

**DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**



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**DIOCESE OF VENICE IN FLORIDA, INC.
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YEARS ENDED JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Most Reverend Frank J. Dewane, Bishop
Diocese of Venice in Florida, Inc.
Venice, Florida

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Diocese of Venice in Florida, Inc. (a nonprofit organization), which comprise the combined statements of financial position as of June 30, 2020 and 2019, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Most Reverend Frank J. Dewane, Bishop
Diocese of Venice in Florida, Inc.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Venice in Florida, Inc., as of June 30, 2020 and 2019, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
October 28, 2020

DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
Cash and Cash Equivalents	\$ 42,673,167	\$ 21,296,974
Accounts Receivable, Net	1,168,296	5,524,438
Investments (Parishes and Diocesan)	83,553,905	93,764,534
Loans Receivable from Diocesan Entities, Net	33,432,771	32,973,759
Notes Receivable	250,856	2,164,626
Land, Buildings, and Equipment, Net	9,418,738	9,104,453
Other Assets	3,079,185	2,616,855
Land Held for Future Expansion	47,643,712	47,293,684
Total Assets	\$ 221,220,630	\$ 214,739,323
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,928,232	\$ 2,634,747
Insurance Claims Payable	1,694,494	969,688
Savings on Deposit from Diocesan Entities	85,852,792	77,731,305
Deferred Revenue	10,078,486	15,400,516
Funds Held for Others	3,320,177	3,541,160
Other Liabilities	67,704	250,382
Notes Payable	4,715,347	4,359,527
Total Liabilities	108,657,232	104,887,325
NET ASSETS		
Without Donor Restrictions:		
Designated for Outreach	2,000,023	474,415
Designated Endowment	6,001,079	5,923,308
Designated for Land, Buildings, and Equipment	9,418,738	9,104,453
Designated for Future Expansion	46,828,982	46,828,962
Undesignated	45,617,513	45,635,567
Total Without Donor Restrictions	109,866,335	107,966,705
With Donor Restrictions:		
Purpose Restrictions	1,097,063	285,293
Endowment Fund	1,600,000	1,600,000
Total With Donor Restrictions	2,697,063	1,885,293
Total Net Assets	112,563,398	109,851,998
Total Liabilities and Net Assets	\$ 221,220,630	\$ 214,739,323

See accompanying Notes to Combined Financial Statements.

**DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Support and Revenues:			
Parish Assessment/Catholic Faith Appeal	\$ 13,199,940	\$ -	\$ 13,199,940
Program Revenue	20,513,820	-	20,513,820
Contributions	626,496	811,770	1,438,266
Investment Return	1,387,521	-	1,387,521
Loan Interest	1,483,442	-	1,483,442
Miscellaneous	165,157	-	165,157
Property Program	1,146,977	-	1,146,977
Total Support and Revenues	38,523,353	811,770	39,335,123
Net Assets Released from Restrictions	-	-	-
Total Support and Revenues	38,523,353	811,770	39,335,123
Expenses:			
Program Services:			
Outreach Programs and Faith Formation	2,070,528	-	2,070,528
Mission and Apostolate Support	6,953,491	-	6,953,491
Catholic School Support	1,764,167	-	1,764,167
Vocations and Clergy Formation	1,166,514	-	1,166,514
Insurance Programs	16,836,184	-	16,836,184
Savings and Loan Program	1,586,965	-	1,586,965
Property Program	212,409	-	212,409
Total Program Service Expenses	30,590,258	-	30,590,258
Support Services:			
Temporal Services	5,365,166	-	5,365,166
Stewardship and Development	668,299	-	668,299
Total Support Service Expenses	6,033,465	-	6,033,465
Total Expenses	36,623,723	-	36,623,723
CHANGE IN NET ASSETS	1,899,630	811,770	2,711,400
Net Assets - Beginning of Year	107,966,705	1,885,293	109,851,998
NET ASSETS - END OF YEAR	\$ 109,866,335	\$ 2,697,063	\$ 112,563,398

See accompanying Notes to Combined Financial Statements.

**DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Support and Revenues:			
Parish Assessment/Catholic Faith Appeal	\$ 12,721,631	\$ -	\$ 12,721,631
Program Revenue	17,015,453	-	17,015,453
Contributions	791,503	-	791,503
Investment Return	3,342,414	-	3,342,414
Loan Interest	1,315,442	-	1,315,442
Property Program	93,165	-	93,165
Total Support and Revenues	35,279,608	-	35,279,608
 Net Assets Released from Restrictions	-	-	-
Total Support and Revenues	35,279,608	-	35,279,608
 Expenses:			
Program Services:			
Outreach Programs and Faith Formation	3,327,041	-	3,327,041
Mission and Apostolate Support	4,569,622	-	4,569,622
Catholic School Support	1,971,006	-	1,971,006
Vocations and Clergy Formation	1,162,181	-	1,162,181
Insurance Programs	15,018,811	-	15,018,811
Savings and Loan Program	1,850,477	-	1,850,477
Property Program	189,291	-	189,291
Total Program Service Expenses	28,088,429	-	28,088,429
 Support Services:			
Temporal Services	4,956,175	-	4,956,175
Stewardship and Development	575,656	-	575,656
Total Support Service Expenses	5,531,831	-	5,531,831
 Total Expenses	33,620,260	-	33,620,260
 CHANGE IN NET ASSETS	1,659,348	-	1,659,348
 Net Assets - Beginning of Year	106,307,357	1,885,293	108,192,650
 NET ASSETS - END OF YEAR	\$ 107,966,705	\$ 1,885,293	\$ 109,851,998

See accompanying Notes to Combined Financial Statements.

**DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Activities							Supporting Activities			
	Outreach Programs and Faith Formation	Mission and Apostolate Support	Catholic School Support	Vocations and Clergy Formation	Insurance Programs	Savings and Loan Program	Property Program	Total Program	Temporal Services	Fundraising	Total Expenses
Personnel Costs	\$ 271,518	\$ 658,269	\$ -	\$ 298,096	\$ -	\$ -	\$ -	\$ 1,227,883	\$ 2,895,982	\$ 296,209	\$ 4,420,074
Management Fees	5,000	-	-	-	8,322	-	-	13,322	-	-	13,322
Professional Fees	324,020	-	-	5,680	727,839	-	-	1,057,539	529,392	100,827	1,687,758
Occupancy	290,529	153,524	-	15,291	-	-	212,409	671,753	774,580	45,873	1,492,206
Travel	62,844	82	-	1,071	289	-	-	64,286	157,689	261	222,236
Conferences	390,648	-	-	62,866	288	-	-	453,802	36,718	45,096	535,616
Grants and Assistance	17,949	98,063	-	693,408	-	-	-	809,420	480	-	809,900
Payments to Affiliates	527,200	5,979,034	1,764,167	83,320	-	-	-	8,353,721	336,829	195	8,690,745
Office Expense	97,606	64,519	-	3,909	756	-	-	166,790	147,282	29,067	343,139
Other Expenses	19,071	-	-	1,171	217,073	-	-	237,315	7,461	-	244,776
Advertising and Promotion	64,143	-	-	1,702	-	-	-	65,845	1,189	150,771	217,805
Interest Expense	-	-	-	-	7,149	1,798,577	-	1,805,726	151,030	-	1,956,756
Insurance Administrative	-	-	-	-	989,254	-	-	989,254	8,102	-	997,356
Insurance Premiums	-	-	-	-	5,189,790	-	-	5,189,790	-	-	5,189,790
Insurance Claims Expense	-	-	-	-	9,695,424	-	-	9,695,424	-	-	9,695,424
Doubtful Accounts	-	-	-	-	-	(211,612)	-	(211,612)	318,432	-	106,820
Total	\$ 2,070,528	\$ 6,953,491	\$ 1,764,167	\$ 1,166,514	\$ 16,836,184	\$ 1,586,965	\$ 212,409	\$ 30,590,258	\$ 5,365,166	\$ 668,299	\$ 36,623,723

See accompanying Notes to Combined Financial Statements.

**DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Activities							Supporting Activities			
	Outreach Programs and Faith Formation	Mission and Apostolate Support	Catholic School Support	Vocations and Clergy Formation	Insurance Programs	Savings and Loan Program	Property Program	Total Program	Temporal Services	Fundraising	Total Expenses
Personnel Costs	\$ 1,329,515	\$ 571,571	\$ -	\$ 332,279	\$ -	\$ -	\$ -	\$ 2,233,365	\$ 2,974,617	\$ 222,399	\$ 5,430,381
Management Fees	36,749	-	-	-	-	-	-	36,749	-	-	36,749
Professional Fees	382,511	(600)	-	8,504	720,738	-	-	1,111,153	371,106	33,346	1,515,605
Occupancy	335,768	212,636	-	17,641	-	-	189,291	755,336	642,955	57,115	1,455,406
Travel	101,905	932	-	4,821	3,708	-	-	111,366	34,337	3,077	148,780
Conferences	639,391	46,720	-	95,277	2,492	-	-	783,880	38,896	42,343	865,119
Grants and Assistance	42,204	93,752	-	682,608	-	-	-	818,564	1,599	-	820,163
Payments to Affiliates	319,760	3,632,812	1,971,006	17,217	-	-	-	5,940,795	296,388	-	6,237,183
Office Expense	86,184	8,909	-	1,855	1,025	-	-	97,973	191,138	30,618	319,729
Other Expenses	16,309	2,890	-	75	152,591	-	-	171,865	76,806	58	248,729
Advertising and Promotion	36,745	-	-	1,904	-	-	-	38,649	2,122	186,700	227,471
Interest Expense	-	-	-	-	26,551	1,799,241	-	1,825,792	182,115	-	2,007,907
Insurance Administrative	-	-	-	-	934,773	-	-	934,773	-	-	934,773
Insurance Premiums	-	-	-	-	3,809,422	-	-	3,809,422	-	-	3,809,422
Insurance Claims Expense	-	-	-	-	9,367,511	-	-	9,367,511	-	-	9,367,511
Doubtful Accounts	-	-	-	-	-	51,236	-	51,236	144,096	-	195,332
Total	\$ 3,327,041	\$ 4,569,622	\$ 1,971,006	\$ 1,162,181	\$ 15,018,811	\$ 1,850,477	\$ 189,291	\$ 28,088,429	\$ 4,956,175	\$ 575,656	\$ 33,620,260

See accompanying Notes to Combined Financial Statements.

**DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,711,400	\$ 1,659,348
Adjustments to Reconcile Change in Net Assets to Net Cash		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	291,647	294,307
Provision for Doubtful Accounts, Net of Recoveries	106,820	195,332
Net Realized and Unrealized (Gains) Losses on Investments	837,858	(1,541,811)
Contribution of Securities	(5,429,056)	(96,539)
Gain on Sale of Land, Buildings, and Equipment	(167,040)	-
Gain on Sale of Land Held for Future Expansion	(896,722)	-
(Increase) Decrease in:		
Accounts Receivable	4,037,710	1,693,397
Accrued Interest Receivable	(452,627)	(262,204)
Other Assets	(462,330)	(599,690)
Accrued Interest on Notes Receivable	(63,728)	(43,975)
Increase (Decrease) in:		
Accounts Payable and Other Liabilities	293,485	105,369
Insurance Claims Payable	724,806	(535,100)
Deferred Revenue	(5,322,030)	1,739,231
Funds Held for Others	(220,983)	(585,412)
Other Liabilities	(182,678)	(1,305,625)
Net Cash Provided (Used) by Operating Activities	(4,193,468)	716,628
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Land, Buildings, and Equipment	328,290	-
Purchase of Land, Buildings, and Equipment	(767,182)	(134,306)
Proceeds from Sales of Land Held for Future Expansion	1,119,514	-
Net (Increase) Decrease in Loans Receivable	205,227	(4,123,490)
Purchases of Land Held for Future Expansion	(572,820)	(3,595,573)
Loans Made to Diocesan Entities	(437,721)	(838,678)
Collections on Notes Receivable	2,415,219	53,322
Proceeds from Sales and Maturities of Investments	49,514,266	64,441,950
Purchase of Investments	(34,712,439)	(52,706,612)
Net Cash Provided by Investing Activities	17,092,354	3,096,613
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Savings on Deposit	8,121,487	(7,411,969)
Payments on Mortgage Notes Payable	355,820	4,359,527
Net Cash Provided (Used) by Financing Activities	8,477,307	(3,052,442)
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,376,193	760,799
Cash and Cash Equivalents - Beginning of Year	21,296,974	20,536,175
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 42,673,167	\$ 21,296,974
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 1,956,756	\$ 2,007,907

