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Roman Catholic Archdiocese of San Antonio Pastoral Center

Consolidated Financial Statements

June 30, 2023 and 2022

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Independent Auditors' Report

To the Most Reverend Gustavo Garcia-Siller, MSpS
Archbishop of San Antonio of the
Roman Catholic Archdiocese of San Antonio Pastoral Center

Opinion

We have audited the consolidated financial statements of Roman Catholic Archdiocese of San Antonio Pastoral Center (the Pastoral Center), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Pastoral Center as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pastoral Center's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pastoral Center's ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

Minneapolis, Minnesota
March 5, 2024

	2023	2022
Assets		
Cash and cash equivalents	$ 24,210,268	$ 25,649,371
Pledges receivable, net	412,845	722,018
Accounts receivable, net	4,404,627	4,404,702
Grants receivable	240,000	-
Prepaid expenses and other assets	325,841	228,541
Funds held by insurance company	118,063	111,771
Investments	17,431,976	13,774,246
Funds held for others	1,336,311	1,307,717
Notes receivable from related entities, net	656,645	219,896
Buildings and equipment, net	22,984,841	12,294,063
Properties held for lease, net	2,120,985	2,160,585
Land held for future use	985,497	1,161,029
Total assets	$ 75,227,899	$ 62,033,939
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 11,238,273	$ 6,301,134
Deposits payable	222,587	220,016
Advances from insurance company for losses exceeding deductible	1,019,492	960,060
Capitalized lease obligations	172,796	172,068
Self-insurance reserves	3,550,067	6,520,739
Postretirement benefits obligation	7,393,622	7,922,653
Deferred revenue	362,275	759,441
Due to related parties	1,336,967	1,308,374
Due to others	14,545	23,994
Total liabilities	25,310,624	24,188,479
Net Assets		
Without donor restrictions:		
Undesignated	9,163,184	9,037,201
Designated:		
Plant and operations fund	39,042,529	27,669,847
Deposit and loan fund	514,849	527,776
Total without donor restrictions	48,720,562	37,234,824
With donor restrictions:		
Restricted by time or purpose	907,265	321,188
Restricted for scholarships	289,448	289,448
Total with donor restrictions	1,196,713	610,636
Total net assets	49,917,275	37,845,460
Total liabilities and net assets	$ 75,227,899	$ 62,033,939

See notes to financial statements

Roman Catholic Archdiocese of San Antonio Pastoral Center

Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Archdiocesan assessments	$ 9,153,924	$ -	$ 9,153,924
Contributions and support	14,466,966	395,560	14,862,526
Insurance premiums, net of rebates	25,344,035	-	25,344,035
Archbishop's Appeal, net of rebates	5,035,474	-	5,035,474
Grant income	1,012,962	520,250	1,533,212
Auxiliary activities	991,044	-	991,044
Advertising revenue and sales	194,331	-	194,331
Program fees	63,155	-	63,155
Fees from operations	394,627	-	394,627
Investment return, net	848,489	45,588	894,077
Educational	228,991	-	228,991
Deposit and loan fund-interest income	12,552	-	12,552
Gain on sale of assets	1,081,090	-	1,081,090
Other revenues	230,612	-	230,612
Net assets released from donor restrictions	375,321	(375,321)	-
Total revenue, gains and other support	59,433,573	586,077	60,019,650
Expenses			
Program services:			
Education and Foundation	6,208,539	-	6,208,539
Ministry	8,812,331	-	8,812,331
Supporting services:			
General, administrative and auxiliary services	8,303,009	-	8,303,009
Insurance programs	25,292,375	-	25,292,375
Total expenses	48,616,254	-	48,616,254
Increase in net assets before postretirement-related change other than net periodic pension costs	10,817,319	586,077	11,403,396
Other Changes to Net Assets			
Other components of postretirement benefit costs	668,419	-	668,419
Changes in net assets	11,485,738	586,077	12,071,815
Net Assets, Beginning	37,234,824	610,636	37,845,460
Net Assets, Ending	$ 48,720,562	$ 1,196,713	$ 49,917,275

See notes to financial statements

Roman Catholic Archdiocese of San Antonio Pastoral Center

Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Archdiocesan assessments	$ 10,029,612	$ -	$ 10,029,612
Contributions and support	7,172,968	185,256	7,358,224
Insurance premiums, net of rebates	21,863,485	-	21,863,485
Archbishop's Appeal, net of rebates	4,021,767	-	4,021,767
Grant income	946,122	71,000	1,017,122
Auxiliary activities	1,593,882	-	1,593,882
Payroll protection program loan forgiveness	1,153,100	-	1,153,100
Advertising revenue and sales	178,228	-	178,228
Program fees	89,478	-	89,478
Fees from operations	340,362	-	340,362
Investment loss, net	(1,776,440)	(61,778)	(1,838,218)
Educational	196,509	-	196,509
Deposit and loan fund-interest income	13,809	-	13,809
Gain on sale of assets	1,281,534	-	1,281,534
Other revenues	78,159	-	78,159
Net assets released from donor restrictions	255,156	(255,156)	-
Total revenue, gains and other support	47,437,731	(60,678)	47,377,053
Expenses			
Program services:			
Education and Foundation	5,189,097	-	5,189,097
Ministry	9,061,518	-	9,061,518
Supporting services:			-
General, administrative and auxiliary services	7,031,917	-	7,031,917
Insurance programs	23,230,799	-	23,230,799
Total expenses	44,513,331	-	44,513,331
Increase in net assets before postretirement-related change other than net periodic pension costs	2,924,400	(60,678)	2,863,722
Other Changes to Net Assets			
Other components of postretirement benefit costs	3,953,345	-	3,953,345
Changes in net assets	6,877,745	(60,678)	6,817,067
Net Assets, Beginning	30,357,079	671,314	31,028,393
Net Assets, Ending	$ 37,234,824	$ 610,636	$ 37,845,460

