

# **The Catholic Archbishop of Omaha**

**Financial Statements and  
Independent Auditors' Report**

**June 30, 2021 and 2020**



# The Catholic Archbishop of Omaha

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## INDEPENDENT AUDITORS' REPORT

Audit Committee  
The Catholic Archbishop of Omaha  
Omaha, Nebraska

### Report on the Financial Statements

We have audited the accompanying financial statements of The Catholic Archbishop of Omaha (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Archbishop of Omaha as of June 30, 2021 and 2020, 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.

*Lutz & Company, P.C.*

November 29, 2021

# The Catholic Archbishop of Omaha

## Statements of Financial Position

June 30, 2021 and 2020

<b>ASSETS</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,846,833	\$ 2,036,655
Restricted Cash and Cash Equivalents		
Board Designated	944,198	1,131,068
Donor Restricted - Temporary in Nature	1,580,013	1,326,344
Parish Assessments Receivable	30,555	47,223
Current Portion of Note Receivable, Related Party	150,000	-
Other Current Assets	580,657	389,118
<b>Total Current Assets</b>	<b>5,132,256</b>	<b>4,930,408</b>
<b>PROPERTY, BUILDINGS, AND EQUIPMENT, NET</b>	<b>9,615,198</b>	<b>10,078,004</b>
<b>OTHER ASSETS</b>		
Investments	8,892,965	6,478,616
Board Designated Investments	14,712,657	13,248,634
Investments with Donor Restrictions Temporary in Nature	39,912,756	29,151,485
Cash Surrender Value of Life Insurance	89,362	158,285
Prepaid Pension Cost	8,226,554	2,775,484
Notes Receivable, Related Party, Less Current Portion	363,564	4,738,564
<b>Total Other Assets</b>	<b>72,197,858</b>	<b>56,551,068</b>
<b>TOTAL ASSETS</b>	<b>\$ 86,945,312</b>	<b>\$ 71,559,480</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Special Collections Payable	\$ 152,002	\$ 140,152
Other Current Liabilities	799,981	749,769
Insurance Claims Reserve	4,275,320	3,746,120
<b>Total Current Liabilities</b>	<b>5,227,303</b>	<b>4,636,041</b>
<b>LONG-TERM LIABILITIES</b>		
Paycheck Protection Program Loan	-	1,601,750
<b>Total Liabilities</b>	<b>5,227,303</b>	<b>6,237,791</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Without Donor Restrictions	39,661,695	30,168,776
With Donor Restrictions	42,056,314	35,152,913
<b>Total Net Assets</b>	<b>81,718,009</b>	<b>65,321,689</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 86,945,312</b>	<b>\$ 71,559,480</b>

See Notes to Financial Statements.

# The Catholic Archbishop of Omaha

## Statement of Activities and Changes in Net Assets

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT:</b>			
Contributions	\$ 2,870,382	\$ 5,040,186	\$ 7,910,568
Assessments	6,836,371	-	6,836,371
Program and Other Fees	2,968,318	-	2,968,318
Investment Income, Net of Investment Fees	4,030,233	7,870,523	11,900,756
Gain on Sale of Property, Buildings, and Equipment	993,774	-	993,774
Forgiveness of Paycheck Protection Program Loan	1,601,750	-	1,601,750
Other	135,590	-	135,590
Assets Released from Restrictions	6,007,308	(6,007,308)	-
<b>Total Revenues, Gains, and Other Support</b>	<b>25,443,726</b>	<b>6,903,401</b>	<b>32,347,127</b>
<b>EXPENSES AND DISBURSEMENTS:</b>			
Pastoral Education Services	8,214,767	-	8,214,767
Religious Stewardship Formation	2,899,802	-	2,899,802
Ministries	7,765,175	-	7,765,175
Capital Campaign	318,754	-	318,754
Administrative Services	2,714,557	-	2,714,557
<b>Total Expenses and Disbursements</b>	<b>21,913,055</b>	<b>-</b>	<b>21,913,055</b>
Increase in Net Assets before Pension-Related Changes Other than Net Periodic Pension Cost	3,530,671	6,903,401	10,434,072
Pension-Related Changes Other than Net Periodic Cost	5,962,248	-	5,962,248
Change in Net Assets	9,492,919	6,903,401	16,396,320
<b>NET ASSETS:</b>			
Beginning of Year	30,168,776	35,152,913	65,321,689
<b>END OF YEAR</b>	<b>\$ 39,661,695</b>	<b>\$ 42,056,314</b>	<b>\$ 81,718,009</b>

See Notes to Financial Statements.

# The Catholic Archbishop of Omaha

## Statement of Activities and Changes in Net Assets

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT:</b>			
Contributions	\$ 1,937,865	\$ 4,742,211	\$ 6,680,076
Capital Campaign Contributions	-	514,803	514,803
Assessments	6,333,859	-	6,333,859
Program and Other Fees	3,616,249	-	3,616,249
Investment Income, Net of Investment Fees	520,007	658,476	1,178,483
Gain on Sale of Property, Buildings, and Equipment	975,630	-	975,630
Other	1,530,208	-	1,530,208
Assets Released from Restrictions	11,272,175	(11,272,175)	-
<b>Total Revenues, Gains, and Other Support</b>	<b>26,185,993</b>	<b>(5,356,685)</b>	<b>20,829,308</b>
<b>EXPENSES AND DISBURSEMENTS:</b>			
Pastoral Education Services	8,510,897	-	8,510,897
Religious Stewardship Formation	3,136,910	-	3,136,910
Ministries	7,243,557	-	7,243,557
Capital Campaign	4,727,254	-	4,727,254
Administrative Services	2,449,431	-	2,449,431
<b>Total Expenses and Disbursements</b>	<b>26,068,049</b>	<b>-</b>	<b>26,068,049</b>
Increase (Decrease) in Net Assets before Pension-Related Changes Other than Net Periodic Pension Cost	117,944	(5,356,685)	(5,238,741)
Pension-Related Changes Other than Net Periodic Cost	(457,884)	-	(457,884)
Change in Net Assets	(339,940)	(5,356,685)	(5,696,625)
<b>NET ASSETS:</b>			
Beginning of Year	30,508,716	40,509,598	71,018,314
<b>END OF YEAR</b>	<b>\$ 30,168,776</b>	<b>\$ 35,152,913</b>	<b>\$ 65,321,689</b>