See accompanying Notes to Combined Financial Statements.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Diocese of Venice in Florida was established by Pope Saint John Paul II in 1984 from parts of the Archdiocese of Miami, Diocese of Orlando, and the Diocese of St. Petersburg, and is geographically comprised of the 10 counties of southwest Florida. The Chancery offices of the Diocese conduct business through the Diocese of Venice in Florida, Inc. (the Catholic Center), which consists of the Office of the Bishop and his Curia or support staff, who minister to parishes, schools, and other institutions within the geographical Diocese of Venice in Florida. The Catholic Center's accounts do not include the assets, liabilities, net assets, revenues, or expenses of parishes, missions, schools, Catholic Charities of the Diocese of Venice, and low income housing units, among others. Certain institutions within the geographical Diocese of Venice are separately incorporated as nonprofit corporations under the laws of the state of Florida. The Catholic Center does include assets, liabilities, net assets, revenues, and expenses of the outreach and support service programs that are under the direct administrative operations of the Catholic Center.

The Most Reverend Frank J. Dewane, in his capacity as Bishop, holds title to real property within the geographical Diocese including its parishes, missions, schools, and certain institutions under both the laws of the state of Florida and the laws of the Roman Catholic Church in trust for these entities. He is empowered under both civil and Ecclesiastical law to receive and hold title to real property, administer all real property, and to dispose of all real property of each and every entity in the geographical Diocese, for the benefit and use of those entities. Deeds for all real property for parishes and schools are in the name of "Frank J. Dewane as Bishop of the Diocese of Venice in Florida, His Successors in Office, a corporation sole." A corporation sole is not a statutory corporation. It exists under the common law doctrine that is recognized in the state of Florida by Florida Statute §2.01. Authority is referenced to Reid v. Barry, 112 So.846 (Fla). Under the doctrine, the Bishop "solely" is the corporation and is the only interested person. Since it is not a statutory corporation, there are no articles of incorporation, by-laws, or any officers or directors. Real property assets held by the Corporation Sole in trust for the Catholic Center are included in the accompanying combined financial statements.

The assets, liabilities, net assets, revenues, and expenses of the Employee Benefits Trust are included in the accompanying combined financial statements. The purpose of the Employee Benefits Trust is to hold in trust funds received from Diocesan entities within the Diocese of Venice in Florida, Inc. to be pooled for employee benefit programs. This program is governed by trustees and administered by the Catholic Center.

The assets, liabilities, net assets, revenues, and expenses of the Insurance Trust are included in the accompanying combined financial statements. The purpose of the Insurance Trust is to hold in trust funds received from Diocesan entities within the Diocese of Venice in Florida, Inc. to be used to provide insurance coverage, insuring such entities from for liabilities and risks of loss. This program is governed by trustees and administered by the Catholic Center.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Organization (Continued)

The assets, liabilities, net assets, revenues, and expenses of Trinity Real Estate Trust are included in the accompanying combined financial statements. This property-revolving program is governed by a trustee and administered by the Catholic Center. Its purpose is to hold and manage real property held for future expansion of parishes and schools within the geographical Diocese along with expendable resources designated for real property acquisitions.

The assets, liabilities, net assets, revenues, and expenses of Diocese of Venice Savings and Loan Trust Fund are included in the accompanying combined financial statements. This cooperative savings and loan program is governed by trustees and administered by the Catholic Center in trust for entities within the geographical Diocese. Its purpose is to manage deposits of medium to long-term funds and also to issue loans to participating members, primarily for construction projects.

The assets, liabilities, net assets, revenues, and expenses of All Saints Catholic Cemetery, Inc. are included in the accompanying combined financial statements. Its current purpose is to hold and manage real property for a future Catholic cemetery in Sarasota, Florida.

The Catholic Center receives financial support from and provides financial support and services to approximately 85 parishes and schools in the geographical Diocese of Venice in Florida. In addition, under Canon Law, subject to certain specific restrictions, the Bishop of the Diocese is responsible for canonical oversight of all diocesan assets for the purpose of fulfilling the ministerial purposes of the Catholic Church.

Basis of Presentation

These combined financial statements, which are prepared on the accrual basis of accounting, have been prepared to focus on the Catholic Center as a whole. Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Catholic Center and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Included herein are net assets designated for specific programs based upon the nature and types of programs. Such designations are subject to change.

With Donor Restrictions – Those resources subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity

Assets are presented in the accompanying combined statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include the allowances for doubtful loans and the reserves for insurance claims.

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Catholic Center considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

The Catholic Center places its cash with financial institutions. At times, such cash balances may be in excess of federally insured limits.

