

# **Diocese of Orlando Administrative Offices**

Financial Report  
June 30, 2019

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RSM US LLP

## Independent Auditor's Report

To the Most Reverend John G. Noonan  
Bishop of the Diocese of Orlando  
Diocese of Orlando Administrative Offices

### Report on the Financial Statements

We have audited the accompanying financial statements of the Diocese of Orlando Administrative Offices (a component of the Diocese of Orlando Corporation Sole, as described in Note 1), which comprise the statement of financial position as of June 30, 2019, the related statements of activities and cash flows for the year 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 auditor's 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 Diocese of Orlando Administrative Offices as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter – Recently Adopted Accounting Pronouncement**

As discussed in Note 1 to the accompanying financial statements, the Diocese of Orlando Administrative Offices adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited the Diocese of Orlando Administrative Office's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RSM US LLP*

Orlando, Florida  
October 21, 2019

**Diocese of Orlando Administrative Offices**

**Statement of Financial Position  
June 30, 2019  
(With Comparative Totals for June 30, 2018)**

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 65,541,785	\$ 51,803,110
Pledges receivable, net (Notes 2 and 13)	15,131,310	15,042,504
Prepaid expenses and other assets	2,678,786	2,189,545
Accrued interest receivable	589,057	552,199
Loans receivable, net (Note 3)	23,151,709	21,205,590
Advances to Diocesan entities, net (Note 4)	18,622,530	20,870,243
Bequests and other receivables, net (Note 13)	670,901	520,287
Investments (Notes 5, 6 and 13)	167,811,429	161,008,072
Land, buildings and equipment, net (Note 7)	37,373,420	43,081,400
<b>Total assets</b>	<b>\$ 331,570,927</b>	<b>\$ 316,272,950</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses (Note 12)	\$ 5,015,777	\$ 5,422,899
Line of credit payable (Note 9)	14,850,622	14,850,622
Self-insurance claim liabilities (Notes 10 and 12)	4,474,723	3,400,434
Interest rate swap liability (Notes 6, 8 and 9)	9,185,278	8,507,339
Savings deposits (Note 3)	147,200,721	135,680,902
Annuities payable and other liabilities	42,301	46,007
Notes payable (Note 9)	73,755,000	75,045,000
<b>Total liabilities</b>	<b>254,524,422</b>	<b>242,953,203</b>
Commitments and contingencies (Notes 3, 8, 9, 10, 11 and 12)		
Net assets:		
Without donor restrictions (Note 13)	39,875,118	35,939,689
With donor restrictions (Notes 13 and 14)	37,171,387	37,380,058
<b>Total net assets</b>	<b>77,046,505</b>	<b>73,319,747</b>
<b>Total liabilities and net assets</b>	<b>\$ 331,570,927</b>	<b>\$ 316,272,950</b>

See notes to financial statements.

**Diocese of Orlando Administrative Offices**

**Statement of Activities  
Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
<b>Revenues, gains and other support:</b>				
Catholic appeal contributions	\$ -	\$ 15,131,310	\$ 15,131,310	\$ 15,039,221
Contributions and bequests	600,201	912,722	1,512,923	1,677,644
Self-insurance premiums and service fees	29,727,923	-	29,727,923	29,768,932
Investment income, net (Notes 3 and 6)	11,295,118	1,078,261	12,373,379	6,837,056
Gain on sale of land, buildings and equipment	1,391,011	-	1,391,011	2,589,289
Actuarial adjustment to life annuities payable	-	3,707	3,707	2,206
Other income	1,597,399	-	1,597,399	2,208,758
Net assets released from restrictions (Note 14)	17,334,671	(17,334,671)	-	-
<b>Total revenues, gains and other support</b>	<b>61,946,323</b>	<b>(208,671)</b>	<b>61,737,652</b>	<b>58,123,106</b>
<b>Expenses:</b>				
<b>Program services:</b>				
Self-insurance program	26,549,850	-	26,549,850	24,641,087
Deposit and loan expenses	3,148,361	-	3,148,361	3,173,967
Pastoral	3,399,304	-	3,399,304	3,500,962
Social services	1,878,546	-	1,878,546	1,798,485
Religious personnel development	3,309,619	-	3,309,619	3,861,889
Plant activities	1,321,153	-	1,321,153	1,253,929
Education	2,424,967	-	2,424,967	2,409,948
Donations and special projects	1,182,094	-	1,182,094	1,856,925
<b>Total program services</b>	<b>43,213,894</b>	<b>-</b>	<b>43,213,894</b>	<b>42,497,192</b>
<b>Supporting services:</b>				
Diocesan administration	9,822,564	-	9,822,564	8,056,071
Interest expense (Note 9)	3,480,357	-	3,480,357	3,371,440
Change in interest rate swap liability (Note 8)	677,937	-	677,937	(4,002,996)
Endowment activities	804,061	-	804,061	676,399
Life and gift annuity expenses	12,081	-	12,081	9,122
<b>Total supporting services</b>	<b>14,797,000</b>	<b>-</b>	<b>14,797,000</b>	<b>8,110,036</b>
<b>Total expenses</b>	<b>58,010,894</b>	<b>-</b>	<b>58,010,894</b>	<b>50,607,228</b>
<b>Change in net assets</b>	<b>3,935,429</b>	<b>(208,671)</b>	<b>3,726,758</b>	<b>7,515,878</b>
<b>Net assets:</b>				
Beginning	35,939,689	37,380,058	73,319,747	65,803,869
Ending	\$ 39,875,118	\$ 37,171,387	\$ 77,046,505	\$ 73,319,747

See notes to financial statements.

**Diocese of Orlando Administrative Offices**

**Statement of Cash Flows**  
**Year Ended June 30, 2019**  
**(With Comparative Totals for the Year Ended June 30, 2018)**

	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$ 3,726,758	\$ 7,515,878
Adjustment to reconcile increase in net assets to net cash used in operating activities:		
Depreciation/amortization	633,446	666,660
Gain on disposal of land, buildings and equipment	(1,391,011)	(2,589,289)
Realized and unrealized gain on investments	(5,732,491)	(974,540)
Change in fair value of interest rate swaps	677,939	(4,002,996)
(Reduction in) provision for uncollectible loans, advances, pledges and other, net	256,796	(747,457)
Changes in operating assets and liabilities:		
Bequests and other receivables	(150,614)	(32,630)
Pledges receivable	(51,686)	22,182
Prepaid expenses and other assets	(489,241)	(126,280)
Accrued interest receivable	(36,858)	(67,836)
Accounts payable and accrued expenses	(407,122)	155,705
Self-insurance claim liabilities	1,074,289	153,513
Annuities payable and other liabilities	(3,706)	(2,204)
<b>Net cash used in operating activities</b>	<b>(1,893,501)</b>	<b>(29,294)</b>
Cash flows from investing activities:		
Proceeds from sale of investments	42,390,312	47,607,826
Purchases of investments	(43,461,177)	(57,097,375)
Collections on advances made to Diocesan entities	707,713	697,976
Loans made to parishes and related entities	(6,455,807)	(5,508,775)
Collections on loans made to parishes and related entities	5,752,488	4,484,391
Purchases of land, buildings and equipment	(4,562)	(443,390)
Proceeds from sale of land, buildings and equipment	6,470,107	2,871,672
<b>Net cash provided by (used in) investing activities</b>	<b>5,399,074</b>	<b>(7,387,675)</b>

(Continued)

**Diocese of Orlando Administrative Offices**

**Statement of Cash Flows (Continued)**

**Year Ended June 30, 2019**

**(With Comparative Totals for the Year Ended June 30, 2018)**

	2019	2018
Cash flows from financing activities:		
Proceeds from line of credit	\$ -	\$ 5,500,000
Payments of line of credit	-	(5,500,000)
Payments of notes payable	<b>(1,290,000)</b>	(1,210,000)
Receipt of permanently restricted contributions and bequests	<b>3,283</b>	33,109
Deposits made by parishes and other Diocesan entities	<b>75,962,150</b>	64,947,454
Withdrawals made by parishes and other Diocesan entities	<b>(64,442,331)</b>	(62,661,471)
<b>Net cash provided by financing activities</b>	<b>10,233,102</b>	1,109,092
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,738,675</b>	(6,307,877)
Cash and cash equivalents:		
Beginning	<b>51,803,110</b>	58,110,987
Ending	<b>\$ 65,541,785</b>	\$ 51,803,110
Supplemental disclosure of cash flow information:		
Cash paid for interest	<b>\$ 6,533,756</b>	\$ 6,266,534

See notes to financial statements.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies

The Diocese of Orlando Administrative Offices (the Diocese) is a component of the Diocese of Orlando Corporation Sole (Corporation Sole), which is a not-for-profit corporation existing under the laws of the State of Florida. There are no stockholders, directors or officers in the Corporation Sole, only the holder of the office of Bishop of Orlando. The Bishop holds title to all assets and is liable for all indebtedness of the Corporation Sole. The title to all assets and the responsibility of all indebtedness passes to the Bishop's successor in office rather than to his relatives or other customary heirs. As of June 30, 2019, the authority for the Diocese of Orlando was vested in the Most Reverend John G. Noonan, as Bishop of the Diocese of Orlando.

A summary of the Diocese's significant accounting policies follows:

**Basis of accounting and presentation:** The financial statements of the Diocese do not include the accounts of other Diocesan entities or affiliates (e.g. parishes, schools, missions, affiliated corporations) within the Corporation Sole. The Diocese's financial statements also exclude multi-employer pension and post-retirement benefit accounts and contingent liabilities, which represent obligations of the Corporation Sole and other Diocesan entities and affiliates.

The financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Diocese, as described in the preceding paragraph, and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of funds and transactions into two main classes of net assets as described below:

Fund Group	Net Asset Class
Current undesignated fund	Without donor restrictions
Current designated funds	Without donor restrictions
Current restricted funds	With donor restrictions
Designated for self-insurance funds	Without donor restrictions
Diocesan savings fund	Without donor restrictions
Plant fund	Without donor restrictions
Endowment funds	With donor restrictions
Life and gift annuity funds	With donor restrictions

Net assets and revenues, gains and other support and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Bishop.
- **Net assets with donor restrictions:** Net assets subject to donor-imposed stipulations that may or will be met by actions of the Diocese, passage of time, or permanently maintained by the Diocese as an endowment.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Support and revenue:** Support and revenue is reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets with donor restrictions (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the two applicable classes of net assets.

Contributions, including pledges receivable or unconditional promises to give, securities, materials and supplies and other assets, are recognized at fair value as support and revenue in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date the assets are received.

Restrictions that are satisfied in the period that revenue is received are classified as support without donor restrictions. Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted support and revenue. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported as revenues with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributed services are recorded at fair value as in-kind contributions at the date of donation if the services provided: (a) create or enhance nonfinancial assets, or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of volunteered time is not reflected in the financial statements because it does not meet the above criteria. The Diocese did not receive in-kind contributions during the year ended June 30, 2019.

Income and net realized/unrealized gains (losses) on investments of endowment and similar funds are reported as follows:

- As increases (decreases) in net assets with donor restrictions – endowment if the terms of the gift or the Diocese's interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
- As increases (decreases) in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income (loss); and
- As increases (decreases) in net assets without donor restrictions in all other cases.

**Self-insurance premiums and other revenue recognition:** Fees for services, including administering the self-insurance program for other Diocesan entities and affiliates, are recognized as revenue when the services are performed. Interest and investment income is recognized in the period when it is earned or when changes in fair values occur.

**Deposit and loan expenses:** Deposit and loan expenses are comprised primarily of interest expense and provision for loan losses. Interest expense is recorded in the period it is incurred while the provision for loan losses is recorded as described in the **Loans Receivable** and **Advances to Diocesan Entities** sections below.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Cash and cash equivalents:** For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased and containing no third-party restrictions are considered to be cash equivalents.

**Pledges receivable:** Pledges receivable represent amounts due from parishioners of those parishes participating in the Diocese's annual *Our Catholic Appeal*. Amounts due under pledges over a period of more than one year at the date of donation are reported at net present value using the market discount rate in effect at the date of the pledge. Pledges receivable are reviewed periodically for collectability and, when management believes collectability is uncertain, an allowance is established and charged to expense.

**Advances to Diocesan entities and loans receivable:** Advances to Diocesan entities and loans receivable represent amounts due to the Diocese from other Diocesan entities and affiliates. Advances and loans are made primarily for the purpose of capital improvements and, less frequently, to fund short-term working capital needs. Repayments are made from operating funds and donations received by those entities and are subject to general economic conditions.

Advances to Diocesan entities and loans receivable are reviewed periodically for collectability and, when management believes collectability of the principal is uncertain, an allowance for loan loss is established through a provision for loan losses charged to expense. Advances and loans are charged off when all collection efforts have ceased. Subsequent recoveries, if any, are credited to the allowance. Advances to Diocesan entities and loans receivable are shown in the statement of financial position net of an allowance for estimated uncollectible amounts.

Interest on Diocesan advances and loans receivable is recognized over the terms of the receivables and is calculated using the effective-interest method on principal amounts outstanding. The accrual of interest on these advances and receivables is generally discontinued when, in the opinion of management, full repayment of principal and interest is in doubt. Past due status is based on contractual terms of the advances and receivables. Interest on past due advances and receivables is recognized when actually paid by the borrower and only if collection of the principal is likely to occur. Interest on these advances and receivables is accounted for on the cost-recovery basis until the advances or receivables qualify for return to accrual status. Accrual of interest is generally resumed when the debtor is current on all principal and interest payments and collectability of the advance or receivable is no longer in doubt.

**Impaired advances and loans:** Advances and loans receivable are considered impaired when, based on current information and events, it is probable that the Diocese will be unable to collect all contractual principal and interest payments due in accordance with the terms of the agreement. Receivables that experience insignificant payment delays and payment shortfalls are not classified as impaired. The Diocese monitors all advances and loans in the portfolio on an ongoing basis and reviews classifications for all advances and loans in the portfolio in accordance with the accounting guidance for impaired loans and troubled debt restructurings. Impairment is measured on a receivable-by-receivable basis by either the present value of expected future cash flows discounted at the receivable's effective interest rate, the receivable's observable market price or the fair value of the collateral if the receivable is collateral dependent. Advances and loans with balances less than \$500,000 are not individually evaluated for impairment.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Commitments to extend credit:** In the normal course of business to meet the needs of other Diocesan entities, the Diocese is a party to commitments to extend credit. Those instruments involve, to varying degrees, elements of credit, liquidity and interest rate risk in excess of the amount recognized in the statement of financial position. The Diocese uses the same policies in making commitments to extend credit as it does for advances and loans receivable recorded in the statement of financial position. The Diocese's exposure to credit loss in the event of nonperformance by the other party for commitments to extend credit is represented by the contractual amount of those instruments.

Commitments to extend credit include funding additional amounts under existing loans for ongoing projects as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments may expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements

**Investments:** Investments consist principally of individual stocks, mutual funds, corporate bonds, U.S. Treasury obligations, alternative funds and pooled funds and international/foreign equities and bonds, and are carried at fair value.

**Land, buildings and equipment:** Land, land improvements, buildings and equipment acquisitions are capitalized at cost when purchased or, if donated, at the estimated fair value at the date of gift. Expenditures for major additions and improvements are capitalized, while minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed, the cost and associated accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation of buildings, equipment, and automobiles is provided for using the straight-line method over the estimated useful lives of the respective assets.

The Diocese evaluates for impairment, on an on-going basis, the carrying value of property and equipment based on estimated future undiscounted cash flows. In the event such cash flows are not expected to be sufficient to recover the carrying value of the assets, the useful lives of the assets are revised or the assets are written down to their estimated fair values.

As of June 30, 2019, management determined that no impairment losses for long-lived assets was necessary.

**Derivative financial instruments:** Derivative financial instruments are recognized as either assets or liabilities at their fair value in the statement of financial position with the changes in the fair value reported in the current period change in net assets without donor restrictions. These instruments are recorded in the accompanying statement of financial position as an interest rate swap liability.

**Self-insurance claim liabilities:** As more fully described in Note 10, the Diocese maintains self-insurance plans for property, general liability, health and workers' and unemployment compensation. Self-insurance claim liabilities reflect the estimated costs (including estimated loss development and loss adjustment expenses) for claims incurred under the various lines of coverage and are recorded at the estimated ultimate payment amounts. The liabilities relating to property, general liability and workers' and unemployment compensation insurance plans are based upon historical experience. These liabilities are calculated annually by an actuary and adjusted to the related actuarial calculation. Self-insurance claim liabilities relating to the Diocese's health plan are estimated with the assistance of the plan's administrator and are based upon historical experience, individual case estimates and estimates of incurred-but-not-reported claims.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Life annuities payable:** At various times, donors have made gifts to the Diocese and its affiliates in the form of charitable remainder annuity trusts, gift annuities and other similar arrangements. The Diocese holds these funds in trust and pays out annuities, at specified interest rates or income earned on the principal, to the donors of such funds for life. The annuity must be paid out of principal received and/or any investment income earned. Upon expiration of the donor, the remaining balance, if any, reverts to other specified beneficiaries or to the Diocese for its use in accordance with the donor's imposed restrictions or, in the absence of such restrictions, for the unrestricted use of the Diocese. The obligation of these annuities is based on the present value of expected future payments.

**Functional expenses:** Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. All other expenses are allocated based on management's estimate of the relative functional activity. The Diocese's functional categories are as follows:

- **Self-insurance program:** Expenses related to administering the self-insurance program for other Diocesan entities and affiliates, including insurance premiums, insurance claims, and administration costs for the following three insurance programs: Accident and Health, Property and General Liability and Unemployment Compensation.
- **Deposit and loan expenses:** Expenses related to interest, provision of loan losses and banking administration costs.
- **Pastoral:** Expenses related to the various laity, family and life ministries across the Diocese, as well as Diaconate formation, mission activities and communications, including Faith Fit Radio Florida Catholic.
- **Social services:** Expenses related to the social outreach needs of the faithful within the Diocese and beyond, including support to Catholic Charities of Central Florida and the Diocese of San Juan de la Maguana in the Dominican Republic
- **Religious personnel development:** Expenses related to vocations and seminarian education, clergy formation, ministry to senior priests, and the San Pedro Spiritual Development Center.
- **Plant activities:** Expenses related to financing, acquisition, maintenance, depreciation, and disposal of Diocesan land, buildings and equipment.
- **Education:** Expenses related to Catholic schools and Campus Ministry. Catholic schools in the Diocese proclaim the Gospel message within an academic environment from early education through high school. Campus ministry is an outreach to higher education, meeting the spiritual needs of students, faculty, and administration within the University community.
- **Donations and special projects:** Expenses related to donations outside of the recurring Diocesan operations, including State and National outreach ministries.