See Notes to Financial Statements.

# The Catholic Archbishop of Omaha

## Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 16,396,320	\$ (5,696,625)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	453,565	680,550
Pension-Related Changes Other than Net Periodic Pension Cost	(5,962,248)	457,884
Net Realized Gains on Sale of Investments	(2,944,809)	(17,542)
Net Change in Unrealized Gains on Investments	(7,645,199)	137,785
Gain on Disposal of Property, Buildings, and Equipment	(993,774)	(975,630)
Forgiveness of Paycheck Protection Program Loan	(1,601,750)	-
Forgiveness of Notes Receivable, Related Party	2,150,000	1,225,000
Contributions of Investments	(93,342)	(451,028)
Proceeds from Sale of Contributions of Investments	93,342	451,028
Decrease in Cash Surrender Value of Life Insurance	68,923	24,990
Decrease (Increase) in Assets:		
Parish Assessment Receivable	16,668	13,640
Other Current Assets	(191,539)	412,073
Prepaid Pension Cost	511,178	624,464
Increase (Decrease) in Liabilities:		
Special Collections Payable	11,850	(85,233)
Other Current Liabilities	50,212	(486,536)
Insurance Claims Reserve	529,200	197,331
Net Cash Provided by (Used in) Operating Activities	848,597	(3,487,849)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Property, Buildings, and Equipment	1,240,916	3,258,303
Purchase of Property, Buildings, and Equipment	(237,901)	(1,158,752)
Proceeds from Sales of Investments	12,670,225	7,795,445
Purchase of Investments	(16,719,860)	(7,427,165)
Repayments of Notes Receivable, Related Party	2,075,000	-
Net Issuance of Notes Receivable, Related Party	-	(90,000)
Net Cash Provided by (Used in) Investing Activities	(971,620)	2,377,831
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program Loan	-	1,601,750
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	(123,023)	491,732
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning of Year	4,494,067	4,002,335
<b>Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, End of Year</b>	<b>\$ 4,371,044</b>	<b>\$ 4,494,067</b>

See Notes to Financial Statements.

# The Catholic Archbishop of Omaha

## Statements of Cash Flows

Years Ended June 30, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION</b>		
Cash and Cash Equivalents	\$ 1,846,833	\$ 2,036,655
Restricted Cash and Cash Equivalents		
Board Designated	944,198	1,131,068
Donor Restricted - Temporary in Nature	1,580,013	1,326,344
<b>Total Cash and Cash Equivalents and Restricted Cash and Cash Equivalents</b>	<b>\$ 4,371,044</b>	<b>\$ 4,494,067</b>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Contributions of Investments	\$ 93,942	\$ 451,028
Forgiveness of Notes Receivable, Related Party	2,150,000	1,225,000

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See Notes to Financial Statements.



# The Catholic Archbishop of Omaha

## Statement of Functional Expenses

Year Ended June 30, 2021

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	<u>Pastoral Education Services</u>	<u>Religious Stewardship Formation</u>	<u>Ministries</u>	<u>Capital Campaign</u>	<u>Administrative Services</u>	<u>Total</u>
Salaries	\$ 2,411,801	\$ 572,017	\$ 1,703,172	\$ -	\$ 519,337	\$ 5,206,327
Benefits	998,717	157,820	612,460	-	193,109	1,962,106
Operating	2,694,026	131,486	3,557,780	-	1,040,162	7,423,454
Depreciation	186,530	-	176,322	-	90,713	453,565
Utilities and Maintenance	243,002	5,873	160,303	-	80,249	489,427
Fundraising	-	355,192	-	34,699	-	389,891
Contributions	1,680,691	1,677,414	1,555,138	284,055	790,987	5,988,285
	<u>\$ 8,214,767</u>	<u>\$ 2,899,802</u>	<u>\$ 7,765,175</u>	<u>\$ 318,754</u>	<u>\$ 2,714,557</u>	<u>\$ 21,913,055</u>

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See Notes to Financial Statements.

# The Catholic Archbishop of Omaha

## Statement of Functional Expenses

Year Ended June 30, 2020

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	<u>Pastoral Education Services</u>	<u>Religious Stewardship Formation</u>	<u>Ministries</u>	<u>Capital Campaign</u>	<u>Administrative Services</u>	<u>Total</u>
Salaries	\$ 2,833,861	\$ 702,377	\$ 1,738,397	\$ -	\$ 562,429	\$ 5,837,064
Benefits	1,054,404	174,398	612,862	-	209,475	2,051,139
Operating	3,072,725	255,984	3,690,050	-	1,041,204	8,059,963
Depreciation	294,118	-	250,322	-	136,110	680,550
Utilities and Maintenance	336,579	19,128	227,483	-	115,338	698,528
Fundraising	-	253,489	-	91,922	-	345,411
Contributions	919,210	1,731,534	724,443	4,635,332	384,875	8,395,394
	<u>\$ 8,510,897</u>	<u>\$ 3,136,910</u>	<u>\$ 7,243,557</u>	<u>\$ 4,727,254</u>	<u>\$ 2,449,431</u>	<u>\$ 26,068,049</u>

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See Notes to Financial Statements.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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### 1. Organization and Summary of Significant Accounting Policies

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The Catholic Archbishop of Omaha (the Organization) is a not-for-profit organization established to administer the religious, education, and charitable activities of the Archdiocese of Omaha. The financial statements have been prepared in accordance with *Accounting Principles and Reporting Practices for Churches and Church-Related Organizations* adopted by the United States Conference of Catholic Bishops. The financial statements include all administrative and program offices, departments, and funds of the Organization.

