenses:						
Program expenses	19,215	1,331	-	25,589	1,670	47,805
Professional fees	39,030	15,484	-	-	2,505	57,019
Contributions, grants, and assessments	342	3,023	-	-	331	3,696
Borrowings	-	11,732	-	-	-	11,732
Miscellaneous	8,338	2,007	-	42,079	2,096	54,520
Office expenses	2,318	463	-	21,904	153	24,838
Repairs and maintenance	-	-	11,488	66,781	-	78,269
Meals, travel, and transportation	2,611	301	-	-	52	2,964
Scholarships	523	-	-	-	-	523
Seminary and vocation program expenses	972	82	-	-	-	1,054
Utilities	3,557	5,048	-	32,841	13	41,459
Occupancy	22,427	1,669	-	-	470	24,566
Dues and subscriptions	158	156	-	-	15	329
Printing and publications	6,536	961	-	-	4,528	12,025
Cost of cemetery property	-	-	7,015	-	-	7,015
Food purchases	27,933	-	-	-	-	27,933
Bad debts	1	-	-	-	-	1
Loss on disposal of assets	-	37	-	-	-	37
Specific assistance to individuals	35,232	-	-	-	-	35,232
Distribution of contributed nonfinancial assets	4,911	-	-	-	-	4,911
Total other expenses	174,104	42,294	18,503	189,194	11,833	435,928
Depreciation and amortization	16,599	4,253	3,114	43,915	409	68,290
Allocation of management and general expenses	10,593	(11,267)	9,037	-	(393)	7,970
Total expenses	$538,650	$ 84,602	$63,474	$544,339	$19,926	$1,250,991

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

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

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

17. RELATED-PARTY TRANSACTIONS

The Misericordia Foundation (the "Foundation"), formerly known as the Misericordia Family Association ("MFA"), is an unconsolidated nonprofit corporation organized under the laws of the State of Illinois as a separate legal entity that raises money for Misericordia. In 2022, Misericordia had contributions from the Foundation of $1,955. In 2023, Misericordia had contributions from the Foundation of $8,218. To assist Misericordia Home with funding its ongoing operations and capital expenditures, the Misericordia Foundation shall make unrestricted contributions of not less than $1,000 or 3% of the Misericordia Foundation's endowment net assets (whichever is greater) to Misericordia Home by December 31 of each calendar year.

18. ACQUISITION

St. Leo Residence LLC was formed in April 2003 for the purpose of constructing and operating a 141 unit residential apartment building located at 7750 South Emerald, Chicago, Illinois. For the years ended June 30, 2022, Catholic Charities Housing Development Corporation (CCHDC) and Catholic Charities collectively provided operating funding of $674 and received reimbursement of $396. As of June 30, 2022, the net balance due from St. Leo Residence LLC was $0. This amount is included in the consolidated statements of financial position as due from affiliates.

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

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