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

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Income taxes:** The Diocese is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Diocese accounts for its income tax related matters under accounting standards that provide a framework for the accounting and reporting of uncertainty in income taxes. The Diocese has assessed whether there were any uncertain tax positions, which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements.

**Comparative data:** The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Diocese's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**Endowment funds:** The Diocese has adopted accounting standards relating to endowments of not-for-profit organizations and net asset classification of funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and enhanced disclosures for all endowment funds. These standards require additional disclosures about endowments (both donor-restricted funds and board-designated funds).

The Diocese's endowment funds include donor restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Diocese maintains the original historical dollar value of the contribution received as an endowment. The Diocese classifies as net assets with donor restrictions – endowment: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c), a portion of investment returns that are required by the donor to be added to the endowment.

The Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

**Spending policy:** Endowments are established to preserve principal and generate an income stream to support the purpose of the funds held. A spending policy establishes a reasonable, sustainable, consistent and predictable expenditure level which enables the Diocese to utilize endowment earnings to support its operations to the fullest extent possible, while ensuring that the principal value of the endowment is maintained and protected from the effects of inflation.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

The Diocese has set spending policies for endowments. The maximum recommended annual spending amount for endowments is 5% of the combined with and without donor restrictions – endowment funds. Distributions are made only from the without donor restriction - endowment (which consists of income derived from the restricted in perpetuity endowment). The original principal in the restricted in perpetuity - endowment is invested and is not available to fund any withdrawals. Carryover of unspent distributions and special payments in excess of the annual spending policy are allowable expenditures only with special approval of the Bishop. The endowment expenditure level is reviewed at least annually by the Bishop in order to remain current with changing market conditions, investment performance trends and funding needs.

**Investment policy:** The Diocese's general investment objective is to provide income to augment and support current operating needs together with principal growth to offset the impact of inflation. Invested funds are diversified across asset classes to achieve an optimal balance between risk and return. The Bishop, in consultation with the Diocesan Finance Committee, engages selected fiscal agents to maintain a prudently diversified portfolio. All investment decisions are made in accordance with an established investment policy, which is recommended and periodically reviewed by the Diocesan Finance Committee and approved by the Bishop.

**Recently adopted accounting pronouncement:** In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 changes presentation and disclosure requirements for not-for-profit entities to provide qualitative and quantitative requirements as follows:

- Net assets presentation in two categories – net assets without donor restrictions and net assets with donor restrictions;
- Presentation of investment income net of investment expenses;
- Analysis of expenses by both natural and functional classification;
- Liquidity and availability of resources disclosure requirement;
- Presentation of operating cash flows using either direct or indirect method; permits the use of direct method without reconciliation of change in net assets to net cash flows from operating activities.

As a result of ASU 2016-14 adoption, the Diocese has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

**New accounting pronouncements:** In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The amendments in the ASU should be applied on a modified prospective basis although retrospective application is permitted. Entities should apply the amendments for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018 (the Diocese's fiscal year 2020). Entities should apply the amendments for transactions in which the entity serves as the resource provider to annual periods beginning after December 15, 2019 (the Diocese's fiscal year 2021). Early adoption is permitted. The Diocese is currently evaluating the impact the adoption of this guidance will have on its financial statements.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. ASU 2016-02 will be effective for the Diocese's fiscal year 2021. Management is currently evaluating the impact of this ASU on its financial statements.

In May 2014, the FASB issued ASU 2014-09. The amendments in this update create Topic 606, *Revenue from Contracts with Customers*, and supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments supersede the cost guidance in Subtopic 605-35 *Revenue Recognition – Construction-Type and Production-Type Contracts*, and create new Subtopic 340-40, *Other Assets and Deferred Costs – Contracts with Customers*. The core principle of Topic 606 is that an entity recognizes 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 those goods or services. The amendments in this update will be effective for the Diocese's fiscal year 2020 with early adoption permitted with certain restrictions. Management expects to adopt the cumulative effective transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 will have on its financial statements.

**Subsequent events:** The Diocese has evaluated subsequent events through October 21, 2019, the date on which the financial statements were available to be issued.

#### Note 2. Pledges Receivable

Pledges receivable that are considered unconditional promises to give at June 30, 2019, are summarized as follows:

Amounts due within one year:	
<i>Our Catholic Appeal</i>	\$ 15,284,151
Less allowance for uncollectible pledges	<u>(152,841)</u>
	<u>\$ 15,131,310</u>

#### Note 3. Loans Receivable and Savings Deposits

The Diocese operates a Diocesan Savings Fund (the DSF) for Diocesan entities and affiliates. To borrow funds from the DSF, participants are required to meet certain underwriting criteria and demonstrate with reasonable assurance their capacity to repay the loan within the terms of their loan agreement. At June 30, 2019, the DSF held fixed rate loans receivable of \$32,077,902, less a loan loss allowance of \$8,926,193. The interest rate charged on outstanding loans as of and for the fiscal year ended June 30, 2019, ranged from 4.75% to 5.51%. Interest income recognized on outstanding loans totaled approximately \$1,077,500 for the year ended June 30, 2019, and is included in investment income, net, in the accompanying statement of activities. Fully amortizing loans totaling approximately \$16,112,000 mature at dates ranging from July 2019 to April 2036. The remaining balance of loans receivable are interest only with no predefined payment terms. As of June 30, 2019, the Diocese has commitments to fund additional amounts under existing loans for ongoing projects, which totaled approximately \$20,402,100.

**Diocese of Orlando Administrative Offices**

**Notes to Financial Statements**

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**Note 3. Loans Receivable and Savings Deposits (Continued)**

The DSF also maintains savings accounts for entities and affiliates of the Diocese paying interest monthly on deposits at a current rate of 1.0%. The balance of such deposits at June 30, 2019, was \$147,200,721. Participating entities and affiliates can withdraw these amounts on demand. Interest expense on deposits held for diocesan entities and affiliates totaled approximately \$1,340,500 for the year ended June 30, 2019, and is included in deposit and loan expenses in the accompanying statement of activities. At June 30, 2019, eight parish/diocesan entities individually accounted for over 5% and totaled approximately 70% of gross loans receivable as follows:

Diocese Entity/Parish	Loans Receivable Balance	Percentage of Gross Loans Receivable
A	\$ 5,171,059	16%
B	3,881,873	12%
C	3,669,343	11%
D	2,173,374	7%
E	2,118,796	7%
F	1,914,425	6%
G	1,815,028	6%
H	1,662,063	5%

In accordance with the policy outlined in Note 1, changes in the allowance for loan losses for the year ended June 30, 2019, are as follows:

Allowance for loan losses, beginning of year	\$ 10,168,994
Reduction in allowance for loan losses	-
Recoveries	(1,242,801)
Allowance for loan losses, end of year	<u>\$ 8,926,193</u>

End of year allowance for loan loss amount allocated to:

Loans individually evaluated for impairment (Note 1)	\$ 4,071,350
Loans collectively evaluated for impairment	4,854,843
	<u>\$ 8,926,193</u>

Gross loans:

Individually evaluated for impairment (Note 1)	\$ 11,475,615
Collectively evaluated for impairment	20,602,287
	<u>\$ 32,077,902</u>

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 3. Loans Receivable and Savings Deposits (Continued)

There were no loans past due 90 days or more still accruing interest as of June 30, 2019. Information about nonaccrual and impaired loans as of June 30, 2019, is as follows:

Impaired loans with a valuation allowance	<u><u>\$ 8,971,350</u></u>
Impaired loans without a valuation allowance	<u><u>\$ 2,504,265</u></u>
Average investment in impaired loans	<u><u>\$ 11,385,007</u></u>
Allowance related to impaired loans	<u><u>\$ 4,071,350</u></u>
Loans on non-accrual status	<u><u>\$ 10,026,997</u></u>
Interest income recognized on impaired loans during the year	<u><u>\$ 71,640</u></u>
Interest income foregone on loans on non-accrual status	<u><u>\$ 476,282</u></u>

In its estimate of the specific allowance for loan losses, the Diocese considers the probability of trouble debt restructurings and its impact on expected cash flows in accordance with the guidance for troubled debt restructurings and impaired loans. No loan modifications occurred that were identified as troubled debt restructurings during the year ended June 30, 2019.