The financial statements do not include the accounts of other related organizations of the Archdiocese of Omaha (the Archdiocese), such as schools, parishes, and cemeteries; FOCCUS, Inc.; the Omaha Archdiocesan Deposit and Loan Fund, Inc.; St. John Paul II Newman Center; and the Catholic Futures Foundation. These organizations may or may not be separate legal entities; however, each is an operating entity distinct from the Organization, maintains separate accounts, carries on its own services and programs, and reports annually to its respective constituency.

The accounting policies employed in the preparation of these financial statements are as follows:

#### ***Basis of Presentation***

The Organization follows Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions.

The Organization maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present balances according to the existence or absence of donor-imposed restrictions. Net assets and related activity are classified as follows:

Net Assets Without Donor Restrictions – Net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Board designated net assets are set aside to pay future obligations associated primarily with health care.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Net assets restricted by the actions of the Organization and/or the passage of time are temporary in nature. When a restriction expires, net assets with donor restrictions temporary in nature are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Other donor-imposed stipulations are permanent in nature and require that principal be maintained in perpetuity by the Organization. At June 30, 2021 and 2020, the Organization had no net assets with donor restrictions permanent in nature.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions, in which case, the revenues are reported as increases in net assets with donor restrictions. If, however, the donor restriction expires in the same fiscal year in which the revenue is recognized, the revenues are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Revenues and expenses are recognized when earned and incurred, respectively. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

### ***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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### ***Cash and Cash Equivalents and Restricted Cash and Cash Equivalents***

For the purposes of the statements of cash flows, the Organization considers all investments with an original maturity of three months or less to be cash and cash equivalents, excluding cash and cash equivalents held within investments. The Organization considers all cash and cash equivalents designated for the priest and lay health insurance plans to be Board designated cash and cash equivalents. The Organization also considers all cash and cash equivalents designed for long-term purposes or received with donor-imposed restrictions limiting their use to be restricted cash and cash equivalents. This includes cash restricted by donors for the annual appeal and capital campaign.

### ***Concentration of Credit and Market Risk***

The Organization's financial instruments consisting of cash and cash equivalents, investments, and parish assessments receivable potentially expose the Organization to concentrations of credit and market risk.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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The Organization maintains its cash and cash equivalents in bank accounts in which the balances sometimes exceed federally insured levels. These bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) with coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules. During 2021 and 2020, amounts in the Organization's bank accounts have exceeded FDIC coverage limits. The Organization has entered into a cash management agreement with its main bank, covering the operating, Annual Appeal, and Ignite the Faith accounts, whereby all amounts above FDIC insured limits are secured with overnight repurchase agreements of the bank's government securities.

The Organization maintains additional bank accounts which are not covered by a cash management agreement. At June 30, 2021 and 2020 there was a cash balance in excess of FDIC limits at these banks of approximately \$0 and \$132,000, respectively.

The Organization invests in a professionally managed portfolio that contains marketable securities. Such investments are exposed to various risks such as credit and market. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

The parish assessment receivable balances of \$30,555 and \$47,223 at June 30, 2021 and 2020, respectively, relate to assessments due from related entities.

### ***Investments***

Investments are stated at fair value in the statements of financial position; securities traded on a national securities exchange are valued at quoted market prices. Changes in net unrealized holding gains and losses, realized gains and losses, and investment income are included in the statements of activities and changes in net assets and result in increases or decreases to net assets without donor restrictions unless their use is restricted to a specified purpose of future period. Investment income is recorded as earned. Realized gains and losses are determined by specifically identifying the investment sold.

### ***Property, Buildings, and Equipment***

Property, buildings, and equipment are stated at cost or, in the case of gifts, fair market value at the date of donation. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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Buildings and equipment are depreciated using the straight-line method over their estimated useful lives, which are as follows:

Buildings and Leasehold Improvements	10 – 39 years
Machinery and Equipment	5 – 7 years
Furniture and Fixtures	5 – 7 years
Transportation	5 – 7 years

### ***Long-Lived Asset Impairment***

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment existed for the years ended June 30, 2021 and 2020.

### ***Fair Value of Financial Instruments***

The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Organization determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market.

### ***Special Collections Payable***

Special collections payable represents assets entrusted to the Organization only for the purposes of receiving, holding, and disbursing such funds according to the depositors' intentions.

### ***Insurance Claim Reserve***

The Archdiocese is subject to various risks of loss related to workers' compensation, general liability, and property insurance. The Organization has purchased commercially available indemnity insurance to cover these risks.

The Archdiocese is self-insured for healthcare, dental, and prescription drugs up to \$300,000 for lay employees and \$125,000 and \$100,000 for priests at June 30, 2021 and 2020, respectively. The insurance claims reserve represents estimates for reporting claims and an estimate for incurred claims but not reported based on actual historical claims.