Investments

Investments in marketable securities with readily determinable fair values and investments in debt and other securities are reported at fair value in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined statements of activities.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. The Catholic Center uses the allowance method of accounting for doubtful accounts, which is based on management judgment using historical information. Additions to the allowance are based on several factors which include, but are not limited to, analytical review of loss experience in relation to outstanding receivables, a continuing review of economically disadvantaged and other parishes which are currently unable to meet their financial obligations, and overall adequacy of collateral on the existing receivable balances. Accounts receivable includes self-insurance premiums and other assessments and fees due from parishes at June 30, 2020 and 2019.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Buildings, and Equipment, Net

All land, buildings, and equipment of the Catholic Center are recorded at their historical cost. Donated assets are recorded at fair market value at the date of the gift. Donated assets are treated as unrestricted in the absence of stipulations by the donor about how long the asset may be used. All maintenance and repair of assets are charged to operations as incurred. Depreciation of buildings and equipment is provided for by charges to operations using straight-line methods over the estimated useful lives ranging from 3 to 40 years. All land, buildings, and equipment are capitalized unless the asset has a value less than \$5,000 in which case it is expensed in the period incurred.

Land Held for Future Expansion

The Catholic Center purchases real estate for the purpose of providing future parish sites. The property is recorded at cost and the related real estate taxes, maintenance, legal, and other costs are expensed as incurred. For the years June 30, 2019 and prior, when a parish was established, the cost and a 6% annual market appreciation was charged to the parish. Proceeds from the sale of land held for future expansion are designated for future property acquisitions. At June 30, 2020 and 2019, the Catholic Center had \$76,391 and \$76,391, respectively, of deferred revenue related to real estate sales recorded under the installment method of revenue recognition. This deferred revenue is related to property sales in which the Catholic Center has accepted a note receivable as payment, and will be recorded to revenue as cash is received.

Split-Interest Agreements

The Catholic Center is named residual beneficiary of certain charitable remainder trusts. In addition, the Catholic Center is a named beneficiary for bequests under existing will and trust instruments. The assets of these trusts and bequests are not included in the combined statements of financial position of the Catholic Center because the designation of ultimate beneficiary is revocable at the discretion of the grantor/testator.

Annuity Obligations

The Catholic Center is obligated under charitable gift annuity agreements. The obligations were calculated based on actuarial assumptions and the fair values at the dates of receipt. The Catholic Center has recorded a gift annuity obligation equal to the present value of the total anticipated future payments to the beneficiaries. Gains or losses resulting from changes in actuarial assumptions are included in change in value of gift annuities on the combined statements of activities.

Donated Materials and Services

Donated materials are recorded as contributions at their estimated fair value at the date of receipt. The Catholic Center has adopted a policy which recognizes donated services provided by individuals possessing specialized skills which would typically need to be purchased if not provided by donation. No such services were donated during the years ended June 30, 2020 and 2019. Many volunteers have donated their time to Diocesan program services and administrative functions performing tasks that do not require specialized skills.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when the donor makes the donation to the Catholic Center. All donor-restricted contributions are reported as increases in with or without donor restricted net assets depending on the nature of the restrictions. Contributions with donor restrictions are reported as net assets with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time or use restriction in the combined statements of activities. However, contributions with donor restrictions whose restrictions are met in the same reporting period are shown as net assets without donor restrictions.

Parish assessments primarily fund the various outreach programs of the Catholic Center. Assessments are based on a standard formula, which is largely based on parish offertory income. The assessment goals are issued to parishes each January for the fiscal year starting in July. All receipts received after the goal is issued and prior to the start of the fiscal year are recorded as deferred revenue.

All Diocesan entities, including parishes and schools, are required to participate in the insurance programs that are administered through the Self Insurance and Employee Benefit Programs. Participating individuals and entities are charged premiums based upon the estimated costs of the programs, including insurance premiums paid for stop-loss coverage, self-insured claims expenses, and professional program administration.

All land sales to parishes are recorded under the installment method which apportions each cash receipt and principal payment by the buyer on debt assumed between cost recovered and profit. The apportionment is in the same ratio as total cost and total profit bear to the sales value.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Occupancy costs are allocated based on the department's proportion of total head count for the Diocesan departments residing in the Catholic Center. Administrative expenses are allocated based upon the estimated time spent by administrative departments on the various funds.

Fair Value Measurement of Investments and Annuity Obligations

The Catholic Center categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement of Investments and Annuity Obligations (Continued)

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Catholic Center has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Catholic Center may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Catholic Center has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the investment's credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

Investments valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Investments valued using Level 2 inputs include investments such as private collateralized mortgage obligations, municipal bonds, and corporate debt securities. Investments valued using Level 3 inputs would include private equity funds.

Income Taxes

In an annually updated ruling, the Internal Revenue Service (IRS) held that the agencies, instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in "The Official Catholic Directory" are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). The Diocese of Venice in Florida is listed in "The Official Catholic Directory" and, therefore, is exempt from income tax. Accordingly, the accompanying combined financial statements reflect no provision for income taxes.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform with the 2020 presentation. These reclassifications do not affect net assets as previously reported.

Subsequent Events

In preparing these financial statements, the Catholic Center has evaluated events and transactions for potential recognition or disclosure through October 28, 2020, the date the financial statements were available to be issued.

New Accounting Pronouncements – ASU 2018-08

The Academy adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. There was no material impact on the Catholic Center's financial position or change in net assets upon adoption of the new standard.