#### Note 4. Advances to Diocesan Entities, Net

Advances consist of the following at June 30, 2019:

Diocesan Entity	Amount
Father Lopez Catholic High School, Inc.	\$ 15,995,391
Bishop Moore Catholic High School, Inc.	6,240,883
Other	145,080
	<u>22,381,354</u>
Less allowance for uncollectible advances	<u>(3,758,824)</u>
Advances to Diocesan Entities, net	<u><u>\$ 18,622,530</u></u>

Advances to Diocesan entities bear interest at rates from 3.62% to 5.45%. The Father Lopez Catholic High School, Inc. and Bishop Moore Catholic High School, Inc. advances are for terms ranging from 25 to 30 year, while the remaining advances do not have specified repayment terms, but bear interest at 4.75%.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 4. Advances to Diocesan Entities, Net (Continued)

Changes in the allowance for uncollectible advances for the year ended June 30, 2019, are as follows:

Allowance for uncollectible advances, beginning of year	\$ 2,668,824
Write-offs of uncollectible advances	(450,000)
Increase in provision for uncollectible advances	1,540,000
Allowance for uncollectible advances, end of year	<u>\$ 3,758,824</u>

End of year allowance for uncollectible advances amount allocated to:

Advances individually evaluated for impairment	\$ 3,640,000
Advances collectively evaluated for impairment	118,824
	<u>\$ 3,758,824</u>

Gross advances:

Individually evaluated for impairment	\$ 15,995,391
Collectively evaluated for impairment	6,385,963
	<u>\$ 22,381,354</u>

There were no advances past due 90 days or more still accruing interest as of June 30, 2019. Information about nonaccrual and impaired advances as of June 30, 2019, is as follows:

Impaired advances with a valuation allowance	<u>\$ 15,995,391</u>
Average investment in impaired advances	<u>\$ 15,995,391</u>
Allowance related to impaired advances	<u>\$ 3,640,000</u>
Advances on non-accrual status	<u>\$ 15,995,391</u>

In its estimate of the specific allowance for losses on advances, the Diocese considers the probability of trouble debt restructurings and its impact on expected cash flows in accordance with the guidance for troubled debt restructurings and impaired advances. No modifications to advances occurred that were identified as troubled debt restructurings during the years ended June 30, 2019 and 2018. During the year ended June 30, 2019, no interest income was recognized on impaired advances and no interest income was forgone on impaired advances to diocesan entities.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 5. Investments

Investments consist of the following at June 30, 2019:

	Cost	Fair Value
Equity securities:		
Common stocks:		
Domestic stocks	\$ 72,090	\$ 81,424
Mutual funds:		
Domestic stocks – Large Cap Growth Index	4,048,515	3,828,251
Asset Core Plus Bond IS (bond/fixed income)	69,591,957	73,116,611
All Asset Institutional	11,436,005	11,195,297
International Stock Fund	5,098,024	5,352,703
Emerging Markets Social Core	1,834,816	1,859,521
Other mutual funds (mixed allocation)	404,567	455,893
Debt securities:		
Corporate bonds	25,516,165	25,129,149
U.S. Treasury obligations	4,673,880	4,612,088
Alternative funds:		
Multi-strategy (equity/fixed income) hedge fund	29,342,361	30,660,707
Pooled Investment with Catholic Foundation of Central Florida, Inc.	9,114,962	11,519,785
	<u>\$ 161,133,342</u>	<u>\$ 167,811,429</u>

Realized gains totaled approximately \$4,472,800 and net unrealized gains totaled approximately \$1,259,700 for the year ended June 30, 2019, and are included in investment income, net, in the accompanying statement of activities.

The Diocese invests in various investment securities in accordance with its investment policy. These investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in their values, it is reasonable to expect that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance. Based on the Diocese's investment policy, there are no significant risk concentrations in its portfolio of debt and equity securities.

#### Note 6. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or to pay to transfer a liability in an orderly transaction between market participants at a measurement date. In the determination of fair value, a fair value hierarchy was established which 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).

The three levels of the fair value hierarchy are described more fully below:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities and listed derivatives.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 6. Fair Value Measurements (Continued)

**Level 2:** Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include assets or liabilities not priced in active markets, corporate bonds and loans, less liquid and restricted equity securities and certain over the counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

**Level 3:** Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs used in the determination of fair value are based upon the best information given the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Diocese's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The Diocese has determined the estimated fair value amounts presented in these accompanying financial statements using available market information and appropriate methodologies on a consistent basis. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented in these accompanying financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The Diocese bases these fair value estimates on pertinent information available to them as of the end of each reporting period or at the time such amounts are recorded.

**Common stock:** Shares of common stock are valued at the closing price reported on the active market on which the shares are traded. If the shares are not traded on an active market, then the shares are valued based on quoted prices in inactive markets or by using data provided by independent third-party pricing sources as inputs.

**Mutual funds:** Shares of mutual funds are valued at the closing price reported on the active market on which the individual securities are traded. If the shares are not traded on an active market, then the shares are valued based on unobservable inputs (such as valuations of some alternative funds such as private equity investments and fund-of-funds investments).

**Corporate bonds:** Bonds are valued based on the last trade price of the fiscal year. When a bond has not been traded on the last day of the fiscal year, the price is obtained from an independent third-party pricing company.

**Pooled funds:** The fair value of the pooled investment with the Catholic Foundation of Central Florida, Inc. (the Foundation) is determined based on the Diocese's allocated share of the Foundation's investment pool. Information is provided to the Diocese by Foundation management in the form of quarterly investment reports and through the Foundation's annual audit. The pooled investment with the Foundation consists of Level 1, Level 2 and Level 3 securities. While there are no stated restrictions, redemption would require an executed agreement between the Foundation and the Diocese. Therefore, the pooled investment with the Foundation is classified as a Level 3 as redemption cannot occur in the near term.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

#### Note 6. Fair Value Measurements (Continued)

**Alternative funds:** Valued as a practical expedient, at the net asset value (NAV) of the units held by the Diocese at year end, as reported by the investment manager and within the valuation guidelines stipulated in respective investment agreements.

**Interest rate swap contracts:** The fair value of the Diocese's interest rate swap contracts (used for purposes other than trading) is the estimated amount the Diocese would pay to terminate these agreements at the reporting date, taking into account current interest rates and the creditworthiness of the counterparty for assets and the creditworthiness of the Diocese for liabilities. Interest rate swap contracts are classified as Level 2 as their market value is based on observable market based inputs or unobservable inputs that are corroborated by market data. In determining the appropriate levels, the Diocese performs an analysis of the liabilities that are subject to fair value measurements.

The following table summarizes fair value measurements by level at June 30, 2019, for assets measured at fair value on a recurring basis:

	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Common stocks:				
Domestic stocks	\$ 81,424	\$ 81,424	\$ -	\$ -
Mutual funds:				
Domestic stocks – Large Cap Growth Index	3,828,251	3,828,251	-	-
Asset Core Plus Bond IS (Bond/Fixed Income)	73,116,611	73,116,611	-	-
All Asset Institutional	11,195,297	11,195,297	-	-
Total international stock index-i	5,352,703	5,352,703	-	-
Emerging Markets Social Core	1,859,521	1,859,521	-	-
Other mutual funds (mixed allocation)	455,893	455,893	-	-
Debt securities:				
Corporate bonds	25,129,149	-	25,129,149	-
U.S. Treasury obligations	4,612,088	4,612,088	-	-
Pooled funds with Catholic Foundation of Central Florida, Inc.	11,519,785	-	-	11,519,785
Total fair value hierarchy	137,150,722	\$100,501,788	\$25,129,149	\$11,519,785
Alternative funds:(*)				
Multi-strategy (equity/fixed income) hedge fund	30,660,707			
Total investments	\$ 167,811,429			

(\*) In accordance with Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, certain investments that are measured using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The following table summarizes fair value measurements by level at June 30, 2019, for liabilities measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Interest rate swap liability	\$ -	\$ 9,185,278	\$ -	\$ 9,185,278

For the year ended June 30, 2019, there were no transfers between levels.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 6. Fair Value Measurements (Continued)

The table below sets forth a summary of the changes in the fair value of the Diocese's Level 3 investment measured during the year ended June 30, 2019:

	<u>Pooled Funds</u>
Balance, beginning of year	\$ 11,661,909
Net realized and unrealized gains	606,526
Purchases	695,161
Sales	(1,443,811)
Balance, end of year	<u>\$ 11,519,785</u>

The significant investment strategy of the category of investments that calculate NAV per share and are not in active markets is as follows:

**Alternative funds:** To provide long-term capital appreciation and current income through investments in limited partnerships, which invest in diversified portfolios ranging from short-term to long-term instruments.

The following table discloses the fair value as of June 30, 2019, related to alternative funds that are valued at NAV:

<u>Description</u>	
AQR Delta	\$ 5,031,500
Comerica – Fundamental	5,885,156
Comerica – S&P Growth	5,753,929
S&P500IS	13,868,465
Other	121,657
	<u>\$ 30,660,707</u>

Redemptions under AQR Delta can be made monthly with a 30-day notice period. At least 95% of the estimated amount due normally on a 30-calendar day notice withdrawal will be settled in cash or at the discretion of the General Partner, wholly or partially with portfolio securities of a partnership, within 10 business days after the withdrawal date.

Redemptions under Comerica and S&P 500 IS can be made daily at the NAV.

The table below sets forth a summary of the changes in the fair value of the Diocese's investments measured at NAV during the year ended June 30, 2019:

	<u>Alternative Funds</u>
Balance, beginning of year	\$ 15,123,807
Realized and unrealized gains	642,900
Purchases	16,311,229
Sales	(1,417,229)
Balance, end of year	<u>\$ 30,660,707</u>

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 6. Fair Value Measurements (Continued)

Realized and unrealized gains above are included in change in net assets and are reported in investment income in the accompanying statement of activities. The amount of total gains or losses for the period included in change in net assets that is attributable to the change in unrealized losses relating to assets still held at the reporting date totaled approximately \$665,500.

#### Note 7. Land, Buildings and Equipment

Land, buildings and equipment consists of the following as of June 30, 2019:

	Useful Lives	Amount
Land and nondepreciable land improvements	-	\$ 28,422,891
Land improvements	15	248,048
Buildings	30	14,815,318
Equipment	10	2,803,005
Automobiles	5	30,647
Leasehold improvements	Life of Lease	2,160,643
		<u>48,480,552</u>
Less accumulated depreciation		<u>(11,107,132)</u>
		<u><u>\$ 37,373,420</u></u>

During the year ended June 30, 2019, the Diocese sold one parcel of land with a carrying value of approximately \$4,120,000 for a sales price of \$6,000,000. The transaction included related selling costs of approximately \$434,600, resulting in a gain of approximately \$1,391,000, which is included in the accompanying statement of activities.