### ***Paycheck Protection Program Loan***

The Organization was granted a loan from a bank pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES Act), which was enacted March 27, 2020 (the "PPP loan").

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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The Organization elected to account for the PPP loan as a financial liability under long-term debt in accordance with FASB ASC 470, *Debt*. In accordance with FASB ASC 405-20-40-1, *Extinguishment of Liabilities*, the Organization would not recognize any income from the extinguishment of its debt until the Organization was legally released as the primary obligor under the loan by the Small Business Administration. During 2021, the Organization was released as the primary obligor under the loan and recognized forgiveness totaling \$1,601,750 in the statements of activities and changes in net assets.

### **Revenue Recognition**

The Organization follows ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). Revenue is recognized for the transfer of promised goods or services to customers in an amount that reflects the transaction price to which the entity expects to be entitled in exchange for those goods and services. The Organization's policy for revenue recognition is described below.

### Contributions and Capital Campaign Contributions

Contributions and capital campaign contributions that do not meet the definition of an exchange transaction in accordance with ASU 2014-09 are accounted for under the guidance in Accounting Standards Codification 958 "Not-for-Profit Entities." Contributions and capital campaign contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions of donated non-cash assets and investment securities are recorded at estimated fair value when received. The Organization's policy is to sell donated securities as soon as administratively feasible upon receipt of the securities.

The Organization recognizes contributions received as intentions to give rather than unconditional promises to give. Intentions to give are not recorded in the financial statements as a receivable since the donor has the ability to rescind their intention at any time. These amounts will be reported as contribution revenue in future years when the cash is received.

### Assessments

Assessment revenue consists of parish assessments that are paid to support the cost to run the Archdiocese. Parishes are obligated to pay their assessment each month.

Assessment revenues are recognized monthly when billed. The assessment amounts are determined annually in July for every parish. The amounts are based on a six-year average of Sunday collections, with discounts given to parishes that have or support a rural high school.

### Program and Other Fees

Program and other fees consist of fees that customers pay to participate in various sponsored events and training sessions. Customers can terminate their agreement at any time, but refunds of program services are not common.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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Program and other fees are recognized when obligations under the terms of the agreement with the customer are satisfied, which is generally at a point in time when the program service is provided. The transaction price is determined based on an estimate of the total fees expected to be collected based on historical experience. Program agreements have a single performance obligation and are short-term in nature. Program and other fees are typically paid in advance of the program services.

### ***Contributed Services***

A number of volunteers have contributed various services to the Organization. The value of such services has not been recorded. In addition, the Organization contributes various personnel services, including accounting and human resources, to other related entities without charge. The cost of these services is reflected in salaries expense in the statements of functional expenses.

### ***Pension Plan***

The Organization recognizes the funded status of the defined benefit pension plan as a net asset or liability, and recognizes changes in that funded status in the year in which the changes occur through other changes in net assets, to the extent those changes are not included in the net periodic pension cost.

### ***Functional Expenses***

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Costs are allocated to each functional expense category based on the specific departments benefited by the expense. Certain categories of expenses are attributable to more than one department. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and other expenses. Salaries and related expenses for certain individuals performing tasks in multiple functional expense categories are allocated based on estimates of time and effort. Administrative services expenses such as depreciation, utilities and maintenance, information technology, finance, human resources and insurance are allocated partially to other departments based on estimates of time and usage. Allocation percentages are reviewed for accuracy at least annually. The total allocated during the period and the portions allocated to each functional expense category are disclosed in the statements of functional expenses under the columns labeled pastoral education services, religious stewardship formation, ministries, capital campaign, and administrative services.

### ***Income Taxes and Unemployment Taxes***

The Organization is exempt from federal income taxes and unemployment taxes as an organization listed in the 2021 edition of the Official Catholic Directory.



# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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The Organization applies the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, included in ASC Subtopic 740-10, *Income Taxes – Overall*. ASC 740-10 provides specific guidance on how to address uncertainty in accounting for income tax assets and liabilities, prescribing recognition thresholds and measurement attributes. At June 30, 2021 and 2020, the Organization had no uncertain tax positions.

The Organization is no longer subject to income tax examinations by federal, state, or local tax authorities for years before June 30, 2018.

### **Reclassifications**

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

### **Subsequent Events**

Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through November 29, 2021. See Note 11 for a description of a subsequent event.

## 2. Liquidity and Cash Management

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The following reflects the Organization's financial assets at June 30, 2021 reduced by amounts not available for general use within one year of the date of the statement of financial position because of contractual or donor-imposed restrictions or internal designations.

Cash and Cash Equivalents	\$ 1,846,833
Parish Assessments Receivable	30,555
Current Portion of Note Receivable, Related Party	150,000
Other Current Assets, Less Non-Liquid Assets	455,786
Investments	<u>8,892,965</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 11,376,139</u>

The Organization manages its liquid resources by structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of daily requirements in commercial money market instruments. If needed, the Organization could draw upon its two \$2,000,000 lines of credit (see Note 6) or its Board designated funds with Board approval.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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### 3. Property, Buildings, and Equipment

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Property, buildings, and equipment at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Land and Land Improvements	\$ 3,867,298	\$ 4,114,440
Buildings and Leasehold Improvements	8,599,383	8,367,779
Machinery and Equipment	802,853	810,723
Furniture and Fixtures	132,740	132,740
Transportation	112,221	134,890
	<u>13,514,495</u>	<u>13,560,572</u>
Less Accumulated Depreciation	3,899,297	3,482,568
	<u>\$ 9,615,198</u>	<u>\$ 10,078,004</u>