See notes to financial statements

Roman Catholic Archdiocese of San Antonio Pastoral Center

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Changes in net assets	$ 12,071,815	$ 6,817,067
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation expense:		
Building and equipment	630,434	602,264
Property held for lease	39,600	40,588
Provision for allowance for doubtful accounts:		
Accounts receivable	(27,056)	(169,300)
Notes receivable	(29,378)	(24,576)
Pledges receivable	(71,726)	(25,380)
Unrealized and realized loss (gain) on investments, net	(453,848)	2,072,865
Amortization of deferred rent income	(60,000)	(60,000)
Donated land and improvements to parish	(5,713,548)	-
Gain on sale of land held for future use	(1,079,090)	(427,939)
Gain on sale of assets	(2,000)	(853,595)
Forgiveness of payroll protection program loan	-	(1,153,100)
Postretirement-related change other than net periodic pension costs	(22,379)	(22,379)
Changes in operating assets and liabilities:		
Pledges receivable	380,899	102,075
Accounts receivable	27,131	(1,823,451)
Grants receivable	(240,000)	-
Prepaid expenses and other assets	(97,300)	42,447
Funds held for others	(6,292)	(6,473)
Insurance programs due to/from insurance company	59,432	2,366,077
Cash value of life annuities	(28,594)	(23,913)
Accounts payable and accrued expenses	4,937,139	932,897
Self-insurance reserve	(2,970,672)	(1,115,587)
Postretirement benefits obligation	(506,652)	(3,488,151)
Deferred revenue	(337,166)	495,095
Due to others	19,144	28,294
Net cash flows from operating activities	6,519,893	4,305,825
Cash Flows From Investing Activities		
Purchases of investments	$ (16,491,922)	$ (6,589,379)
Proceeds from sale of investments	13,288,041	6,681,193
Proceeds from plant and property held by sale	-	116,400
Proceeds from sale of land held for future use	1,254,622	575,259
Proceeds from sale of fixed assets	2,000	818,711
Purchase of land, buildings and equipment	(5,607,665)	(6,453,411)
Net cash flows from investing activities	(7,554,924)	(4,851,227)

See notes to financial statements

	2023	2022
Cash Flows From Financing Activities		
Issuance of notes receivable	(585,692)	-
Collections of notes receivable	178,321	347,960
Increase (decrease) in deposits payable	2,571	1,992
Payments on capitalized lease obligations	728	(50,386)
Net cash flows from financing activities	(404,072)	299,566
Net change in cash and cash equivalents	(1,439,103)	(245,836)
Cash and Cash Equivalents, Beginning	25,649,371	25,895,207
Cash and Cash Equivalents, Ending	$ 24,210,268	$ 25,649,371

See notes to financial statements

1. Summary of Significant Accounting Policies

Organization

The Roman Catholic Archdiocese of San Antonio Pastoral Center (the Pastoral Center) is the administrative entity of the Roman Catholic Archdiocese of San Antonio (the Archdiocese). The Pastoral Center provides planning and direction in the administration of pastoral, vocational, educational and other services to its parishes and Archdiocesan institutions. The Pastoral Center also provides insurance, financing, investing and other advisory services to certain organizations of the Archdiocese.

The accompanying consolidated financial statements include all accounts maintained by and directly under the administration and operational direction of the Pastoral Center. The Pastoral Center's fund accounting balances include the following activities as the plant and operations fund:

- General operations of the Pastoral Center
- Insurance programs
- Archbishop's Appeal activities
- Catholic Schools
- Hope for the Future tuition assistance program
- Custodian fund activities
- Catholic Television
- Old Spanish Missions, Inc.
- Land, buildings and equipment of the Pastoral Center, net of accumulated depreciation

The Pastoral Center's accompanying consolidated financial statements do not include the accounts of other organizations of the Archdiocese, such as parishes, foundations, schools, cemeteries, seminaries or any other institutions owned and operated by religious orders of men or women, except insofar as financial transactions have taken place between such organizations and the Pastoral Center. These organizations may or may not be separate corporations under civil law; however, each is an operating entity distinct from the Pastoral Center, maintains separate accounts and operating controls, carries on its mission through its services and programs and is expected to report annually to its respective constituency.

The Pastoral Center maintains the accounts and provides the administration and operating direction for the following programs.

Program Services

Education and Formation

The Clergy and Consecrated Life program assists with the pastoral care of all Archdiocesan priests by encouraging and helping them in their personal and spiritual growth, pursue theological updates and also seek ongoing development of their pastoral and ministerial skills. The diaconate program facilitates the formation of deacon candidates and provides support and continuing education for all Archdiocesan deacons. The Clergy and Consecrated Life program works to foster the pastoral care of the religious men and women residing in the Archdiocese. The vocation program provides resources and discernment opportunities that promote and cultivate vocations to ordained and consecrated life.

The Catholic Schools program provides services and direction to pastors, principals, teachers and other school leaders so the vision of Catholic education in the Archdiocese can be realized.

The Hope for the Future tuition assistance program helps to make the proven benefits of a Catholic school education available to financially disadvantaged children. This program also serves the administrators, staff, teachers and families in Catholic schools by funding projects that build up their campuses, including grants for infrastructure, special programs and curriculum and technology enhancements.

Ministry

The Pastoral Ministries program provides support to the Archdiocesan offices of ministry, which includes resources, educational opportunities and faith formation events to assist people of all ages from various walks of life to promote gospel values in the local parish, the local church and the world.

The Communication Services program brings the message of Jesus in an understandable way to Catholics and non-Catholics alike. It distributes information on Archdiocesan events and developments in the church to the media and provides messages from the Archbishop to the members of the church, as well as the public.

The annual Archbishop's Appeal provides supplemental financial assistance to institutions, programs and ministries affiliated with the Catholic Church throughout the Archdiocese. The Archbishop's Appeal provides funding for social services and also provides support for Archdiocesan agencies that assist the many needs of the parishes, Catholic schools and future church leaders.

Old Spanish Missions, Inc. (OSM, Inc.) is a not-for-profit corporation operated by the Pastoral Center. OSM, Inc. was established to maintain and restore the four missions located in San Antonio, Texas.

Supporting Services

General, Administrative and Auxiliary Services

General, administrative and auxiliary services are essential and legitimate costs of providing services to the Archdiocesan agencies. These costs include expenses such as salaries and benefits, information technology, office supplies and postage, utilities and repairs and maintenance, among others.

The deposit and loan fund was established to fund a depository at the Pastoral Center whereby funds can be deposited by parishes or related entities and loans can be obtained by parishes for construction or special needs. A reduced rate of interest is applied, to ensure the basic Christian concept of communities helping communities might be achieved in the realm of financial sharing.

Insurance Programs

Insurance programs is a fund established for the accounting of the insurance benefits established by the Archdiocese in which all Archdiocesan agencies participate. The insurance benefits include health, workers' compensation, property and liability insurances.

Basis of Presentation

The consolidated financial statements of the Pastoral Center are prepared on the accrual basis of accounting with standards applicable to not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Under these provisions, net assets and revenue, expenses, gains and losses are classified as with and without donor restrictions based upon the following criteria.

Without Donor Restrictions - Net assets without donor restrictions represent expendable funds available for operations, which are not otherwise limited by donor restriction. Net assets without donor restrictions may be designated for a specific purpose by action of the Board of Directors (the Board).

With Donor Restrictions - Net assets with donor restrictions are based on time or purpose and consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performances of a future event or a specific passage of time before the Pastoral Center may spend the funds. Net assets held in perpetuity, including endowments received by the Pastoral Center, are usually subject to irrevocable explicit donor restrictions requiring that the assets be maintained in perpetuity, usually for the purpose of generating investment income to fund annual operations.