Depreciation expense for the year amounted to approximately \$633,400.

#### Note 8. Interest Rate Swap Liability

The Diocese employs the use of interest rate swap agreements to help reduce the impact that potential changes in interest rates can have on the debt service requirements associated with its variable-rate, long-term debt. By using derivative financial instruments to hedge exposures to changes in interest rates, the Diocese exposes itself to both credit risk and market risk. Credit risk is the potential for failure of the counter-party to the agreement to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counter-party generally owes the Diocese, which in turn creates credit risk. Conversely, the Diocese has no exposure to credit risk when the fair value of a derivative contract is negative since the Diocese generally owes the counter-party.

**Diocese of Orlando Administrative Offices**

**Notes to Financial Statements**

**Note 8. Interest Rate Swap Liability (Continued)**

At June 30, 2019, the Diocese's interest rate swap agreements consisted of the following:

Hedge Instrument	Trade Date	Maturity Date	Original Notional Amount	Current Notional Amount	Payment – Fixed Rate Index	Receives – Variable Rate Index*	Estimated Fair Value
Interest rate SWAP – Series 2010A Notes	10/10/2000	10/1/2025	\$ 10,000,000	\$ 4,310,000	4.60%	65% of 1-mth LIBOR	\$ (517,010)
Interest rate SWAP – Series 2010B Notes	6/10/2002	10/1/2030	13,250,000	13,250,000	4.18%	67% of 1-mth LIBOR	(4,001,747)
Interest rate SWAP – Series 2012A1 Notes	4/16/2012	7/1/2038	31,670,000	28,040,000	4.76%	70% of 1-mth LIBOR	(2,781,999)
Interest rate SWAP – Series 2012A2 Notes	4/16/2012	7/1/2038	27,720,000	23,660,000	4.06%	70% of 1-mth LIBOR	(1,884,522)
			<u>\$82,640,000</u>	<u>\$69,260,000</u>			<u>\$ (9,185,278)</u>

\*The one-month London Interbank Offered Rate (LIBOR) rate as of June 30, 2019, was approximately 2.431%

During 2019, the Diocese recognized a gain from the change in fair value of interest rate swaps totaling \$677,937, which is reported separately in the accompanying statement of activities.

**Note 9. Notes Payable and Lines of Credit**

Notes payable and line of credit consist of the following at June 30, 2019:

Notes Payable	Amount
2010-A Tax-exempt variable rate bonds (the 2010-A Notes), due October 2025	\$ 10,000,000
2010-B Tax-exempt variable rate bonds (the 2010-B Notes), due October 2030	12,055,000
2012-A1 Tax-exempt variable rate bonds (the 2012-A1 Notes), due July 2038	28,040,000
2012-A2 Tax-exempt variable rate bonds (the 2012-A2 Notes), due July 2038	23,660,000
	<u>\$ 73,755,000</u>

  

Line of Credit	Amount
\$20.0 million variable rate revolving line of credit facility, due April 2022	<u>\$ 14,850,622</u>

During the year ended June 30, 2012, the Diocese issued the 2012-A1 and 2012-A2 Notes (the 2012 Notes) which totaled \$31,670,000 and \$27,720,000, respectively. The 2012 Notes were funded by tax exempt variable rate bank qualified loans; the proceeds of which were used to redeem notes issued by the Diocese in 2007 and 2008 (the 2007 and 2008 Notes). The Diocese financed a termination payment relating to previous debt and swap agreements by entering into two separate interest rate swap agreements (the 2012 swaps), which will require the Diocese to pay the counterparty over the term of the agreements a synthetically fixed interest rate of 4.76% and 4.06% on the 2012-A1 and 2012-A2 Notes, respectively.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 9. Notes Payable and Lines of Credit (Continued)

As more fully described in Note 4, the Diocese previously issued the 2007 Notes during the year ended June 30, 2007, and advanced \$31,830,000 of the proceeds from the issue to Father Lopez to fund construction of a new high school as well as support other capital projects at a social service organization. The Diocese issued the 2008 Notes totaling \$48,000,000 during the year ended June 30, 2008, and used approximately \$24,400,000 of the proceeds to reimburse itself for prior qualifying capital projects, which will be used to make future loans to other Diocesan entities and affiliates to help fund their respective capital programs. The balance of the proceeds from the issuance of the 2008 Notes were used to support specific Diocesan capital projects.

During the year ended June 30, 2011, the Diocese issued the 2010-A and 2010-B Notes (the 2010 Notes) which totaled \$10,100,000 and \$12,180,000, respectively. The 2010 Notes were funded by tax exempt variable rate bank qualified loans, the proceeds of which were used to refund and refinance notes issued by the Diocese in 2000 and 2002.

The 2010 Notes and 2012 Notes were issued subject to the Diocese and its related entities and affiliates granting of a security interest in the revenues of the combined organizations, which constitute the obligated group. In addition, the obligated group, on a combined basis, is subject to certain restrictive financial covenants, which govern the required levels of liquidity and debt service coverage. The liquidity financial covenant is measured semiannually and the debt service coverage covenant is measured annually and reported within 180 days of the Diocese's fiscal year end. At June 30, 2019, management believes that the obligated group, including the Diocese, was in compliance with these covenants. Scheduled principal maturities under the Diocese's notes payable agreements are due in future years as follows:

	<u>Amount</u>
Years ending June 30:	
2020	\$ 1,370,000
2021	1,450,000
2022	1,545,000
2023	1,635,000
2024	1,745,000
Thereafter	<u>66,010,000</u>
	<u>\$ 73,755,000</u>

As of June 30, 2019, the Diocese has an unsecured line of credit agreement with a commercial bank (Line of Credit A) that permits borrowing of up to \$20,000,000, at a floating interest rate of one-month LIBOR plus 125 basis points (3.68% as of June 30, 2019). Under this agreement, monthly interest-only payments are due until maturity.

Total interest expense incurred during the year ended June 30, 2019, on all notes payable and lines of credit was approximately \$5,162,200 and is included in interest expense, deposit and loan expenses and plant activities in the accompanying statement of activities.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 10. Self-Insurance Programs

The Diocese and five other dioceses in the State of Florida participate in the Ecclesiastical Province of Miami's (the EPM) self-insurance program whereby each diocese provides their respective entities and affiliates with insurance coverage for workers' compensation claims. Each diocese and their participating entities and affiliates are charged a pro-rata share of the EPM program's estimated claim costs, administration fees, and policy premiums that are incurred in connection with the purchase of excess insurance coverage from outside carriers and management of the self-insurance program. Generally, amounts are recoverable from excess insurance carriers under this program after a specific claim has exceeded a specified retention limit of \$250,000 for workers' compensation claims.

The Diocese and three other dioceses in the State of Florida participate in the EPM self-insurance program whereby each diocese provides their respective entities and affiliates with insurance coverage for property damage losses and liability claims. Each diocese and their participating entities and affiliates are charged a pro-rata share of the EPM program's estimated claim costs, administration fees, and policy premiums that are incurred in connection with the purchase of excess insurance coverage from outside carriers and management of the self-insurance program. Generally, amounts are recoverable from excess insurance carriers under this program after a claim has exceeded a specified retention limit of \$1,000,000 for a named windstorm property claim and \$250,000 for all other perils and property claims and \$250,000 for liability claims.

In connection with the EPM program, the Diocese participates in an aggregate excess loss-sharing agreement. This sharing agreement covers property, liability, workers' compensation and other self-insured losses. This agreement allows each participating diocese to share in each other's losses above an actuarially determined threshold thereby providing each of the participants with an additional layer of protection from abnormally large or catastrophic losses during any given claim year.

Each participating diocese is assigned a maximum amount of losses that it will be responsible for during each plan year. For the policy years beginning April 1, 2018 and 2019, the Diocese's portion of the EPM's combined loss funds was approximately \$1,513,700 and \$1,627,000, respectively. The Diocese is responsible for losses incurred up to the amount of its combined loss fund requirements. This actuarially determined amount was incorporated into the estimate of the self-insurance claims liability that is contained in the accompanying statement of financial position. The other participating dioceses share proportionately in the remaining losses based on their share of the total loss funds. If the total loss funds were exhausted, each diocese would be responsible for its losses in excess of its assigned proportion. For the year ended June 30, 2019, the Diocese's claims incurred were less than its share of the total loss funds. As a result, the Diocese recorded a receivable as of June 30, 2019, totaling \$250,150 for amounts owed by certain other participating dioceses whose claims exceeded their respective loss funds. This amount is included in bequests and other receivables, net in the accompanying statement of financial position.

The Diocese also maintains a self-insurance program whereby it provides each of its entities and affiliates with insurance coverage for medical, dental, disability, life and unemployment claims. Each Diocesan entity and affiliate are charged a pro-rata share of the estimated claim costs, administration fees and policy premiums that are incurred in connection with the purchase of excess health insurance coverage from outside carriers. Generally, amounts are recoverable from excess insurance carriers under the health insurance program after a specific claim has exceeded the specified retention limit of \$250,000.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### **Note 10. Self-Insurance Programs (Continued)**

Provision has been made for the settlement of all incurred claims, both reported and unreported, for each open claim year. The liabilities for unpaid claims are estimates of the costs of claims incurred but not settled. Liability estimates for reported claims are primarily determined by evaluation of individual reported claims by the plan's third-party administrator. Liability estimates for claims incurred but not reported are based on prior experience and the advice of a third party administrator. The methods for making such estimates and for establishing the resulting liabilities are periodically reviewed and updated by the Diocese. In addition, the Diocese retains an actuary to perform an independent analysis of liability estimates established in connection with its participation in the EPM self-insurance program. Any adjustments resulting from the analysis are reflected in the statement of activities in the period determined.