### 4. Investments

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Investments are composed of the following at June 30, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposit	\$ 5,115	\$ 5,115	\$ 5,115	\$ 5,115
Corporate Bonds	5,364,895	5,433,590	3,158,960	3,263,069
Mutual Funds	770,011	953,969	508,051	670,273
Cash Funds	9,303,971	9,303,971	8,933,357	8,933,357
U.S. Government Securities	4,344,475	4,363,902	2,817,314	2,921,859
Municipal Bonds	2,550,595	2,628,356	1,717,551	1,799,362
Other Bonds	381,708	392,858	186,602	192,388
Mortgage-Backed Securities	3,242,751	3,250,057	2,423,493	2,494,895
Preferred Stock	1,685,156	1,737,264	805,946	778,434
Stocks and Equities	26,460,953	34,950,038	26,558,797	27,400,094
Other	891,568	499,258	891,568	419,889
Total Investments	<u>\$ 55,001,198</u>	<u>\$ 63,518,378</u>	<u>\$ 48,006,754</u>	<u>\$ 48,878,735</u>

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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Reconciliation to the statements of activities for the years ended June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Net Unrealized Gains, Beginning of Year	\$ 871,981	\$ 1,009,766
Net Unrealized Gains, End of Year	8,517,180	871,981
Change in Unrealized Gains and Losses	7,645,199	(137,785)
Realized Gains	2,944,809	17,542
Interest and Dividends, Net of Investment Fees	1,310,748	1,298,726
Total Investment Income, Net	<u>\$ 11,900,756</u>	<u>\$ 1,178,483</u>

Investments by net asset classification as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Investments	\$ 8,892,965	\$ 6,478,616
Board Designated Investments	14,712,657	13,248,634
Investments with Donor Restrictions Temporary in Nature	39,912,756	29,151,485
	<u>\$ 63,518,378</u>	<u>\$ 48,878,735</u>

## 5. Fair Value Measurements

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### Fair Value Hierarchy

The Organization applies the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC 820 clarified that fair value should be measured at the exit price, which is the price to sell an asset or transfer a liability. The exit price may or may not equal the transaction price and the exit price objective applies regardless of the intent or ability to sell the asset or transfer the liability at the measurement date. ASC 820 also clarified that nonperformance risk, including an issuer's credit standing, should be considered when measuring liabilities at fair value. ASC 820 also requires enhanced disclosures and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values giving the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

*Level 1* – Unadjusted quoted prices available in active markets that are accessible at the measurement date for identical assets or liabilities. This level primarily consists of financial instruments such as exchange-traded securities.

*Level 2* – Pricing inputs include quoted prices for identical or similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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*Level 3* – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs reflect management’s best estimates of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

*Certificates of Deposit:* Valued at original cost plus accrued interest, which approximates fair value.

*Bonds and Preferred Stock:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings.

*Other Investments:* Other investments include a member interest in the Catholic Umbrella Pool. Members share in the operating and investment income and expenses of the Pool based on their contributions to the fund for each fiscal year.

*Stocks and Equities:* Valued at the daily close price as reported by the security. Stocks and equities held by the Organization are deemed to be actively traded.

*Cash Funds, Mutual Funds, and Exchange-Traded Funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

The following table presents the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis (including items that are required to be measured at fair value and items for which the fair value option has been elected) at June 30, 2021 and 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2021</u> <u>Total</u>
Investments:				
Cash Funds	\$ 9,303,971	\$ -	\$ -	\$ 9,303,971
Mutual Funds	953,969	-	-	953,969
Certificates of Deposit	-	5,115	-	5,115
Preferred Stock	-	1,737,264	-	1,737,264
Stocks and Equities:				
Consumer Discretionary	4,362,472	-	-	4,362,472
Consumer Staples	1,867,249	-	-	1,867,249
Energy	1,178,569	-	-	1,178,569
Financials	5,212,703	-	-	5,212,703
Health Care	3,897,370	-	-	3,897,370
Industrials	4,440,125	-	-	4,440,125
Information Technology	8,772,765	-	-	8,772,765
Materials	1,274,150	-	-	1,274,150
Real Estate	1,127,616	-	-	1,127,616
Telecommunication Services	1,768,480	-	-	1,768,480
Utilities	1,048,539	-	-	1,048,539
Bonds:				
Corporate Bonds	-	5,433,590	-	5,433,590
U.S. Government Securities	-	4,363,902	-	4,363,902
Mortgage-Backed Securities	-	3,250,057	-	3,250,057
Municipal Bonds	-	2,628,356	-	2,628,356
Other Bonds	-	392,858	-	392,858
Other Investments	-	499,258	-	499,258
	<u>\$ 45,207,978</u>	<u>\$ 18,310,400</u>	<u>\$ -</u>	<u>\$ 63,518,378</u>

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2020</u> <u>Total</u>
Investments:				
Cash Funds	\$ 8,933,357	\$ -	\$ -	\$ 8,933,357
Mutual Funds	670,273	-	-	670,273
Certificates of Deposit	-	5,115	-	5,115
Preferred Stock	-	778,434	-	778,434
Stocks and Equities:				
Consumer Discretionary	2,921,409	-	-	2,921,409
Consumer Staples	2,138,772	-	-	2,138,772
Energy	763,639	-	-	763,639
Financials	3,935,738	-	-	3,935,738
Health Care	2,921,247	-	-	2,921,247
Industrials	3,325,225	-	-	3,325,225
Information Technology	5,858,914	-	-	5,858,914
Materials	1,164,181	-	-	1,164,181
Real Estate	847,987	-	-	847,987
Telecommunication Services	2,474,119	-	-	2,474,119
Utilities	1,048,863	-	-	1,048,863
Bonds:				
Corporate Bonds	-	3,263,069	-	3,263,069
U.S. Government Securities	-	2,921,859	-	2,921,859
Mortgage-Backed Securities	-	2,494,895	-	2,494,895
Municipal Bonds	-	1,799,362	-	1,799,362
Other Bonds	-	192,388	-	192,388
Other Investments	-	419,889	-	419,889
	<u>\$ 37,003,724</u>	<u>\$ 11,875,011</u>	<u>\$ -</u>	<u>\$ 48,878,735</u>