New Accounting Pronouncements – ASU 2014-09

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets. The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgments and estimates and provide expanded disclosures about revenue. This Update is effective for the Catholic Center's upcoming fiscal year. The Catholic Center is currently evaluating the impact of the adoption of the new standard on the financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Catholic Center regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Catholic Center has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and lines of credit. See Note 9 for information about the Catholic Center's line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Catholic Center considers all expenditures related to its ongoing activities as described in Note 1 to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Catholic Center operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The table below presents financial assets available for general expenditures within one year at June 30:

Financial Assets at Year-End:	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 42,673,167	\$ 21,296,974
Accounts Receivable, Net	1,168,296	5,524,438
Money Market and CD	9,412,137	16,113,594
Investments	74,141,768	77,650,940
Loans Receivable	33,432,771	32,973,759
Notes Receivable	<u>250,856</u>	<u>2,164,626</u>
Total Financial Assets	161,078,995	155,724,331
Less Amounts Not Available to be Used Within One Year:		
Cash Held In Trust	38,072,653	17,677,692
Investments Held In Trust	33,058,774	39,763,022
Accounts Receivable Held in Trust	1,142,315	5,324,658
Loans Receivable Held in Trust	33,384,975	32,973,759
Due on Note Payable	4,715,347	4,359,527
Funds Held for Others	3,320,177	3,541,160
Net Assets with Donor Restrictions	1,885,293	1,885,293
Net Assets Designated by Board Programs	2,000,023	474,415
Designated Investments Operating as Endowments	<u>6,001,080</u>	<u>5,923,308</u>
Financial Assets Not Available to be Used Within One Year	<u>123,580,637</u>	<u>111,922,834</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 37,498,358</u>	<u>\$ 43,801,497</u>

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Insurance Premiums	\$ 1,137,527	\$ 4,235,895
Other Receivables	362,259	503,392
Employee Benefit Premiums	4,788	1,088,763
Allowance for Doubtful Accounts	<u>(336,278)</u>	<u>(303,612)</u>
Accounts Receivable, Net	<u>\$ 1,168,296</u>	<u>\$ 5,524,438</u>

During the years ended June 30, 2020 and 2019, doubtful accounts expense was recorded totaling \$318,432 and \$144,096, respectively.

At June 30, 2020, the Catholic Center had \$890,959 in receivables owed from two customers, which constitutes approximately 59% of accounts receivable, and is included in the accompanying balance sheet.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 INVESTMENTS

Investments consist of the following at June 30:

	2020	
	Market Value	Cost
Domestic Equities	\$ 26,156,138	\$ 19,855,227
Foreign Equities	12,156,207	12,007,051
Corporate Bonds	10,277,562	9,780,675
Government Bonds	15,531,743	15,176,349
Government Backed Securities	3,506,929	3,418,373
Mortgage Backed Securities	4,066,898	3,953,481
Certificates of Deposit	9,412,172	9,238,000
Exchange Traded Funds	2,446,256	2,394,161
Total Investments	\$ 83,553,905	\$ 75,823,317

	2019	
	Market Value	Cost
Domestic Equities	\$ 32,404,731	\$ 25,469,106
Foreign Equities	13,611,128	12,450,838
Corporate Bonds	8,401,916	8,237,088
Government Bonds	19,331,506	18,999,682
Government Backed Securities	314,648	313,923
Mortgage Backed Securities	3,507,019	3,423,888
Certificates of Deposit	16,113,594	16,018,000
Exchange Traded Funds	79,992	47,295
Total Investments	\$ 93,764,534	\$ 84,959,820

Investment income earned and market value change on these investments consisted of the following for the years ended June 30:

	2020	2019
Interest and Dividends	\$ 2,348,934	\$ 2,311,189
Realized Gains (Losses), Net	451,909	1,562,991
Unrealized Gains (Losses), Net	(1,133,368)	(225,092)
Management Fees	(279,954)	(306,674)
Total Investment Return	\$ 1,387,521	\$ 3,342,414

NOTE 5 LOANS RECEIVABLE AND SAVINGS ON DEPOSIT (SAVINGS & LOAN TRUST FUND)

Loans receivable and savings on deposit represent loans to and deposits from Diocesan entities, respectively. They are held by the Diocese of Venice Savings and Loan Trust Fund which is established for the mutual benefit of the participants. The provision for doubtful loans receivable is estimated by management based on an analysis of outstanding loans and related accrued interest. During the years ended June 30, 2020 and 2019, doubtful loans expense (recovery) was recorded totaling \$(211,612) and \$51,236, respectively.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

**NOTE 5 LOANS RECEIVABLE AND SAVINGS ON DEPOSIT (SAVINGS & LOAN TRUST FUND)
(CONTINUED)**

Loans receivable due from parishes generally bear interest at a variable rate which was 4.75% at June 30, 2020 and 2019, and are due over periods ranging from 1 to 10 years. Total interest income associated with these loans for the years ended June 30, 2020 and 2019 was \$1,375,889 and \$1,239,506, respectively. At June 30, 2020 and 2019, loans receivable included accrued interest receivable totaling \$3,172,042 and \$2,719,415, respectively, and are due as follows:

	2020	2019
Loans Receivable - Current Year	\$ 4,173,873	\$ 2,772,346
Loans Receivable - Greater than One Year	38,649,644	39,581,319
Estimate of Doubtful Loans Receivable	(9,390,746)	(9,379,906)
Total Loans Receivable	\$ 33,432,771	\$ 32,973,759

Savings on deposit from Diocesan entities totaled \$85,852,792 and \$77,731,305 at June 30, 2020 and 2019, respectively, and bear interest at a variable rate which was 2.75% at June 30, 2020 and 2019. Interest expense on such deposits totaled \$1,867,164 and \$1,807,977 during the years ended June 30, 2020 and 2019, respectively. The Savings & Loan Trust pooled investments portfolio had a market value of \$24,070,967 and \$24,322,437 at June 30, 2020 and 2019, respectively. Depositors who invest funds in this portfolio are regularly allocated a share of total investment returns in proportion to their investment in the portfolio. The return on investment for the period ending June 30, 2020 and 2019 was 0.78% and 4.16%, respectively.