#### **Note 11. Employee Benefit Plans**

The Diocese participates in a multi-employer master defined benefit retirement plan (the Plan) sponsored by the Diocese of Orlando Corporation Sole. Because the computed value of the vested benefits and plan assets for the Diocese's participants cannot be segregated from those of other Diocesan entities and affiliates participating in the Plan, it is not possible to determine that portion of the excess or deficiency which may be attributable solely to the Diocese.

The Plan covers substantially all lay employees and priests employed by the Diocese, its related entities and affiliates. To become eligible, participants must have completed at least 1,000 hours of service and attained the age of 21 during a given Plan year. The Plan currently requires monthly employer contributions based on 8% of lay employee compensation and \$1,250 per eligible priest. Priests covered by the Plan are eligible for postretirement benefits of up to \$2,100 per month depending on length of service. Lay employees covered by the Plan are eligible to receive their accrued benefits upon their retirement or separation date. Lay participants may choose to have their benefits paid in the form of a lump sum or in one of several annuity options. Contributions made to the Plan by the Diocese for its eligible participants during the year ended June 30, 2019, totaled approximately \$466,600.

The Diocese also maintains a defined contribution plan under Section 403(b) of the Internal Revenue Code, which was adopted effective April 1, 2002, and covers all full-time employees. The 403(b) plan provides for discretionary matching contributions of up to 100% for the first 3% of eligible compensation contributed and provides for a 50% match on subsequent contributions up to 5% of eligible compensation. For 2019, the 403(b) plan allows all eligible employees to contribute up to \$19,000 of their annual compensation, subject to IRS limitations on maximum contributions. Eligible employees 50 years or over at the end of the calendar year can also make catch-up contributions of \$6,000. During the year ended June 30, 2019, the Diocese made matching contributions of approximately \$195,500 to the 403(b) plan. Administrative costs of the 403(b) plan, other than investment advisory and recordkeeping fees, are paid by the Diocese.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 12. Commitments and Contingencies

During the year ended June 30, 2014, the Diocese entered into a 40-year lease agreement for a facility that is used to provide faith-based services and ministries to students at the University of Central Florida. The following is a schedule of minimum future rental payments under the lease:

Years ending June 30:	
2020	\$ 38,736
2021	38,736
2022	38,736
2023	38,736
2024	61,332
Thereafter	<u>2,525,752</u>
Minimum future rental payments	<u>\$ 2,742,028</u>

The Diocese has recorded deferred rent under this agreement, including both the liability related to the straight-line recognition of rent expense and the tenant improvement allowance, totaling approximately \$879,600, which is included in accounts payable and accrued expenses in the accompanying statement of financial position. Rent expense recognized under this agreement during the year ended June 30, 2019, totaled approximately \$69,000, and is included in education expenses in the accompanying statement of activities.

The Diocese has guaranteed loans made to certain Diocesan entities and affiliates, which total approximately \$9,250,000 at June 30, 2019. The borrowings under these loans mature through July 2038 and the guarantees cover the entire term of the borrowings. Upon the occurrence of any triggering event or condition under the guarantees, the Diocese can liquidate certain assets to recover amounts paid under the guarantees. No amount has been accrued for the Diocese's obligation under its guaranty arrangement since a triggering event or condition has not occurred.

The Diocese is a party to various construction contracts involving its parishes whose total contract value approximates \$16,503,900 as of June 30, 2019. The maximum amount of undiscounted payments the Diocese would have to make in the event of default under these contracts as of June 30, 2019, is approximately \$5,045,600, as approximately \$11,458,300 in payments have been made prior to June 30, 2019. In addition, subsequent to June 30, 2019, the Diocese entered into additional construction contracts for parish projects with values totaling approximately \$1,502,300.

The Diocese is a party to various litigation and other claims relating to allegations of personal injury and employee misconduct. The Diocese recognizes liabilities when a loss is probable and estimable. Such claims are covered under the Diocese's self-insurance program for general liability, as more fully described in Note 10, and, when appropriate, they are included in the self-insurance liability accrual in the accompanying statement of financial position.

**Diocese of Orlando Administrative Offices**

**Notes to Financial Statements**

**Note 13. Net Assets**

Net assets without donor restrictions consist of the following at June 30, 2019:

Without designations	\$ 19,236,820
Designated for self insurance	12,664,275
Designated for quasi endowments	14,545,689
Designated for bond funds	(38,393,008)
Designated by the Bishop for other specified purposes	16,721,337
Plant fund	15,100,005
	<u>\$ 39,875,118</u>

Net assets with donor restrictions include net assets restricted in perpetuity – endowment, and net assets with donor restrictions for time and specified purposes.

Restricted in perpetuity – endowment net assets consist of the following at June 30, 2019:

Investment in perpetuity, the income of which is expendable to support:

Schools	\$ 7,501,665
Vocations	5,585,429
Social Services	1,680,852
Priest convocation	534,550
Parishes	375,832
	<u>15,678,328</u>

Restricted net assets with donor restrictions for time and specified purposes consist of the following at June 30, 2019:

Pledges receivable – time restricted, diocesan operations	\$ 15,131,310
Investments and other assets – purpose restricted, program services	6,181,009
Investments and other assets – purpose restricted, Alive-in-Christ	59,847
Life and gift annuity funds – time and purpose restricted agency funds	120,893
	<u>21,493,059</u>
Total net assets with donor restrictions	<u>\$ 37,171,387</u>

The Diocese had the following donor restricted endowment-related activities for the year ended June 30, 2019:

	With Donor Restrictitons		
	Restricted for Specified Purposes	Restricted in Perpetuity - Endowment	Total
Endowment net assets – June 30, 2018	\$ 4,182,074	\$ 15,640,606	19,822,680
Contributions	-	37,722	37,722
Total investment gain	1,052,844	-	1,052,844
Transfers in (out)	(203,000)	-	(203,000)
Amounts appropriated for expenditures	(804,061)	-	(804,061)
Endowment net assets – June 30, 2019	<u>\$ 4,227,857</u>	<u>\$ 15,678,328</u>	<u>\$ 19,906,185</u>

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 14. Net Assets Released from Restrictions

During the year ended June 30, 2019, net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by occurrence of other events specified by donors as follows:

Pledges receivable – passage of time	\$ 15,039,221
Program services – purpose restrictions accomplished	<u>2,295,450</u>
	<u>\$ 17,334,671</u>

#### Note 15. Concentrations

The Diocese serves and receives substantial financial support from parishioners in the nine county region of Central Florida. Accordingly, the financial strength of the Diocese is in large part reliant upon the general state of the local economy.

Financial instruments which potentially subject the Diocese to concentrations of credit risk consist of cash, cash equivalents, and investments. The Diocese places its cash, cash equivalents and investments with several financial institutions. At various times throughout the year ended, and at June 30, 2019, cash, cash equivalents and investment balances held at various financial institutions were in excess of federally insured limits. In addition, loans receivable and advances to Diocesan entities subject the Diocese to concentrations of credit risk (see Notes 3 and 4).

#### Note 16. Related Parties

The Diocese has advances and loans receivable from diocesan entities as more fully described in Notes 3 and 4. In addition to the other diocesan entities discussed in Note 1, there are certain other entities operating outside the auspices of the Diocese that are not included in the financial statements, but which the Diocese has an economic interest. The entities operated by the Diocese and other dioceses in the State of Florida 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; 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 the dioceses operating in the State of Florida. The Diocese and other dioceses in the State of Florida 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 Diocese to these entities were approximately \$662,400, \$197,600 and \$153,000, respectively.

The Foundation was established to raise, manage and distribute funds to provide long-term, sustainable support for the parishes, schools, agencies, and other ministries in the Diocese. During fiscal year 2016, the Diocese entered into an investment agreement with the Foundation, under which the Diocese invested funds in the Foundation's investment pool, which is managed by the Foundation. The types of investment holdings in the pooled investment are substantially similar to the Diocese's own holdings. See additional disclosures related to the pooled investment in Note 6.

## Diocese of Orlando Administrative Offices

### Notes to Financial Statements

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#### Note 17. Liquidity and Availability of Resources

As of June 30, 2019, the following reflects the Diocese's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2019:

	<u>2019</u>
Financial assets at end of year:	
Cash and cash equivalents	\$ 65,541,785
Pledges receivable - <i>Our Catholic Appeal</i>	15,131,310
Accrued interest receivable	589,057
Bequests and other receivables	670,901
Investments	<u>167,811,429</u>
<b>Total financial assets</b>	<u>249,744,482</u>
Less those unavailable for general expenditures within one year, due to:	
Commitments to fund Diocesan existing loans for ongoing projects	(20,402,100)
Diocesan savings accounts due on demand to entities and affiliates	(147,200,721)
Committed construction contract guarantees, payable in the event of default by related entities	(5,045,600)
Construction contracts entered into after year-end payable upon default by related entities	(1,502,300)
Contractual or donor imposed restrictions:	
Restricted by donor with purpose restrictions	<u>(37,171,387)</u>
<b>Financial assets available to meet cash needs for general expenditure within one year</b>	<u><u>\$ 38,422,374</u></u>

Customer savings accounts are relatively stable from year to year outflows are normally for general operating needs or construction obligation payments, which are offset by inflows related to seasonal operational surpluses and any capital campaign proceeds received. The Diocese structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Diocese invests cash in excess of daily requirements in various short-term investments which can include money market savings accounts, high yield savings accounts, certificates of deposit, and short-term treasury or agency instruments. The Diocese also has approximately \$5,149,000 available on a \$20 million line of credit as of June 30, 2019 (Note 9), which it could draw upon in the event of an unanticipated liquidity need.