### 6. Financing Arrangement

The Organization has available two unsecured lines of credit totaling \$4,000,000. The first line of credit totaling \$2,000,000 has a variable interest rate based on the current prime rate and is subject to a floor of 3.75%, due March 2022. The second line of credit totaling \$2,000,000 has an interest rate of 4.25%, due October 2022. There were no borrowings against either line of credit as of June 30, 2021 and 2020.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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### 7. Restrictions and Limitations on Net Asset Balances

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Net assets with donor restrictions that are temporary in nature are available for the following purposes at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Seminary	\$ 30,041,184	\$ 24,131,067
Archbishop's Annual Appeal	4,842,416	4,432,113
Campaign Funds (Ignite the Faith)	2,233,943	2,397,303
Other Funds (Priest and Lay Well-Being)	3,909,240	3,384,771
Other	1,029,531	807,659
	<u>\$ 42,056,314</u>	<u>\$ 35,152,913</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of their specified events for the years ended June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Seminary	\$ 1,100,000	\$ 1,200,000
Archbishop's Annual Appeal	4,131,315	4,134,777
Campaign Funds (Ignite the Faith)	318,754	4,761,254
Plant Funds	-	463,210
Other Funds (Priest and Lay Well-Being)	345,000	473,747
Other	112,239	239,187
	<u>\$ 6,007,308</u>	<u>\$ 11,272,175</u>

### 8. Retirement Plans

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The employees of the Archdiocese and its related organizations participate in one of two retirement plans. The priests participate in the Priests' Retirement Plan (Pension Plan). The lay employees participate in the Lay Employees' Retirement Plan (Lay Plan). The Pension Plan and the Lay Plan are exempt from the funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as these have been recognized by the Internal Revenue Service as "church plans." These plans are described as follows:

#### Lay Plan

The Lay Plan is a 403(b) defined contribution plan. Under the 403(b) plan, all lay employees of the Organization who have completed one year of service and who work at least 1,000 hours per year are eligible to receive employer contributions. The Organization contributes 5% of the employees' annualized gross earnings. Employees are allowed to make salary reduction contributions to the 403(b) plan upon their date of hire. The Organization contributed \$222,994 and \$242,218 in 2021 and 2020, respectively.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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### Priests' Pension Plan

The Pension Plan, which is a noncontributory defined benefit plan, provides payments to eligible priests at retirement. All priests who are incardinated into the Archdiocese and have at least 10 years of service are eligible to participate as defined by the plan agreement. A priest who retires after attaining age 70 and 10 years of service with institutions of the Archdiocese may receive a retirement benefit. The Pension Plan is a church plan, as defined in Section 414(e) of the IRC.

The Pension Plan provides \$1,590 per month to active and inactive priests who are 70 years and older. The Pension Plan also provides a Medicare premium supplement of \$148.50 per month. The measurement date used to determine pension benefits is June 30.

The following table sets forth the Pension Plan's funded status at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fair Value of Plan Assets, Beginning of Year	\$ 31,933,197	\$ 31,139,992
Actual Return on Plan Assets	8,597,470	1,537,014
Benefits Paid	(1,114,253)	(1,107,279)
Contributions Net of Extended Care Premiums	443,080	363,470
Fair Value of Plan Assets, End of Year	<u>39,859,494</u>	<u>31,933,197</u>
Benefit Obligation, Beginning of Year	29,157,713	27,282,160
Service Cost	834,710	704,540
Interest Cost	826,814	959,454
Actuarial Gain	1,878,129	1,293,818
Plan Amendment	49,827	25,020
Benefits Paid	(1,114,253)	(1,107,279)
Benefit Obligation, End of Year	<u>31,632,940</u>	<u>29,157,713</u>
Funded Status at End of Year	<u>\$ 8,226,554</u>	<u>\$ 2,775,484</u>

The following are the actuarial assumptions used by the Pension Plan to develop the pension projected benefit obligation as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Discount Rate	2.95%	2.90%
Expected Benefit Level Per Month	\$ 1,590	\$ 1,560
Expected Long-Term Rate of Return on Plan Assets	4.00%	4.00%



# The Catholic Archbishop of Omaha

## Notes to Financial Statements

### June 30, 2021 and 2020

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The following is a summary of the components of net periodic pension cost for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Service Cost During the Period	\$ 834,710	\$ 704,540
Interest Cost on Projected Benefit Obligation	826,814	959,454
Expected Return on Plan Assets	(1,264,852)	(1,233,773)
Amortization of Unrecognized:		
Prior Service Cost	268,381	300,659
Loss	289,205	257,054
Net Periodic Pension Cost	<u>\$ 954,258</u>	<u>\$ 987,934</u>

The net loss and prior service credit for the Pension Plan that will be amortized from net assets without donor restrictions into net periodic benefit cost over the next fiscal year are \$0 and \$257,688, respectively.