NOTE 6 NOTES RECEIVABLE

Notes receivable are summarized as follows at June 30:

Description	2020	2019
Note Receivable from nonprofit corporation, unsecured, interest accruing at 2%, interest only payments commencing June 30, 2013 and payable thereafter annually, any unpaid interest and principal due in full at maturity date, April 2, 2023.	\$ 200,000	\$ 200,000
Promissory note line of credit from Ave Maria Parish, \$2,500,000 available, interest accruing at 3.0%, interest only payments commencing January 2017 and payable thereafter annually. Line of credit matured in January 2020 and was converted to a loan in the Savings and Loan Trust.	-	1,813,415
Other	50,856	151,211
Total Mortgages and Other Notes Receivable	\$ 250,856	\$ 2,164,626

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 NOTES RECEIVABLE (CONTINUED)

A summary of the scheduled principal collections of notes receivable is as follows at June 30, 2020:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 50,856
2022	-
2023	200,000
Total	<u>\$ 250,856</u>

NOTE 7 LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 4,367,186	\$ 4,401,630
Equipment	738,452	682,242
Buildings and Improvements	10,232,296	9,795,536
Total	<u>15,337,934</u>	<u>14,879,408</u>
Less: Accumulated Depreciation	(5,919,196)	(5,774,955)
Total Land, Buildings, and Equipment	<u>\$ 9,418,738</u>	<u>\$ 9,104,453</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$291,647 and \$294,307, respectively.

NOTE 8 LAND HELD FOR FUTURE EXPANSION

Land held for future expansion totals \$47,643,712 and \$47,293,684 at June 30, 2020 and 2019, respectively, and consists of land purchased or donated, designated to be used and held for future parish sites or for other religious purposes. The cost basis of the land includes original purchase price in addition to certain engineering and other permitting costs incurred in conjunction with the original purchase.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 9 LINE OF CREDIT

The Catholic Center has a \$10,000,000 revolving line of credit with a bank that is due on demand. Interest accrues at the 30-day LIBOR rate (0.18% and 2.42% at June 30, 2020 and 2019, respectively) plus 1.25% and is payable monthly. The line of credit is collateralized by business assets of the Catholic Center. The total outstanding amount of this line of credit at June 30, 2020 and 2019 was \$4,715,347 and \$4,359,527, respectively.

The line of credit contains various covenants including; maintenance of minimum debt service coverage, no loans or extensions of credit to be made to any individual or entity without the prior consent of the financial institution, and requirements to provide certain reports to the financial institution. During the year ended June 30, 2020, the Catholic Center's management made a decision to begin the process to refinance the line of credit with another financial institution and accordingly the entire amount of the revolving line of credit \$4,715,347 has been included in notes payable. This process has not yet been completed as of the date of this report. In anticipation of paying off the line of credit in full, the Catholic Center did not request waivers from the present financial institution for the instances of noncompliance. The financial institution has not waived these instances of noncompliance with the agreement as of June 30, 2020, and accordingly the entire amount of the revolving line of credit \$4,715,347 has been included in notes payable and is due on demand.

See the disclosure in Note 19 Subsequent Events regarding the Catholic Center entering into a revolving line of credit with a new financial institution subsequent to June 30, 2020.

NOTE 10 ANNUITY OBLIGATIONS

The Catholic Center has received funds for gift annuities. The annuity agreements provide that the Catholic Center will pay annuitants an amount each year based on the established life expectancy of the donor. The recorded annuity obligation at June 30, 2020 and 2019 of \$354,854 and \$394,556, respectively, represents the present value of future cash flows expected to be paid to the donors, and is included in funds held for others on the combined statement of financial position. Payments to beneficiaries for the years ended June 30, 2020 and 2019 totaled \$53,316 and \$55,253, respectively.

Additionally, the Catholic Center has received funds for gift annuities in which the ultimate beneficiaries are third parties other than the Catholic Center. The total estimated amounts owed to others related to these annuity obligations total \$67,704 and \$250,112 at June 30, 2020 and 2019, respectively.

State statutes require that assets equal to the sum of the outstanding annuity agreements, and a surplus of 10% of that amount, be maintained as a reserve in a separate fund. As of June 30, 2020 and 2019, the Catholic Center is in compliance with the state statutes.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 FAIR VALUE MEASUREMENTS

The Catholic Center uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Catholic Center measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

The following tables present the fair value hierarchy for the balances of the assets and liabilities of the Catholic Center measured at fair value on a recurring basis as of June 30:

	2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Domestic Equities	\$ 26,156,138	\$ -	\$ -	\$ 26,156,138
Foreign Equities	12,156,207	-	-	12,156,207
Corporate Bonds	-	10,277,562	-	10,277,562
Government Bonds	-	15,531,743	-	15,531,743
Government Backed Securities	-	3,506,929	-	3,506,929
Mortgage Backed Securities	-	4,066,898	-	4,066,898
Certificates of Deposit	-	9,412,172	-	9,412,172
Exchange Traded Funds	2,446,256	-	-	2,446,256
Real Estate Investment Funds	-	-	-	-
Total Investments	<u>\$ 40,758,601</u>	<u>\$ 42,795,304</u>	<u>\$ -</u>	<u>\$ 83,553,905</u>
Liabilities:				
Annuity Obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,558</u>	<u>\$ 422,558</u>
2019				
	Level 1	Level 2	Level 3	Total
Investments:				
Domestic Equities	\$ 32,404,731	\$ -	\$ -	\$ 32,404,731
Foreign Equities	13,611,128	-	-	13,611,128
Corporate Bonds	-	8,401,916	-	8,401,916
Government Bonds	-	19,331,506	-	19,331,506
Government Backed Securities	-	314,648	-	314,648
Mortgage Backed Securities	-	3,507,019	-	3,507,019
Certificates of Deposit	-	16,113,594	-	16,113,594
Exchange Traded Funds	79,992	-	-	79,992
Total Investments	<u>\$ 46,095,851</u>	<u>\$ 47,668,683</u>	<u>\$ -</u>	<u>\$ 93,764,534</u>
Liabilities:				
Annuity Obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 644,668</u>	<u>\$ 644,668</u>

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value of the Catholic Center Level 3 liabilities for the years ended June 30, 2020 and 2019:

Level 3 Annuity Obligations:	
Balance - July 1, 2018	\$ 655,178
Payments Made to Beneficiaries	(55,253)
Additions	46,213
Change in Fair Value of Annuity Obligations	(1,470)
Balance - June 30, 2019	<u>644,668</u>
Payments Made to Beneficiaries	(53,316)
Additions	351
Change in Fair Value of Annuity Obligations	(13,905)
Change in Value of Residuum	(155,240)
Balance - June 30, 2020	<u><u>\$ 422,558</u></u>

Corporate and government bonds, and government and mortgage backed securities are measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the investment advisors.