**Diocese of Orlando Administrative Offices**

**Notes to Financial Statements**

**Note 18. Functional Classification of Expenses**

The following table presents expenses by both their natural and functional classification during the year ended June 30, 2019:

	Program Services								Supporting Services	Total Expenses	
	Self Insurance	Deposit Loan Expenses	Pastoral	Social Services	Religious Personnel Development	Plant Activities	Education	Donations and Special Projects	Total Program Services		General and Administrative
Administration expense	\$ 4,024,388	\$ 236,862	\$ 210,285	\$ 345,410	\$ 196,740	\$ 605,287	\$ 712,059	\$ -	\$ 6,331,031	\$ 4,333,219	\$ 10,664,250
Interest expense	-	2,756,499	-	-	-	-	-	-	2,756,499	3,480,357	6,236,856
Losses and loss adjustment expense	20,141,750	-	-	-	-	-	-	-	20,141,750	-	20,141,750
Premiums for excess coverage insurance	2,383,712	-	-	-	-	-	-	-	2,383,712	-	2,383,712
Bad debt expense	-	155,000	-	-	-	-	-	-	155,000	-	155,000
Salaries and related benefits	-	-	2,337,964	38,970	1,210,360	-	1,126,149	-	4,713,443	4,969,114	9,682,557
Property tax expense	-	-	-	24	-	82,420	-	-	82,444	7,639	90,083
Advertising expense	-	-	15,333	3,429	-	-	130,694	-	149,456	1,718	151,174
Subsidies expense	-	-	109,000	1,464,000	975,000	-	415,000	-	2,963,000	585,481	3,548,481
Education and tuition expense	-	-	184,830	-	920,784	-	25,261	-	1,130,875	31,276	1,162,151
Depreciation and amortization	-	-	-	-	-	633,446	-	-	633,446	-	633,446
Donations expense	-	-	-	26,713	-	-	-	1,182,094	1,208,807	710,259	1,919,066
Change in interest rate swap liability	-	-	-	-	-	-	-	-	-	677,937	677,937
Program development costs	-	-	541,892	-	6,735	-	15,804	-	564,431	-	564,431
<b>Total</b>	<b>\$ 26,549,850</b>	<b>\$ 3,148,361</b>	<b>\$ 3,399,304</b>	<b>\$ 1,878,546</b>	<b>\$ 3,309,619</b>	<b>\$ 1,321,153</b>	<b>\$ 2,424,967</b>	<b>\$ 1,182,094</b>	<b>\$ 43,213,894</b>	<b>\$ 14,797,000</b>	<b>\$ 58,010,894</b>



RSM US LLP

## Independent Auditor's Report on the Supplementary Information

To the Most Reverend John G. Noonan  
Bishop of the Diocese of Orlando

We have audited the financial statements of the Diocese of Orlando Administrative Offices as of and for the year ended June 30, 2019, and have issued our report thereon, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole, see pages 1 and 2. We have previously audited the Diocese of Orlando Administrative Office's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2019.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Orlando, Florida  
October 21, 2019

Diocese of Orlando Administrative Offices

Statement of Financial Position – Fund Group  
 June 30, 2019  
 (With Summarized Totals for June 30, 2018)

	Funds without donor restrictions			Funds with donor restrictions			Eliminations	Total 2019	Total 2018
	Operating Funds	Diocesan Savings Fund	Plant Fund	Operating Fund	Endowment Funds	Life/Gift Annuity and Other Funds			
<b>Assets</b>									
Cash and cash equivalents	\$ 20,458,516	\$ 44,948,708	\$ 592,495	\$ 604,335	\$ 982,955	\$ 4,380	\$ (2,049,604)	\$ 65,541,785	\$ 51,803,110
Pledges receivable, net	-	-	-	15,131,310	-	-	-	15,131,310	15,042,504
Prepaid expenses and other assets	2,499,769	98,016	81,001	-	-	-	-	2,678,786	2,189,545
Accrued interest receivable	73,770	459,708	44,368	-	11,211	-	-	589,057	552,199
Loans receivable, net	-	23,151,709	-	-	-	-	-	23,151,709	21,205,590
Advances to Diocesan entities, net	18,622,530	-	-	-	-	-	-	18,622,530	20,870,243
Bequests and other receivables, net	670,901	-	-	-	-	-	-	670,901	520,287
Investments	47,908,816	75,498,356	27,504,151	-	16,727,509	172,597	-	167,811,429	161,008,072
Land, buildings and equipment, net	-	-	37,373,420	-	-	-	-	37,373,420	43,081,400
Due from other funds	49,959,189	27,252,544	6,172,000	2,294,974	2,184,510	-	(87,863,217)	-	-
<b>Total assets</b>	<b>\$ 140,193,491</b>	<b>\$ 171,409,041</b>	<b>\$ 71,767,435</b>	<b>\$ 18,030,619</b>	<b>\$ 19,906,185</b>	<b>\$ 176,977</b>	<b>\$ (89,912,821)</b>	<b>\$ 331,570,927</b>	<b>\$ 316,272,950</b>
<b>Liabilities and Net Assets (Deficit)</b>									
<b>Liabilities:</b>									
Accounts payable and accrued expenses	\$ 15,621,566	\$ 111,522	\$ 6,927,985	\$ 886,310	\$ -	\$ -	\$ (18,531,606)	\$ 5,015,777	\$ 5,422,899
Lines of credit payable	14,850,622	-	-	-	-	-	-	14,850,622	14,850,622
Self-insurance claim liabilities	4,474,723	-	-	-	-	-	-	4,474,723	3,400,434
Interest rate swap liability	7,300,756	1,884,522	-	-	-	-	-	9,185,278	8,507,339
Savings deposits	-	149,250,325	-	-	-	-	(2,049,604)	147,200,721	135,680,902
Annuities payable and other liabilities	-	-	-	-	-	42,301	-	42,301	46,007
Notes payable	50,095,000	23,660,000	-	-	-	-	-	73,755,000	75,045,000
Due to other funds	19,578,383	-	49,739,445	-	-	13,783	(69,331,611)	-	-
<b>Total liabilities</b>	<b>111,921,050</b>	<b>174,906,369</b>	<b>56,667,430</b>	<b>886,310</b>	<b>-</b>	<b>56,084</b>	<b>(89,912,821)</b>	<b>254,524,422</b>	<b>242,953,203</b>
<b>Net assets (deficit):</b>									
<b>Without donor restrictions:</b>									
Undesignated	22,734,148	(3,497,328)	15,100,005	-	-	-	-	34,336,825	24,106,008
Designated for special use	5,538,293	-	-	-	-	-	-	5,538,293	11,833,681
<b>Total without donor restrictions</b>	<b>28,272,441</b>	<b>(3,497,328)</b>	<b>15,100,005</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,875,118</b>	<b>35,939,689</b>
<b>With donor restrictions</b>									
	-	-	-	17,144,309	19,906,185	120,893	-	37,171,387	37,380,058
<b>Total net assets (deficit)</b>	<b>28,272,441</b>	<b>(3,497,328)</b>	<b>15,100,005</b>	<b>17,144,309</b>	<b>19,906,185</b>	<b>120,893</b>	<b>-</b>	<b>77,046,505</b>	<b>73,319,747</b>
<b>Total liabilities and net assets</b>	<b>\$ 140,193,491</b>	<b>\$ 171,409,041</b>	<b>\$ 71,767,435</b>	<b>\$ 18,030,619</b>	<b>\$ 19,906,185</b>	<b>\$ 176,977</b>	<b>\$ (89,912,821)</b>	<b>\$ 331,570,927</b>	<b>\$ 316,272,950</b>

## Diocese of Orlando Administrative Offices

### Statement of Activities – Fund Group

Year Ended June 30, 2019

(With Summarized Totals for the Year Ended June 30, 2018)