The following are the actuarial assumptions used by the Pension Plan to develop the components of pension cost for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Discount Rate	2.90%	3.60%
Expected Benefit Level Per Month	\$ 1,590	\$ 1,560
Expected Long-Term Rate of Return on Plan Assets	4.00%	4.00%

Amounts recognized in net assets without donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Net Actuarial Loss (Gain)	\$ (5,743,694)	\$ 733,523
Prior Service Credit	(218,554)	(275,639)
	<u>\$ (5,962,248)</u>	<u>\$ 457,884</u>

Amounts recognized in pension-related changes other than net periodic pension cost for the years ended June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Net Actuarial Loss (Gain)	\$ (5,454,489)	\$ 990,577
Prior Service Cost	49,827	25,020
Amortization of Unrecognized:		
Prior Service Cost	(289,205)	(257,054)
Loss	(268,381)	(300,659)
	<u>\$ (5,962,248)</u>	<u>\$ 457,884</u>

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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Plan asset and target allocations comprise the following investment classifications at June 30, 2021 and 2020:

<u>Asset Category</u>	<u>Target Allocations</u>	<u>2021</u>	<u>2020</u>
Equity Securities	60%	68%	64%
Debt Securities	39%	29%	34%
Other	1%	3%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Archdiocese's investment objective with respect to the Pension Plan is to produce sufficient current income and capital growth through a portfolio of equity and fixed income investments that, together with appropriate employer contributions, is sufficient to provide for the pension benefit obligations. The Pension Plan's assets are managed by outside investment managers in accordance with the investment policies and guidelines established by the pension trustees, and are diversified by investment style, asset category, sector, industry, issuer, and maturity.

The Archdiocese's overall expected long-term rate of return on assets is 4.00%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the return on individual asset categories. The return is based exclusively on historical returns, without adjustments.

The benefits to be paid in each of the next five years, and in the aggregate for the five fiscal years thereafter, are summarized in the table below:

2022	\$ 1,205,700
2023	1,238,300
2024	1,271,800
2025	1,305,300
2026	1,318,900
2027-2031	<u>6,866,900</u>
	<u>\$ 13,206,900</u>

The Archdiocese expects to contribute \$425,600 to this postretirement benefit plan for the year ending June 30, 2021.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

The asset allocations of the Archdiocese's pension benefits as of June 30, 2021 and 2020 were as follows:

	Fair Value Measurements at June 30, 2021			
	Pension Benefits - Plan Assets			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash	\$ 1,173,763	\$ -	\$ -	\$ 1,173,763
Mutual Funds:				
Equity Funds	27,108,150	-	-	27,108,150
Fixed-Income Funds	11,577,581	-	-	11,577,581
Total	<u>\$ 39,859,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,859,494</u>

	Fair Value Measurements at June 30, 2020			
	Pension Benefits - Plan Assets			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash	\$ 738,505	\$ -	\$ -	\$ 738,505
Mutual Funds:				
Equity Funds	20,350,067	-	-	20,350,067
Fixed-Income Funds	10,844,625	-	-	10,844,625
Total	<u>\$ 31,933,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,933,197</u>

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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### 9. Special Collections Payable

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Special collections payable at June 30, 2021 and 2020 are summarized as follows:

	<u>2021</u>		<u>2020</u>
Catholic Relief	\$ 66,696	\$	32,467
Communications	15,410		9,147
Peter's Pence	8,349		10,982
Campaign for Human Development	-		4,144
Religious Pension	4,774		20,525
Rice Bowl	33,972		15,497
Home and Foreign Missions	-		3,447
Black and Indian Missions	7,051		27,067
Other One-Time Collections	15,750		16,876
	<u>\$ 152,002</u>	<u>\$</u>	<u>140,152</u>

### 10. Notes Receivable, Related Party

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Notes receivable, related party consists of an unsecured note receivable from St. John Paul II Newman Center, Inc., with interest at 2.75%, due March 2026, and a balance of \$150,000 and \$4,375,000 at June 30, 2021 and 2020, respectively. During the years ended June 30, 2021 and 2020, respectively, the Organization forgave \$2,150,000 and \$1,225,000 of this note receivable. Notes receivable, related party also consists of a \$500,000 line of credit extended to Madonna School & Community-Based Services with interest at 0%, due August 2022, with a balance of \$363,564 at June 30, 2021 and 2020.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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### 11. Commitments and Contingencies

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#### Legal Proceedings

In the normal course of business, the Organization becomes a party to a number of lawsuits and claims. There are two cases pending against the Organization:

The first matter involves subpoenas issued upon all churches, schools, and religious order schools within the Archdiocese of Omaha, the Diocese of Lincoln, and the Diocese of Grand Island by the Nebraska Attorney General's office. On March 1, 2019, the Archdiocese of Omaha, along with the Diocese of Lincoln and all parishes and schools within those dioceses filed a Complaint for Judicial Relief from those subpoenas. This case is titled The Catholic Archbishop of Omaha, Omaha Archdiocesan Parishes, Omaha Archdiocesan Schools, Omaha Religious Order Schools, the Catholic Bishop of Lincoln, Lincoln Diocesan Parishes, and Lincoln Diocesan Schools, in the District Court of Lancaster County, Nebraska (CI-19-639). Ultimately, the Archdiocese of Omaha substantially complied with the subpoenas issued upon it, only resisting the production of medical records and confidential settlement agreements. On October 19, 2020, the Nebraska Attorney General's Office filed a Petition for Miscellaneous Docket. This case is titled In the Matter of the Nebraska Attorney General's Investigation of the Roman Catholic Archdiocese of Omaha, in the District Court of Douglas County, Nebraska (MS 20-94). The Petition requested that the court grant jurisdiction and establish a miscellaneous docket so that the Petitioner could file a Motion to Compel the Archdiocese of Omaha to produce the medical/psychological/sociological records pertaining to individuals involved in allegations of criminal or wrongful conduct. On November 4, 2020, the Court ordered the Archdiocese of Omaha to produce the medical/psychological/sociological records to the Attorney General's office and, on November 12, 2020, the Archdiocese of Omaha complied with such order. In any event, any action by the Attorney General regarding this subpoena matter is not expected to have a material adverse impact upon the financial operations of the Organization.