Some of the funds generated by the Pastoral Center are designated as endowment funds for long-term investment purposes. The interest income earned is distributed at the discretion of the senior leadership (the Board) to individual agencies and schools. The Pastoral Center has created the Archdiocese of San Antonio Endowment Fund, Inc.; the Archdiocesan Catholic Schools Endowment Fund, Inc.; the Archdiocesan Designated Catholic Schools Endowment Fund, Inc.; and the Seton Home Endowment Fund, Inc. Gifts of cash and other assets are classified as net assets with donor restrictions to be held in perpetuity if the donor's explicit stipulation is to place the funds in perpetuity in one of the Pastoral Center's endowments. The income earned on the endowments held in perpetuity is to be made available for program activities.

Cash and Cash Equivalents

For consolidated financial statement purposes, the Pastoral Center considers funds in money market accounts and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

The Pastoral Center's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. The Pastoral Center places its cash, cash equivalents and investments with high credit quality financial institutions. Cash and cash equivalents may, at times, exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to a maximum of $250,000. The Pastoral Center monitors its risk under these arrangements and has not experienced any losses in such accounts.

Pledges Receivable, Net

Pledges receivable consist of unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value of their future cash flows.

The discounts on those amounts are computed using United States Treasury Bill rates with maturities commensurate to the time period of expected collection of pledges. Discount rates used for the year ended June 30, 2023 ranged from 2.00% to 2.75%. In subsequent years, amortization of the discounts is included in contributions and support in the consolidated statement of activities. The Pastoral Center determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectible. The allowance for doubtful accounts for pledges receivable totaled $194,000 and $122,000 at June 30, 2023 and 2022, respectively.

Accounts Receivable, Net

Accounts receivable are stated at amounts expected to be received for insurance programs, interest, Archdiocesan assessments and other Archdiocesan entities. Management closely monitors outstanding balances and writes off all balances past due after a certain period of time and for which collection efforts have been exhausted. The allowance for doubtful accounts for accounts receivable totaled $1,634,000 and $1,607,000 at June 30, 2023 and 2022, respectively.

Investments

Investments consist of certificates of deposit (CDs) and mutual fund accounts. Investments are reported at their fair value based upon quoted market prices or similar investments or net asset values (NAVs) in the consolidated statements of financial position. Unrealized and realized gains and losses are included in the consolidated statements of activities.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

Land, Buildings and Equipment and Properties Held for Lease

Land, buildings and equipment are stated at cost, if purchased, or at fair value, if donated, less depreciation. Assets with lives greater than one year and that have a value greater than $5,000 for movable assets, renovations and building additions that add value or extend the life of the assets, as well as all land and construction costs of new buildings, are capitalized. Depreciation is calculated on the straight-line method based on the estimated useful lives of the assets. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements. Assets held under finance leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease.

The following estimated useful lives are used:

	Estimated Useful Life
Land improvements	15 years
Buildings and leasehold improvements	30 years
Equipment	15-25 years
Movable equipment	2-10 years

Impairment of Long-Lived Assets

At each reporting date, the Pastoral Center evaluates the carrying amount of its long-lived assets. In the event that facts and circumstances indicate that the cost of long-lived assets may be impaired, an evaluation of recoverability would be performed. If an evaluation of impairment is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying value to determine if an adjustment to fair value or discounted cash flow value is required. There were no impairments in fiscal years 2023 or 2022.

Land Held for Future Use

Land held for future use is stated at cost, if purchased, or at fair value, if donated.

Self-Insurance Reserves

The Pastoral Center establishes insurance claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled and of claims that have been incurred, but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. The amount paid to ultimately settle these claims may be more or less than the amounts currently accrued.

Revenue Recognition

In accordance with accounting standards, the Pastoral Center evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return of for the resources transferred; or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Pastoral Center applies guidance under Topic 606. If the transfer of assets is determined to be a contribution, the Pastoral Center evaluates whether the contribution is conditional based upon whether the agreement includes both: (1) one or more barriers that must be overcome before the Pastoral Center is entitled to the assets transferred and promised; and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

The Pastoral Center has the following revenue classifications that are not contract revenues and are recognized as follows:

Archdiocesan Assessments

Archdiocesan Assessments are levied upon parishes between 2% and 12% on parish revenues (graduated based on parish income level), plus an additional 15% of the assessment rate for parishes with schools or an additional 18% of the assessment rate for parishes without schools. Archdiocesan Assessments are billed monthly to parishes and are recognized as revenue in the month billed. The Archdiocese assesses its parishes an annual quota based on Sunday collections for the Archbishop's Appeal. Amounts raised in excess of set goals are rebated to the parishes that exceed their goal.

Contributions and support

Contributions are recognized as revenue when an unconditional promise to give is made. Contributions are recorded as with or without donor restrictions, depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires-that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions and are reported on the consolidated statements of activities as net assets released from donor restrictions. Conditional promises to give-that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Insurance Premiums, Net of Rebates

Annual premiums for workers' compensation, property, liability and health insurance are allocated to various entities for their share of the self-insurance programs. The premium is billed to all affiliate locations in monthly installments to reimburse the Pastoral Center for premiums and claims paid on their behalf. Insurance premiums are recognized as revenue in the month billed.

Payments for insurance premiums received in advance for future periods are recorded as deferred revenues.

Archbishop's Appeal, Net of Rebates

Contributions to the Archbishop's Appeal are recognized as revenue when an unconditional promise to give is made.

Grant Income

A portion of the Pastoral Center's revenue is derived from cost-reimbursable federal, state and local contracts and grants, which are conditional upon certain performance requirements and or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Pastoral Center has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. No amounts have been received in advance from federal, state or local contracts and grants at June 30, 2023 and 2022.

Exchange Transactions

The Pastoral Center earns (exchange) revenue from governmental funding, auxiliary activities, advertising revenue and fee from operations. Revenue is recognized based on the following steps: (i) identification of contract with customer, (ii) determination of performance obligations; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations and (v) recognition of revenue when (or as) the Pastoral Center satisfies each performance obligation. 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. There are also no incremental costs of obtaining a contract and no significant financing components.

Auxiliary Activities

Auxiliary activities relates to the income generated by the business office, development office, archives, Catholic Television (CTSA), Hope for the Future office and the Tribunal Office which provides services to other agencies of the Archdiocese. Revenue related to these services is recognized over time as the departments provide the associated services. A portion of the Pastoral Center's auxiliary activities also relates to special events. The Pastoral Center recognizes the exchange portion of special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes places.

Advertising Revenue and Sales

Advertising revenue and sales is generated from advertising purchases and subscriptions to the publication of *Today's Catholic*, the Pastoral Center's newspaper. Annual subscription of the newspaper is $16 a year. The Pastoral Center recognizes revenue when the newspaper is published.

Fees From Operations

Program fees is primarily generated through rental agreements with third parties. Rental income is recognized over time as the services are provided.

Contributed Services and Assets

Contributed services are reflected in the consolidated financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services recognized are not significant.

Also contributions of noncash assets from Archdiocesan related-party organizations are recorded at net book value.