Annuity obligations are measured at fair value with a valuation technique utilizing estimated payout percentages, life expectancies, and IRS remainder factors.

NOTE 12 EMPLOYEE RETIREMENT PLANS

The Catholic Center makes contributions to a multiemployer defined benefit Pension Plan and a 403(b) Plan through the Diocese of Venice Retirement Program Trust. The Plans cover eligible employees from Diocesan institutions, such as parishes and schools, which as noted in Note 1, are not combined with the Chancery Office for financial reporting purposes.

The Pension Plan is a noncontributory defined benefit pension plan established July 1, 2012 by a spin-off from the Seventh Amended and Restated Pension Plan for Employees within the Archdiocese of Miami/Diocese of Venice (Prior Plan). The Pension Plan is a qualified plan and is exempt from income taxes under the provisions of the IRC. The Pension Plan is a "Church Plan" as defined in Section 414(e) of the IRC and is exempt from Title I of the Employee retirement Income Security Act of 1974 (ERISA), as amended. The Pension Plan was most recently amended effective July 21, 2017.

The Pension Plan covers all members in the Prior Plan who are designated as Transferred members immediately prior to July 1, 2012. All other eligible employees of the Diocese of Venice, as defined by the Pension Plan, were able to commence participation immediately or upon their subsequent employment, appointment, assignment, re-employment, reappointment, or reassignment. Effective July 1, 2014, the Pension Plan was frozen with regard to participation of certain Lay employees based on their years of service and no Lay employee hired on or after July 1, 2014 is eligible to participate in the Pension Plan.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

The following table discloses quantitative information of the Pension Plan as of and for the year ended February 1, 2020, which is the date of the latest actuarial valuation.

Legal Name and Plan Number	Plan EIN	Actuarial Present Value of Accumulated Plan Benefits	Fair Value of Plan Assets	Total Contributions	Long-Term Funded Status
Diocese of Venice Pension Plan & Trust, Number 001	45-6947361	\$ 117,654,888	\$ 111,158,952	\$ 3,359,060	94%

Effective July 1, 2014, the Diocese of Venice adopted an Internal Revenue Code 403(b) retirement savings plan for substantially all employees of the Catholic Center and Diocesan entities. Contributions to the 403(b) plan are made by employees through salary deferrals as well as by the Catholic Center in both a noncontributory and matching component. The plan is exempt from the reporting requirements of ERISA.

The Catholic Center's contribution to both the pension and 403(b) plans is a fixed amount per priest and a percentage of qualified salaries for Lay employees established by the trustees of the Plan. The Catholic Center's contributions to the plans for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Employer Contributions	\$ 453,045	\$ 424,941

NOTE 13 OTHER EMPLOYEE BENEFITS

The Catholic Center provides postemployment health and other insurance coverage benefits to certain retired clergy. The Catholic Center is required to disclose the over or under funded status of a defined benefit postemployment plan and changes in the funding in the year in which the change occurs in unrestricted net assets. At June 30, 2020 and 2019, the postemployment obligation of the Catholic Center of approximately \$5,369,000 and \$4,500,000, respectively, is unfunded and calculated using the IRS life expectancy tables with a 2.72% and 3.54% discount rate, respectively. These obligations are based on the list of priests who are assigned to the Catholic Center at each respective fiscal year-end. Being that the majority of these priests will be assigned to another institution prior to their retirement, management believes that the full amount of the obligations noted above will not be realized and, therefore, these amounts are not recognized. The Catholic Center estimates postemployment health and other insurance benefit payments will be approximately \$136,000, \$148,000, \$159,000, \$171,000, and \$181,000 for the next five years, and approximately \$1,052,000 in the aggregate for the five fiscal years thereafter.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 14 ENDOWMENT

Endowment net asset composition by type of fund as of June 30:

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Donor-Restricted Endowment Funds	\$ -	\$ 1,600,000	\$ 1,600,000
Designated Endowment Funds	6,001,086	-	6,001,086
Total Endowment Funds	<u>\$ 6,001,086</u>	<u>\$ 1,600,000</u>	<u>\$ 7,601,086</u>

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Donor-Restricted Endowment Funds	\$ -	\$ 1,600,000	\$ 1,600,000
Designated Endowment Funds	5,923,308	-	5,923,308
Total Endowment Funds	<u>\$ 5,923,308</u>	<u>\$ 1,600,000</u>	<u>\$ 7,523,308</u>

The Catholic Center's endowment consists of two funds established for a variety of purposes. One endowment is donor-restricted and its income is to be used for operations and other administrative costs. The other consists of funds designated to function as an endowment. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Catholic Center has interpreted the relevant law 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 Catholic Center classifies as with donor restrictions net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified with donor restrictions net assets is classified as without donor restrictions net assets. The Catholic Center considers all earnings on endowment funds to be available for current year operations.

DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 14 ENDOWMENT (CONTINUED)

Endowment net asset composition by fund type as of June 30, 2020 and 2019 and during the years then ended is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 1, 2018	\$ 5,655,582	\$ 1,600,000	\$ 7,255,582
Investment Return:			
Investment Income	146,293	-	146,293
Net Realized and Unrealized Losses	121,433	-	121,433
Total Investment Return	267,726	-	267,726
Contributions	-	-	-
Appropriations of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets - June 30, 2019	5,923,308	1,600,000	7,523,308
Investment Return:			
Investment Income	155,712	-	155,712
Net Realized and Unrealized Losses	(77,934)	-	(77,934)
Total Investment Return	77,778	-	77,778
Contributions	-	-	-
Appropriations of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets - June 30, 2020	<u>\$ 6,001,086</u>	<u>\$ 1,600,000</u>	<u>\$ 7,601,086</u>

The Catholic Center has an investment policy statement (IPS) that is based on providing funding for its various programs. The objective of the IPS is to preserve capital and provide growth, income, and inflation protection with a moderate level of risk. The target rate of return is 5% to 7% over a 20-year time horizon. The Catholic Center IPS limits the type of investments to equities, fixed income, and real estate investment trusts. In addition, the policy limits that investments adhere to the prohibitions of investments in companies substantially engaged in the manufacturing, distribution, or provision of products or services that are inconsistent with the teachings of the Roman Catholic Church. No minimum performance yields have been established; however, the Catholic Center measures performance of fund managers within specified benchmarks. Performance is reviewed quarterly by both the Diocesan Investment Committee and the Diocesan Finance Council.

Spending Policy

The Catholic Center has a spending policy to determine the endowment distribution each year. In establishing this policy, the Catholic Center considers the long-term expected return on its endowment net of investment fees, inflation, and administrative fees. The Catholic Center's goal is to provide sustainable funding to Diocesan programs in perpetuity.

**DIOCESE OF VENICE IN FLORIDA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 15 PURPOSE RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose at June 30:

	<u>2020</u>	<u>2019</u>
Bequest	\$ 811,770	\$ -
Elder Care	285,293	285,293
Total	<u>\$ 1,097,063</u>	<u>\$ 285,293</u>

NOTE 16 SELF-INSURANCE PROGRAMS

The Diocese of Venice and certain other Roman Catholic dioceses in the state of Florida participates in their own self-insurance programs to provide coverage for property, workers' compensation, general liability, and certain other claims. A "first sharing agreement" enables each participating diocese to share each other's losses. Each diocese is allocated a sharing limit which represents the maximum amount of losses a diocese will retain in any one year. For the policy years beginning April 1, 2020 and 2019, the Diocese of Venice's allocated sharing limit is \$1,020,875 and \$874,071, respectively. The Diocese of Venice retains losses incurred up to the amount of its allocated sharing limit. The other participating dioceses share in the remaining losses in proportion to their share of the total agreement, not to exceed their own respective limits. If the sharing limit for all participating dioceses in a certain claim year is exhausted, the Diocese of Venice retains losses in excess of its assigned proportion.

The Diocese of Venice and certain other dioceses within the state of Florida are members of the Bishop's Plan Insurance Company (BPIC), an insurance captive, to provide excess coverage for property damage and workers' compensation claims. Membership in BPIC requires each member to purchase insurance as a condition of membership. Accordingly, the Diocese of Venice purchases insurance coverage required for membership.

All eligible employees of the Catholic Center and all Diocesan entities are offered health and dental insurance benefits through a self-insured plan. All entities are charged a premium estimated to cover the costs of the plan.

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NOTE 17 RELATED PARTIES

The Savings & Loan Trust has loans receivable from and savings on deposit payable to Diocesan entities as more fully described in Note 5. In addition to the other Diocesan entities discussed in Note 1, there are certain entities that are not included in the financial statements in which the Catholic Center has an economic interest. At June 30, 2020 and 2019, the Catholic Community Foundation of Southwest Florida, Inc. owed the Savings and Loan Trust Fund \$585,452 and \$650,000, respectively. During the years ended June 30, 2020 and 2019, the Catholic Center received support from parishes in the form of Diocesan assessments of approximately \$13,200,000 and \$12,700,000, respectively, and provided support to Diocesan entities in the form of subsidies in the amounts of \$5,914,928 and \$6,376,587, at June 30, 2020 and 2019, respectively. In addition, entities supported by the Catholic Center and other Florida dioceses are; the Regional Seminary of St. Vincent de Paul in Florida, Inc. a seminary for the education and development of candidates for priesthood; the Florida Catholic Newspaper, a Catholic newspaper; Florida Conference of Catholic Bishops, Inc. a liaison to state government on matters of concern to the Catholic Church in Florida; and the Florida Catholic Conference, Inc. a communications corporation engaged in the promotion of health, education and welfare issues that are of central importance to Florida dioceses. The Catholic Center and other Florida dioceses provide support to each of these entities in the form of tuition, quotas, operating subsidies and capital contributions. Total payments made for the aforementioned purposes during the year by the Catholic Center to these entities were \$306,699, \$4,243, \$41,921, and \$58,656, respectively.

NOTE 18 COMMITMENTS AND CONTINGENCIES

The Catholic Center is involved in various asserted claims arising in the ordinary course of operations. In addition, the Catholic Center has consulted with legal counsel with respect to certain asserted and unasserted claims. In the opinion of management, the Catholic Center has made adequate provision for losses, if any, and while the ultimate result of these claims cannot be predicted with certainty, management believes the final outcome will not have a materially adverse effect on the Catholic Center's financial position.

At June 30, 2020 and 2019, the Catholic Center is contingently liable for a letter of credit in the amount of \$447,560 placed with a financial institution, as required by Florida Power & Light. The letter of credit has a maturity date of June 4, 2021, and can be automatically extended for up to one year from that date.

NOTE 19 SUBSEQUENT EVENTS

As of the date of this report, the Catholic Center was in the final stages of entering into a revolving line of credit with a new lender. The new agreement is expected to have a maturity date of two years and an interest rate of the 30-day LIBOR rate (0.18% at June 30, 2020) plus 1.00%. Certain Catholic Center investment securities held with the lender will be used as collateral against the revolving line of credit.