The second matter involves Andrew Syring, an Archdiocesan Priest, who filed a multi-count Complaint against the Archdiocese stemming from the publication of Andrew Syring's name on a list of clergy who the Archdiocese has received substantial allegations of misconduct with and/or the abuse of a minor, and a subsequent negative reference which the Archdiocese provided to a Catholic Hospital regarding Andrew Syring's suitability as a Chaplain. The case is currently pending in the District Court of Cuming County, captioned Andrew J. Syring v. The Archdiocese of Omaha (CI-20-68). Some of the claims were dismissed on a Motion for Summary Judgment, but some remain and will be the subject of a subsequent Motion for Summary Judgment. The Archdiocese has various meritorious defenses to the remaining claims. If the case proceeds and is reduced to a judgment, it is not expected to have a material adverse impact upon the financial operations of the Organization.

There also are a number of potential claims made against the Archdiocese for alleged sexual abuse by former Priests of the Archdiocese. These claims have not resulted in the filing of any lawsuits. Management believes the ultimate resolution of this outstanding lawsuit and potential claims is not expected to have a significant effect on the Organization's financial position or operations.

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

### Guaranteed Notes

The Organization has guaranteed various notes of affiliated entities. At June 30, 2021, \$43,318,937 is outstanding on these notes. At June 30, 2020, there was \$38,546,159 outstanding on notes guaranteed by the Organization.

The following is a summary of guarantees outstanding at June 30, 2021:

<u>Entity</u>	<u>City</u>	<u>Purpose</u>	<u>Date of Debt</u>	<u>Term (Months)</u>	<u>Interest Rate</u>	<u>June 30, 2021</u>
St. Patrick	Elkhorn	Building of School	9/1/2007	240	2.99	\$ 415,000
Archbishop Bergan Catholic Schools	Fremont	Elementary School Building	6/1/2020	60	3.25	190,189
St. Patrick	Gretna	Purchase House	12/27/2017	240	3.50	180,275
St. Patrick	Gretna	Purchase House	3/30/2018	240	3.50	185,749
Cedar Catholic High School	Hartington	Building Restoration	6/17/2016	180	3.50	261,519
Sacred Heart	Norfolk	School Activity Center	9/2/2005	172	3.50	112,760
St. Cecilia	Omaha	Refinance	1/9/2018	180	3.50	226,212
St. Peter and Paul	Omaha	Roofing Concrete	10/6/2014	120	3.50	30,905
Immaculate Conception	Omaha	Roof Replacement	12/13/2018	180	3.50	86,604
St. Matthew Bellevue	Omaha	Construction	2/15/2019	120	3.75	5,800,696
St. John Paul II Newman Center	Omaha	Construction Costs	3/15/2021	60	1.94	8,553,120
St. John Vianney	Omaha	Refinance	8/6/2015	240	3.25	1,852,590
St. Mary Bellevue	Omaha	Roof Replacement	11/16/2016	240	3.50	73,911
Daniel Gross High School	Omaha	Construction	6/13/2016	60	3.50	650,000
St. Peter	Fullerton	Boiler	10/6/2020	180	3.50	55,584
St. Peter	Fullerton	Cemetery	12/28/2020	36	3.50	16,571
Mary Our Queen	Omaha	Purchase House	10/9/2020	300	3.50	221,044
Mary Our Queen Catholic Charities Foundation	Omaha	Youth Center	9/18/2020	60	3.50	1,089,123
St. Peter and Paul	Omaha	Building Renovation	3/29/2021	60	2.75	6,696
Christ the King	Omaha	HVAC System Operations	9/10/2019	300	3.50	106,847
			11/17/2017	Line of Credit	3.99	100,000

# The Catholic Archbishop of Omaha

## Notes to Financial Statements

June 30, 2021 and 2020

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<u>Entity</u>	<u>City</u>	<u>Purpose</u>	<u>Date of Debt</u>	<u>Term (Months)</u>	<u>Interest Rate</u>	<u>June 30, 2021</u>
St. Columbkille	Papillion	Parish Center Loan	5/1/2021	60	3.35	3,079,756
St. Paul Plainview	Plainview	Parish Hall Loan	12/20/2013	224	3.50	28,486
St. Michael	South Sioux	Parish Hall Loan	9/21/2018	240	3.50	229,399
St. Wenceslaus	Omaha	Construction	1/17/2020	240	4.05	11,753,856
St. Wenceslaus	Omaha	Bridge Loan	10/25/2019	60	3.50	2,700,000
St. Matthew Bellevue	Bellevue	Construction	5/21/2020	420	3.50	2,600,000
St. Margaret Mary	Omaha	Purchase Property	1/3/2020	240	3.50	943,029
St. Bonaventure	Columbus	Bridge Loan	4/22/2020	240	3.50	1,769,016
						<u>\$ 43,318,937</u>

As of November 29, 2021, management of the Organization does not anticipate having to make payments on these guarantees.

**Lutz**