Functional Allocations of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Bank and credit card fees, contracted services, gifts, donations and assessments and salaries and benefits of higher management are allocated based on the percentage of employees in each function. Depreciation expense and office and occupancy costs are allocated based on square footage.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requiring an entity to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial assets as well as enhanced disclosures. ASU No. 2020-07 was applied on a retrospective basis and effective for the Pastoral Center for its year ending June 30, 2023. The standard did not have a significant impact on the Pastoral Center's consolidated financial statements.

In June 2016 FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments (Topic 326)*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022 (fiscal year 2024). The Pastoral Center is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its results of operations, financial position and cash flows.

Federal Income Taxes

The Pastoral Center is organized as a Texas nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as organizations described in IRC 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii) and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. However, the Pastoral Center is subject to tax under Section 511(a) to the extent it has unrelated business taxable income.

The Pastoral Center has no material unrelated business taxable income for the years ended June 30, 2023 and 2022. Uncertain tax provisions, if any, are recorded in accordance with accounting guidance for income taxes, which requires the recognition of a liability for tax provisions taken that do not need the more likely than not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded at June 30, 2023 and 2022.

Contingencies

Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Pastoral Center, but which will only be resolved when one or more future events occur or fail to occur. The Pastoral Center's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Pastoral Center or unasserted claims that may result in such proceedings, the Pastoral Center's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Pastoral Center's consolidated financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. 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.

Advertising and Promotional Costs

The Pastoral Center expenses advertising and promotional costs when they are incurred. Advertising and promotional costs for the years ended June 30, 2023 and 2022, totaled $72,009 and $149,386, respectively.

Subsequent Events

The Pastoral Center has evaluated subsequent events through March 5, 2024, the date the consolidated financial statements were available to be issued.

Reclassifications

Certain prior-year amounts have been reclassified to conform to the current-year presentation. The reclassifications had no impact on the previously reported net assets or changes in net assets.

2. Pledges Receivable

Pledges receivable, net consist of the following:

	June 30 2023	June 30 2022
OSM, Inc.	$ -	$ 99,667
Pastoral Center, primarily Archbishop's Appeal	412,845	622,351
Total pledges receivable, net	$ 412,845	$ 722,018

At June 30, 2023 and 2022, pledges receivable net of allowance are included as designated net assets without donor restrictions.

Total amount of pledges receivable, net is summarized as follows:

	June 30 2023	June 30 2022
Less than one year	$ 571,183	$ 826,214
One to five years	35,489	17,905
	606,672	844,119
Less provision for allowance for pledges receivable	(193,827)	(121,936)
Less discount for present value	-	(165)
Pledges receivable, net	$ 412,845	$ 722,018

3. Accounts and Grants Receivable

Accounts and grants receivable consist of the following:

	June 30 2023	June 30 2022
Insurance programs	$ 793,838	$ 751,063
Archdiocesan assessments	1,029,714	982,688
Other Archdiocesan entities (related parties)	4,454,256	4,276,759
Interest receivable	901	1,219
Total accounts and grants receivable	6,278,709	6,011,729
Less allowance for uncollectible accounts	(1,634,082)	(1,607,027)
Total accounts and grants receivable, net	$ 4,644,627	$ 4,404,702

4. Investments

The Pastoral Center's investments are invested at various financial institutions with the majority of the investments managed by the CCF.

Investments consist of the following:

	June 30	
	2023	2022
CDs-negotiable	$ 10,498,348	$ 5,477,603
Mutual funds	6,259,696	5,936,149
CUIT-equity securities	673,932	2,360,494
Total	$ 17,431,976	$ 13,774,246

5. Fair Value Measurements

Accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability.

Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the topic establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are observable, other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Inputs are unobservable and are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Level 1 - Level 1 assets include investments in mutual funds and Catholic United Investment Trust (CUIT) equity securities.

Level 2 - Level 2 assets include investments in negotiable Certificates of Deposit (CDs). The fair values are estimated using Level 2 inputs based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

The following tables summarizes the assets measured at fair value on a recurring basis as of June 30, 2023 and 2022, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
CDs-negotiable	$ -	$ 10,498,348	$ -	$ 10,498,348
Mutual funds	6,259,696	-	-	6,259,696
CUIT – equity securities	673,932	-	-	673,932
	$ 6,933,628	$ 10,498,348	$ -	$ 17,431,976

	June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
CDs-negotiable	$ -	$ 5,477,603	$ -	$ 5,477,603
Mutual funds	5,936,149	-	-	5,936,149
CUIT – equity securities	2,360,494	-	-	2,360,494
	$ 8,296,643	$ 5,477,603	$ -	$ 13,774,246

6. Cash Value Life Annuities

Cash value life annuities consist of three flexible premium deferred annuity certificates which provide for a death benefit in the event of the annuitant's death. The cash value of the life annuities totaled $1,336,311 and $1,307,717 at June 30, 2023 and 2022, respectively. The cash value life annuities have a minimum guaranteed interest rate of 1.5% for the life of the certificates.

7. Notes Receivable From Related Entities

The Pastoral Center manages and is responsible for long-term notes made to entities related to the Archdiocese. The plant and operations fund has net notes receivable due from parishes and other entities totaling $656,645 and $219,896 at June 30, 2023 and 2022, respectively. The notes have various repayment terms and bear interest rates ranging up to 6.25%.

Notes receivable consist of the following:

Borrower	Interest Rate	Maturity Date	Repayment Terms	June 30 2023	June 30 2022
MCSP, Inc.	6.25%	6/30/2021	A	$ 2,621,352	$ 2,613,288
Friends of the Archdiocese of Santa Fe	0.00%	9/26/2027	B	300,000	-
St. Peter, Prince of the Apostles School	3.00%-6.00%	6/30/2029	C	225,000	-
Other notes receivable	0.00%-5.50%	2024-2028	Various	193,824	260,761
				3,340,176	2,874,049
Allowance for doubtful accounts				(2,683,531)	(2,654,153)
				$ 656,645	$ 219,896

A. MCSP, Inc. repayment terms include a lump-sum payment for the principal and any accrued and unpaid interest at date of maturity. There were no payments received during the years ended June 30, 2023 and 2022. The allowance for uncollectible accounts for this note receivable totaled $2,621,352 and $2,613,288 during the years ended June 30, 2023 and 2022, respectively.

B. Friends of the Archdiocese of Santa Fe repayment terms include no principal payments shall be required during the term of the Loan, however the entire outstanding balance of the Loan, together with any interest payments then due and owing, shall be payable in full upon maturity. There were no payments received during fiscal year 2023.

C. St. Peter, Prince of the Apostles School repayment terms include the no principal payments shall be required during the term of the Loan, however the entire outstanding balance of the Loan, together with any interest payments then due and owing, shall be payable in full upon maturity. There were no payments received during fiscal year 2023.

8. Buildings and Equipment

Buildings and equipment consists of the following:

	June 30	
	2023	2022
Buildings and land improvements	$ 31,665,284	$ 12,486,620
Equipment	983,639	1,061,403
Construction in progress	133,812	8,012,999
	32,782,736	21,561,022
Less accumulated depreciation	(9,797,894)	(9,266,959)
	$ 22,984,841	$ 12,294,063

Depreciation expense for buildings and equipment totaled $670,035 and $602,264 at June 30, 2023 and 2022, respectively.

The Pastoral Center had construction commitments totaling $145,749 and $5,294,832 at June 30, 2023 and 2022, respectively.

Construction in progress is comprised of the final construction payment for the St. John Seminary Pilgrimage Center project.

9. Properties Held for Lease

Properties held for lease consist of land and buildings as follows:

	June 30	
	2023	2022
Real estate ground lease (A)	$ 300,031	$ 300,031
Catholic Charities (B)	283,539	283,539
Boerne Stage Road (C)	1,792,483	1,792,483
St. Stephen's Property (D)	765,667	765,667
	3,141,720	3,141,720
Less accumulated depreciation	(1,020,735)	(981,135)
Total	$ 2,120,985	$ 2,160,585

Depreciation expense for buildings and equipment for properties held for lease totaled $39,600 and $40,588 at June 30, 2023 and 2022, respectively.

A. **St John's Master Ground Lease**: In fiscal year 2018, the 2015 real estate ground lease was terminated and replaced with the St. John's Master Ground Lease (the Lease) effective on December 1, 2017. The Pastoral Center (the Landlord) executed this Lease, which consists of 11.139 acres with a Texas public facility corporation (the Tenant). This Lease has a guaranty executed by a Texas limited liability partnership and an individual (collectively, the Guarantor). The acres also include certain existing buildings, infrastructure and attached fixtures (collectively known as the Premises). This Lease is a master lease of the Premises for the Tenant's development, rehabilitation and operation as a rental project comprised of 228 rental units (the Project), including ancillary commercial and public space for related mixed-use purposes (collectively, the Improvements). The term of the Lease is for a period of 75 years commencing on December 1, 2017, with the option to extend for an additional 10 years. The Lease is also a net lease to the Landlord, which requires the Tenant to pay all costs related to the use, operation, maintenance and repair of the Premises. Also, at the end of the term of the Lease, title to all Improvements constructed by the Tenant shall be vested to the Landlord.

The virtual opening of the project occurred on June 30, 2021, and the base rent was adjusted to $117,000 per year, effective July 1, 2021, with subsequent CPI percentage increases.

The net carrying value of the property held for lease totaled $203,013 and $213,015, respectively, net of accumulated depreciation of $97,017 and $87,016 at June 30, 2023 and 2022, respectively. Rental income and expenses for the lease are as follows:

	Years Ended June 30	
	2023	**2022**
Rental income	$ 117,000	$ 117,000
Expenses:		
Other	(12,384)	(13,090)
Depreciation	(10,001)	(10,001)
Net rental income	$ 94,615	$ 93,909

B. **Catholic Charities**: In September 2016, the Pastoral Center purchased a property consisting of buildings and land for $283,539. Subsequently, the Pastoral Center leased the property to the Catholic Charities. The lease term is for a one-year period commencing on July 1, 2017, renewable on a year-to-year basis until Catholic Charities has no ministry use for the property. Base rent is $3,000 per month.

The net carrying value of this property held for lease totaled $235,087 and $242,177, respectively, net of accumulated depreciation of $48,452 and $41,362 at June 30, 2023 and 2022, respectively. Rental income and expenses for the Catholic Charities are as follows:

	Years Ending June 30	
	2023	**2022**
Rental income	$ 36,000	$ 36,000
Expenses:		
Depreciation	(7,091)	(7,091)
Net rental income	$ 28,909	$ 28,909

C. **Boerne Stage Road**: On September 25, 2015, the Pastoral Center purchased 4.41 acres of land and improvements for $1,192,483 for a future parish site. Concurrently with the purchase, the seller also gifted 13.06 acres of undeveloped land. As a condition of the purchase of land and improvements, the Pastoral Center entered into a lease agreement with the seller for the entire 17.47 acres and improvements. The term of the lease is for 10 years effective from September 25, 2015, and expires September 24, 2025. The rent is $1.00 per year. The Pastoral Center, as landlord, will reimburse the tenant for 50% of repairs and maintenance costs of the water wells and all other maintenance is at the tenant's expense. The tenant will also reimburse the landlord for 50% of property taxes. The Pastoral Center has recorded the gifted 13.06 acres of land at its appraised value of $600,000 and the lease agreement as deferred rent income for the same amount. The deferred rent will be amortized over the life of the lease to rent income.

The net carrying value of this property held for lease totaled $1,627,003 and $1,648,130, respectively, net of accumulated depreciation $165,478 and $144,353 at June 30, 2023 and 2022.

Rental income and expenses for the Boerne Stage Road are as follows:

	Years Ending June 30	
	2023	2022
Rental income	$ 60,000	$ 60,000
Expenses:		
Other	(11,364)	(7,550)
Depreciation	(21,125)	(21,125)
Net rental income	$ 27,511	$ 31,325

D. **St. Stephen's Property**: In September 2017, the Pastoral Center received land and a building as a donation from St. Stephen's Church at a net book value of $67,740 as a result of the closure of the parish. Subsequently, the Pastoral Center leased the property to Catholic Charities. The lease term was amended on July 1, 2019, and the base rent was reduced to $0. The lease terminates on June 30, 2024, and is to be used for office and storage space.

The net carrying value of this property held for lease totaled $55,880 and $57,264, respectively, net of accumulated depreciation of $709,788 and $708,403 at June 30, 2023 and 2022, respectively.

Rental income and expenses for the St. Stephen's Property is as follows:

	Years Ending June 30	
	2023	2022
Rental income	$ -	$ -
Expenses:		
Depreciation	(1,384)	(2,372)
Net rental income (loss)	$ (1,384)	$ (2,372)

10. Purchase Commitment From Bank - Tax Credits

The Pastoral Center has a commitment letter dated August 8, 2018, from a bank to purchase Texas Historic Rehabilitation Tax Credits issued by the Texas Comptroller of Public Accountants for approximately $1,500,000. The tax credits are related to the renovation of the four missions, which are certified historic structures. The bank will pay $0.92 per $1.00 of tax credits, and the commitment letter expired on December 31, 2023. For the years ended June 30, 2023 and 2022, the Pastoral Center earned $0 for the sale of tax credits.

11. Note Payable to Bank

On April 21, 2020, the Pastoral Center signed a note payable agreement with Frost Bank in the amount of $1,153,100, pursuant to the Paycheck Protection Program (PPP) under Division A, Title 1 of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was enacted on March 27, 2020. Subsequently on June 5, 2020, this agreement was amended per the Notice of Changes in Terms to Paycheck Protection Program Promissory note with a maturity date of April 21, 2022, and bears interest at a rate of 1% per annum, with payments set to commence in November 21, 2020. Funds from the loan may be used for payroll, employee benefits, mortgage payments, rent, utilities and interest on other long-term debt obligations. The Pastoral Center intends to use the entire loan amount for qualifying expenses as described in the CARES Act.

On July 21, 2021, the Pastoral Center submitted its application to the SBA for forgiveness of the PPP Loan and on August 2, 2021, Frost notified the Pastoral Center that the entire $1,153,100 was forgiven by the SBA. The Pastoral Center believes it has met all the requirements for forgiveness, as 100% of the proceeds were utilized to cover eligible payroll related expenses incurred during the *covered period* (as defined in the Payroll Protection Program Flexibility Act). The Pastoral Center recognized a gain on extinguishment of debt of $1,153,100 in August 2021, which was reflected in the consolidated financial statements for the year ended June 30, 2022.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act (as amended by the Economic Aid Act), all Organization is required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

Deposits Payable (Related Entities)

The Pastoral Center maintains savings accounts for the Archdiocesan entities and pays interest semiannually. The balance of such deposits due to parishes and other Archdiocesan entities totaled $222,587 and $220,016 at June 30, 2023 and 2022, respectively. Deposits bear interest at rates ranging from 0.0% to 1.2% for parishes and entities based on the time commitment.

12. Insurance Programs

Property, Liability and Workers' Compensation Insurance

The Archdiocese has established a self-insured fund to pay for all property, liability and workers' compensation claims not insured by outside commercial insurers. All property claims are at replacement cost coverage. Liability claims above the self-insured retention of $100,000 (i.e., deductible) are insured by outside commercial insurers. Property claims have a variable deductible ranging between $100,000 and $500,000 depending on the nature of the claim. The deductible for wind and hail claims is $500,000 with a $1,000,000 self-insured retention ($1,500,000 total). Each property claim has a coverage limit of $250,000,000 from the outside insurer and each liability claim has a coverage limit of $10,000,000 from the outside insurer. Claims regarding wrongful acts occurring after July 1, 1998, are insured by outside commercial insurers above the self-insured retention of $250,000 (i.e., deductible), with a $4,000,000 limit for each wrongful act claim. Claims regarding wrongful acts occurring before July 1, 1998, are not covered by outside insurers. Effective July 1, 2017, the Archdiocese switched workers' compensation to a guaranteed cost program and is 100% insured by an outside commercial Insurer. Workers' compensation claims incurred prior to July 1, 2017, are included in the self-insurance reserves for claims not covered by other outside insurers.

Health Insurance Benefits

The Pastoral Center became self-insured effective September 1, 2012, for health insurance claims not covered by outside insurers. The Pastoral Center provides health care benefits to active lay and priest employees through the self-insured plan that includes medical and prescription drug benefits. The payment of claims associated with these benefits is handled by a third-party administrator. The Pastoral Center is self-insured for the first $150,000 of medical claims, and also fully insured for claims in excess of $150,000 up to a maximum annual aggregate stop-loss payment amount of $1,000,000.

The Pastoral Center believes that the self-insurance reserves recorded are adequate to cover losses for which the Pastoral Center may be liable. Whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the consolidated financial statements cannot be determined. Self-insurance reserve totaling $3,550,066 and $6,520,739 at June 30, 2023 and 2022, respectively, has been made for the settlement of all incurred claims, which includes claims incurred, but not reported.

The self-insurance reserve is an estimate of the cost of claims incurred, but not settled. Reserve estimates for reported claims are primarily determined by the evaluation of individual reported claims by a third-party underwriter and the Archdiocese's Risk Management Office. Provisions for estimates for claims incurred, but not reported are based on prior experience. The methods for making such estimates and for establishing the resulting liabilities are periodically reviewed and updated. Any adjustments to these estimates are reflected in the consolidated statements of activities when they become known.

13. Pension Plans

The Archdiocese sponsors a defined contribution, noncontributory, pension plan for all permanent full-time lay employees. The plan provides for a seven-year graded vesting with 100% vesting after seven years of continuous service. After July 1, 2014, only full-time employees were eligible to participate in the plan beginning on the date that they became full-time. Part-time employees, who previously met the old eligibility requirements of six months of service and earnings equivalent to 1,000 hours times the minimum wage at January 1 of the given year, were grandfathered into the amended plan. Employer contributions are determined as 5% of each covered employee's salary. Participation is mandatory and employees cannot contribute to the plan. Total contributions for the Pastoral Center totaled approximately $338,000 and $300,000 at June 30, 2023 and 2022, respectively.

The predecessor of the above defined contribution pension plan was a defined benefit plan (Pre-1991 Plan) for its lay employees. This Pre-1991 Plan has a remaining actuarial liability totaling approximately $58,700 and $65,000 at June 30, 2023 and 2022, respectively, and is fully funded.

The Archdiocese also sponsors a voluntary 403(b) plan through TIAA-CREF. Eligible employees may contribute up to the annual limit with no matching from the covered participant locations.

The Pastoral Center participates in a separate and independent Archdiocese of San Antonio Priest Defined Benefit Pension Plan (the Priest Pension Plan). The purpose of the Priest Pension Plan is to provide a retirement program for the exclusive benefit of eligible priests and to provide support for priests with disabilities. The participating locations are assessed annually for the support of the Priest Pension Plan. The plan administrator of the Priest Pension Plan is the Pension Board, which are elected by the participants. The Pastoral Center has a few clergy who participate in the plan at June 30, 2023 and 2022. The Pastoral Center made contributions of $27,600 and $37,760 as of June 30, 2023 and 2022, respectively. The Pastoral Center nor the Archdiocese has no additional obligation to fund nor sustain the Priest Pension Plan.

14. Postretirement Benefits Plan

The Archdiocese has a commitment to provide for postretirement health care and support benefits for eligible infirm and retired Archdiocesan priests. U.S. GAAP requires the accrual, during the years that the participant renders the necessary service, of the expected cost of providing those benefits to a participant, the employee's beneficiaries and covered dependents.

The following table presents the plan's status reconciled with amounts recognized in the Pastoral Center's consolidated statements of financial position:

	Years Ending June 30	
	2023	**2022**
Accumulated postretirement benefits obligation:		
Active participants fully eligible for benefits	$ 1,425,377	$ 1,565,551
Active participants not fully eligible for benefits	3,156,722	3,412,932
Retired participants	2,811,523	2,944,170
Postretirement benefits obligations	$ 7,393,622	$ 7,922,653
Postretirement-related change other than net periodic pension costs-unrecognized prior service plan	$ 22,379	$ 22,379
Net period postretirement benefits cost for components:		
Service cost for period, net of amortization	$ 360,515	$ 692,167
Interest cost on accumulated postretirement benefits	346,264	315,455
Unrecognized net gain loss, immediate recognition	(992,304)	(4,246,421)
Net period postretirement benefits cost	$ (285,525)	$ (3,238,799)

A roll-forward of the accrued postretirement benefit obligation is summarized as follows:

	Years Ending June 30	
	2023	**2022**
Balance at beginning of year	$ 7,922,653	$ 11,433,183
Net periodic postretirement benefit cost	(285,525)	(3,238,799)
Claims paid	(243,506)	(271,731)
Balance at end of year	$ 7,393,622	$ 7,922,653

For measurement purposes, annual rate increases of 7.50% and 6.00%, for Pre-65 and Post-65, respectively, in the per capita cost of covered benefits (e.g., health care cost trend rate) was assumed for 2023; the rates are assumed to decrease gradually to 4.50% by the year 2044 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 4.91% and 4.45% at June 30, 2023 and 2022, respectively.

The plan experienced an overall net gain of approximately $992,000 during the year ended June 30, 2023. This was primarily driven by the increase in the discount rate from 4.45% to 4.91% (decrease of $550,000), new per capital costs (decrease of $153,000), new census data (decrease of 315,000) and the difference between expected and actual benefit payments (decrease of $39,000). This impact was partially offset by the update to the trend rate table (increase of $65,000).

15. Due to Others

Amounts due to others are monies held for the benefit of other agencies and affiliates. Funds are noninterest-bearing and without repayment terms. Due to others is as follows:

	Year Ended June 30	
	2023	2022
Casa de Padres	$ 1,336,967	$ 1,308,374
Custodian and operating agency accounts	14,545	23,994
	$ 1,351,512	$ 1,332,368

16. Net Assets

Designated net assets without donor restriction are as follows:

	Year Ended June 30	
	2023	2022
Plant and operations fund:		
Self-insurance programs	$ 4,790,951	$ 4,258,757
Archbishop's Appeal	4,452,200	3,713,173
Archdiocese of San Antonio	4,734	4,734
Hope for the Future	2,181,306	2,505,550
OSM, Inc.	1,779,453	2,743,475
Catholic Television	147,895	20,413
Catholic Schools	1,188,763	379,153
Mother Cabrini Center	390,279	337,472
Plant, net of payables	24,106,948	13,707,120
	$ 39,042,529	$ 27,669,847
Deposit and loan fund	$ 514,849	$ 527,776

Net assets restricted by time or purpose are available for the following purposes:

	Year Ended June 30	
	2023	2022
Paul P. Baltos, Jr. Scholarship	$ 100,713	$ 63,662
Other specific purpose grants	806,552	257,526
	$ 907,265	$ 321,188

Net assets released from donor restrictions by incurring expenses satisfying restricted purposes or time restrictions specified by donors is as follows:

	Year Ended June 30	
	2023	**2022**
Specific Purpose Grants	$ 346,783	$ 235,547
Paul P. Baltos Jr. Scholarship Fund	8,538	4,609
Catholic Television of San Antonio	20,000	15,000
	$ 375,321	$ 255,156

Net assets to be held in perpetuity consist of the following:

	Year Ended June 30	
	2023	**2022**
Paul P. Baltos, Jr. Scholarship Fund-Corpus only	$ 289,448	$ 289,448

17. Endowment Funds

Interpretation of Relevant Law for Donor-Restricted Endowment Funds

The Pastoral Center treats all donor-restricted endowment funds as held in perpetuity in net assets with donor restrictions. These endowment funds are invested in a pool with all other investments of the Organization. The returns on the endowment funds invested have been included in investment income with donor restrictions on the consolidated statement of activities. The Pastoral Center operates under an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) since the Texas State Legislature enacted UPMIFA on September 1, 2007 (TUPMIFA). Management has interpreted TUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Pastoral Center classifies as net assets with donor restrictions - held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment 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 endowment fund that is not held in perpetuity is accumulated in with donor restrictions until appropriated for expenditure by the Pastoral Center in a manner consistent with the standard of prudence prescribed by TUPMIFA.

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Pastoral Center
- The investment policies of the Pastoral Center

The endowment net assets composition by type at June 30, 2023 and 2022, is as follows:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 390,161	$ 390,161

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 353,110	$ 353,110

Description of amount classified as net assets with donor restrictions (endowment only) are as follows:

	Year Ended June 30	
	2023	2022
Paul P. Baltos, Jr. Scholarship Fund	$ 390,161	$ 353,110

The Pastoral Center had the following changes in endowment net assets for the years ended June 30, 2023 and 2022:

	Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	$ -	$ 353,110	$ 353,110
Contributions	-	-	-
Investment return:			
Investment income, gains and losses, net	-	45,589	45,589
Amount appropriated for expenditures	-	(8,538)	(8,538)
Endowment net assets at end of year	$	$ 390,161	$ 390,161

	Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	$ -	$ 419,497	$ 419,497
Contributions	-	-	-
Investment return:			
Investment income, gains and losses, net	-	(61,778)	(61,778)
Amount appropriated for expenditures	-	(4,609)	(4,609)
Endowment net assets at end of year	$ -	$ 353,110	$ 353,110

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or SPMIFA requires the Pastoral Center to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2023 and 2022.

Return Objectives and Risk Parameters

The Pastoral Center endowment funds are managed by the CCF, and the Pastoral Center has adopted the CCF's investment policies for the endowment assets, which attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Pastoral Center must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results which, when compared to the current market place, would be better than average performance for fund managers with similar styles primarily based upon three-year rolling returns and net of (after) investment fees and expenses. The Pastoral Center expects its endowment funds, over time, to provide an average rate of return comparable to the benchmarks outlined in the investment policy. Actual returns in any given year may vary from these benchmarks.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, CCF diversifies its portfolio among a number of investments managers, within the feasibility of cost efficiency, to limit risk and maximize investment opportunities. The goal of CCF is to preserve and maintain the real purchasing power of the principal of portfolios by realizing a real total annual return of 500 basis points over inflationary expectations for equity funds and 100-200 basis points over inflation expectations for fixed income funds, dependent upon quality exposure.

Spending Policy

The Pastoral Center's current practice is to approve the annual budget for appropriation of expenditures. A formal spending or disbursement policy has not been adopted.

18. Leases

The following is a summary of leased property under finance leases included in property and equipment in the accompanying consolidated financial statements:

	Year Ended June 30	
	2023	2022
Office equipment	$ 475,620	$ 390,179
Less accumulated depreciation	(300,483)	(222,381)
	$ 175,137	$ 167,798

Amortization on leased property under finance leases is included in depreciation and amortization expense within general, administrative and auxiliary services in the consolidated statements of activities.

The Pastoral Center has commitments under noncancelable operating lease agreements. As of June 30, 2023 and 2022, the Pastoral Center had outstanding commitments, which consist of leases for copy machines with the agreements expiring in October, 2025. Rental expense totaled $10,857 and $5,852 for the years ended June 30, 2023 and 2022, respectively.

Future minimum lease payments under the noncancelable operating leases and future minimum lease payments under finance lease agreements as of June 30, 2023, are as follows:

	Finance Leases	Operating Leases
Years ending June 30:		
2024	$ 112,909	$ 17,602
2025	29,045	14,269
2026	30,814	9,708
2027	5,193	-
2028	3,063	-
	181,024	$ 41,579
Less amount of net minimum lease payments attributable to interest (4.75%)	(8,228)	
Present value of net minimum lease payments	$ 172,796	

19. Related-Party Transactions

For the years ended June 30, 2023 and 2022, the Pastoral Center recorded Archdiocesan assessments and the corresponding accounts receivable resulting from these transactions.

All Archdiocesan agencies participate under the Archdiocesan insurance plans. For the years ended June 30, 2023 and 2022, the Pastoral Center recorded insurance premiums and insurance program expenses in the consolidated statements of activities. Receivables from these transactions are included in accounts receivable at year-end.

The Archdiocese assesses its parishes an annual quota based on Sunday collections for the Archbishop's Appeal. Amounts raised in excess of set goals are rebated to the parishes that exceed their goal.

For the years ended June 30, 2023 and 2022, the Pastoral Center received addition contributions, from those detailed above, totaling $6,614,220 and $6,490,155 from related parties.

20. Contingencies

The Archdiocese is involved in various claims and legal actions which arise in the general course of the operations of the Archdiocese and its parishes, schools and other activities. The Archdiocese believes the majority of these claims are subject to coverage under the Archdiocese's insurance programs. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Pastoral Center's financial position, changes in net assets or liquidity.

The Archbishop of the Archdiocese is the guarantor in a line of credit between a financial institution and various parishes. Funding of line of credit advances is made directly by the financial institution to the parish and payments are made directly by the respective parish to the financial institution in accordance with the terms of each respective advance. The aggregate principal amount of the loans shall not exceed $25,000,000. The loans totaled $11,536,557 and $13,129,424 at June 30, 2023 and 2022, respectively. The loans have interest rates ranging from 3.5% to 8.25 % and mature in 2025 to 2033. The line of credit outstanding balance is not reflected in the consolidated financial statements of the Pastoral Center.

21. Classification of Expenses

The following reflects the classification of the Pastoral Center's expenses, by both the underlying nature of the expense and function, as of June 30, 2023 and 2022. An individual expense is allocated to the underlying activity through which it was incurred. The consolidated statements of activities include certain expenses that must be allocated on a reasonable basis, which have been consistently applied: certain costs including bank and credit card fees, payroll salaries and benefits have been allocated among the programs and supporting services benefited. Depreciation, office and occupancy costs have been allocated based on square footage.

	Year Ended June 30, 2023				
	Program Services		Supporting Services		
	Education and Formation	Ministries	General, Administrative and Auxiliary Services	Insurance Programs	Total
Salaries and benefits	$ 2,261,267	$ 3,653,550	$ 2,752,823	$ 1,592,231	$ 10,259,871
Contracted services, primarily insurance premiums	330,164	975,174	918,719	8,066,958	10,291,015
Gifts, donations and assessments	2,608,768	2,121,100	1,718,739	-	6,448,607
Office and occupancy costs	129,974	428,412	2,246,492	24,513	2,829,391
Auxiliary expenses	495,161	137,333	51,264	423,169	1,106,927
Professional development	182,964	1,225,550	40,392	3,957	1,452,863
Depreciation expense	40,961	145,295	472,076	11,703	670,035
Bank and credit card fees	61,263	29,891	484	1,110	92,748
Provision for allowance for doubtful accounts	98,017	96,026	40,800	13,189	248,032
Property tax	-	-	61,220	-	61,220
Insurance claims	-	-	-	15,155,545	15,155,545
Total	$ 6,208,539	$ 8,812,331	$ 8,303,009	$ 25,292,375	$ 48,616,254

	Year Ended June 30, 2022				
	Program Services		Supporting Services		
	Education and Formation	Ministries	General, Administrative and Auxiliary Services	Insurance Programs	Total
Salaries and benefits	$ 2,283,207	$ 3,771,394	$ 2,193,622	$ 1,796,941	$ 10,045,164
Contracted services, primarily insurance premiums	481,803	727,174	1,477,839	7,028,468	9,715,284
Gifts, donations and assessments	1,444,266	2,814,202	1,508,993	-	5,767,461
Office and occupancy costs	126,015	445,718	1,224,199	37,625	1,833,557
Auxiliary expenses	516,343	213,165	49,567	445,476	1,224,551
Professional development	291,119	810,035	26,472	519	1,128,145
Depreciation expense	39,699	154,228	437,582	11,343	642,852
Bank and credit card fees	20,162	69,079	2,105	9,843	101,189
Provision for allowance for doubtful accounts	(13,518)	56,524	64,317	146,484	253,807
Property tax	-	-	47,221	-	47,221
Insurance claims	-	-	-	13,754,100	13,754,100
Total	$ 5,189,096	$ 9,061,519	$ 7,031,917	$ 23,230,799	$ 44,513,331

22. Financial Assets Available and Liquidity

The table below represents the Pastoral Center's financial assets available for general expenditures from operations that are without donor restrictions or other restrictions limiting the uses within one year of June 30, 2023 and 2022.

	Years Ended June 30	
	2023	2022
Financial assets at June 30	$ 48,570,735	$ 46,189,721
Less those unavailable for general expenditures within one fiscal year due to:		
Net receivables not due within one year	(656,645)	(219,896)
Contractual or donor restrictions:		
Restricted by time or purpose	(907,265)	(321,188)
Restricted for scholarships	(289,448)	(289,448)
Board designations, financial assets:		
Archbishop's Appeal	(4,936,042)	(4,639,117)
Old Spanish Missions, Inc.	(1,936,064)	(2,761,470)
Custodian accounts held for others	(2,122,588)	(2,105,794)
Amounts set aside for reserve for insurance programs	(30,562,684)	(18,691,242)
Financial assets available to meet cash needs for general expenditures within one year	$ 7,159,999	$ 17,161,566

The Pastoral Center is substantially supported by Archdiocesan assessments and contributions. The Pastoral Center must maintain sufficient resources to meet responsibilities to its Archdiocesan parishes and agencies, including its donors. As part of the Pastoral Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Pastoral Center invests cash in excess of annual budget requirements in CDs with laddered maturities ranging between three and seven years. Occasionally, the board designates a portion of any operating surplus to its plant and operations fund, and deposit and loan fund. In the event of an unanticipated liquidity need, the Pastoral Center also could draw upon its available line of credit. The line of credit is for an amount up to $25,000,000 commencing on October 15, 2022 and terminating on October 15, 2023 with interest rates varying from 1.8% to 3.5% based on the loan type. This agreement was renewed after year end under the same terms with an expiration date of October 15, 2024. During fiscal years 2023 and 2022, the Pastoral Center did not draw nor have an outstanding balance on the line of credit.