	Funds without donor restrictions			Funds with donor restrictions			Total 2019	Total 2018
	Operating Funds	Diocesan Savings Fund	Plant Fund	Endowment Funds	Life/Gift Annuity and Other Funds	Eliminations		
Revenues, gains and other support:								
Catholic appeal contributions	\$ 15,131,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,131,310	\$ 15,039,221
Contributions and bequests	1,475,201	-	-	37,722	-	-	1,512,923	1,677,644
Self-insurance premiums and services fees	29,727,923	-	-	-	-	-	29,727,923	29,768,932
Investment income, net	2,994,748	8,051,900	1,579,823	1,052,844	13,865	(1,319,801)	12,373,379	6,837,056
Gain on sale of land, buildings and equipment	86,736	-	1,304,275	-	-	-	1,391,011	2,589,289
Actuarial adjustment to life annuities payable	-	-	-	-	3,707	-	3,707	2,206
Other income	847,339	1,242,802	46,258	-	-	(539,000)	1,597,399	2,208,758
<b>Total revenues, gains and other support</b>	<b>50,263,257</b>	<b>9,294,702</b>	<b>2,930,356</b>	<b>1,090,566</b>	<b>17,572</b>	<b>(1,858,801)</b>	<b>61,737,652</b>	<b>58,123,106</b>
Expenses:								
Program services:								
Self-insurance program	26,549,850	-	-	-	-	-	26,549,850	24,641,087
Deposit and loan expenses	-	3,173,666	-	-	-	(25,305)	3,148,361	3,173,967
Pastoral	3,399,304	-	-	-	-	-	3,399,304	3,500,962
Social services	1,878,546	-	-	-	-	-	1,878,546	1,798,485
Religious personnel development	3,309,619	-	-	-	-	-	3,309,619	3,861,889
Plant activities	-	-	2,615,649	-	-	(1,294,496)	1,321,153	1,253,929
Education	2,424,967	-	-	-	-	-	2,424,967	2,409,948
Donations and special projects	1,187,404	-	533,690	-	-	(539,000)	1,182,094	1,856,925
<b>Total program services</b>	<b>38,749,690</b>	<b>3,173,666</b>	<b>3,149,339</b>	<b>-</b>	<b>-</b>	<b>(1,858,801)</b>	<b>43,213,894</b>	<b>42,497,192</b>
Supporting services:								
Diocesan administration	9,822,564	-	-	-	-	-	9,822,564	8,056,071
Interest expense	3,480,357	-	-	-	-	-	3,480,357	3,371,440
Change in interest rate swap liability	630,185	47,752	-	-	-	-	677,937	(4,002,996)
Loss on debt extinguishment	-	-	-	-	-	-	-	-
Endowment activities	-	-	-	804,061	-	-	804,061	676,399
Life and gift annuities expenses	-	-	-	-	12,081	-	12,081	9,122
<b>Total supporting services</b>	<b>13,933,106</b>	<b>47,752</b>	<b>-</b>	<b>804,061</b>	<b>12,081</b>	<b>-</b>	<b>14,797,000</b>	<b>8,110,036</b>
<b>Total expenses</b>	<b>52,682,796</b>	<b>3,221,418</b>	<b>3,149,339</b>	<b>804,061</b>	<b>12,081</b>	<b>(1,858,801)</b>	<b>58,010,894</b>	<b>50,607,228</b>
<b>Change in net assets before transfers</b>	<b>(2,419,539)</b>	<b>6,073,284</b>	<b>(218,983)</b>	<b>286,505</b>	<b>5,491</b>	<b>-</b>	<b>3,726,758</b>	<b>7,515,878</b>
<b>Interfund transfers</b>	<b>1,000,168</b>	<b>-</b>	<b>(797,168)</b>	<b>(203,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>(1,419,371)</b>	<b>6,073,284</b>	<b>(1,016,151)</b>	<b>83,505</b>	<b>5,491</b>	<b>-</b>	<b>3,726,758</b>	<b>7,515,878</b>
Net assets (deficit):								
Beginning	46,836,121	(9,570,612)	16,116,156	19,822,680	115,402	-	73,319,747	65,803,869
Ending	\$ 45,416,750	\$ (3,497,328)	\$ 15,100,005	\$ 19,906,185	\$ 120,893	\$ -	\$ 77,046,505	\$ 73,319,747

Diocese of Orlando Administrative Offices

Combining Statement of Financial Position Information – Operating Funds

June 30, 2019

(With Comparative Totals for June 30, 2018)

	Funds Without Donor Restrictions			Funds With Donor Restrictions	Total 2019	Total 2018
	Current Undesignated Fund	Current Designated Funds	Designated for Self-Insurance Funds	Current Restricted Funds		
<b>Assets</b>						
Cash and cash equivalents	\$ 3,088,839	\$ 2,689,210	\$ 14,680,467	\$ 604,335	\$ 21,062,851	\$ 17,145,190
Pledges receivable, net	-	-	-	15,131,310	15,131,310	15,039,221
Prepaid expenses and other assets	86,568	218,340	2,194,861	-	2,499,769	1,889,864
Accrued interest receivable	13,041	60,729	-	-	73,770	98,037
Advances to Diocesan entities, net	26,256	18,596,274	-	-	18,622,530	20,870,243
Bequests and other receivables, net	-	-	670,901	-	670,901	520,287
Investments	9,997,610	37,820,894	90,312	-	47,908,816	47,328,439
Due from other funds	33,161,296	16,908,985	(111,092)	2,294,974	52,254,163	53,850,019
<b>Total assets</b>	<b>\$ 46,373,610</b>	<b>\$ 76,294,432</b>	<b>\$ 17,525,449</b>	<b>\$ 18,030,619</b>	<b>\$ 158,224,110</b>	<b>\$ 156,741,300</b>
<b>Liabilities and Net Assets (Deficit)</b>						
Liabilities:						
Accounts payable and accrued expenses	\$ 8,788,840	\$ 6,446,275	\$ 386,451	\$ 886,310	\$ 16,507,876	\$ 16,873,010
Lines of credit payable	14,850,622	-	-	-	14,850,622	14,850,622
Self-insurance claim liabilities	-	-	4,474,723	-	4,474,723	3,400,434
Interest rate swap liability	-	7,300,756	-	-	7,300,756	6,670,570
Notes payable	-	50,095,000	-	-	50,095,000	50,770,000
Due to other funds	-	19,578,383	-	-	19,578,383	17,340,543
<b>Total liabilities</b>	<b>23,639,462</b>	<b>83,420,414</b>	<b>4,861,174</b>	<b>886,310</b>	<b>112,807,360</b>	<b>109,905,179</b>
Net assets (deficit):						
Without donor restrictions						
Undesignated	22,734,148	-	-	-	22,734,148	17,560,464
Designated for special use	-	(7,125,982)	12,664,275	-	5,538,293	11,833,681
<b>Total net assets (deficit) without donor restrictions</b>	<b>22,734,148</b>	<b>(7,125,982)</b>	<b>12,664,275</b>	<b>-</b>	<b>28,272,441</b>	<b>29,394,145</b>
With donor restrictions	-	-	-	17,144,309	17,144,309	17,441,976
<b>Total net assets (deficit)</b>	<b>22,734,148</b>	<b>(7,125,982)</b>	<b>12,664,275</b>	<b>17,144,309</b>	<b>45,416,750</b>	<b>46,836,121</b>
<b>Total liabilities and net assets</b>	<b>\$ 46,373,610</b>	<b>\$ 76,294,432</b>	<b>\$ 17,525,449</b>	<b>\$ 18,030,619</b>	<b>\$ 158,224,110</b>	<b>\$ 156,741,300</b>

Diocese of Orlando Administrative Offices

Combining Statement of Activities Information – Operating Funds  
 Year Ended June 30, 2019  
 (With Summarized Totals for the Year Ended June 30, 2018)

	Funds Without Donor Restrictions			Funds With	Total 2019	Total 2018
	Current	Current	Designated for	Donor		
	Undesignated Fund	Designated Funds	Self-Insurance Funds	Restrictions Current Restricted Funds		
Revenues, gains and other support:						
Catholic appeal contributions	\$ -	\$ -	\$ -	\$ 15,131,310	\$ 15,131,310	\$ 15,039,221
Contributions and bequests	377,661	222,540	-	875,000	1,475,201	1,492,630
Self-insurance premiums and service fees	2,492,759	92,895	27,142,269	-	29,727,923	29,768,932
Investment income, net	435,532	2,479,887	67,777	11,552	2,994,748	2,971,993
Other income	687,741	-	159,598	-	847,339	1,784,804
Gain on sale of land, buildings, and equipment	86,736	-	-	-	86,736	-
<b>Total revenues, gains and other support</b>	<b>4,080,429</b>	<b>2,795,322</b>	<b>27,369,644</b>	<b>16,017,862</b>	<b>50,263,257</b>	<b>51,057,580</b>
Expenses:						
Program services:						
Self-insurance program	-	-	26,549,850	-	26,549,850	24,641,087
Pastoral	3,399,304	-	-	-	3,399,304	3,500,962
Religious personnel development	3,285,297	24,322	-	-	3,309,619	3,861,889
Education	2,424,967	-	-	-	2,424,967	2,409,948
Donations and special projects	811,682	27,956	-	347,766	1,187,404	2,264,925
Social services	1,482,897	-	-	395,649	1,878,546	1,798,485
<b>Total program services</b>	<b>11,404,147</b>	<b>52,278</b>	<b>26,549,850</b>	<b>743,415</b>	<b>38,749,690</b>	<b>38,477,296</b>
Supporting services:						
Diocesan administration	8,867,933	1,567,811	-	(613,181)	9,822,563	8,056,071
Interest expense	205,882	3,274,475	-	-	3,480,357	3,371,440
Change in interest rate swap liability	-	630,185	-	-	630,185	(2,817,342)
<b>Total supporting services</b>	<b>9,073,815</b>	<b>5,472,471</b>	<b>-</b>	<b>(613,181)</b>	<b>13,933,105</b>	<b>8,610,169</b>
<b>Total expenses</b>	<b>20,477,962</b>	<b>5,524,749</b>	<b>26,549,850</b>	<b>130,234</b>	<b>52,682,795</b>	<b>47,087,465</b>
<b>Excess (deficiency) of revenues, gains and other support over expenses</b>	<b>(16,397,533)</b>	<b>(2,729,427)</b>	<b>819,794</b>	<b>15,887,628</b>	<b>(2,419,538)</b>	<b>3,970,115</b>
Transfers:						
Transfers (to) from operating	15,039,221	-	-	(16,185,295)	(1,146,074)	(2,409,293)
Transfers (to) from non-operating	2,904,941	(769,500)	10,800	-	2,146,241	360,691
<b>Total net transfers</b>	<b>17,944,162</b>	<b>(769,500)</b>	<b>10,800</b>	<b>(16,185,295)</b>	<b>1,000,167</b>	<b>(2,048,602)</b>
<b>Change in net assets</b>	<b>1,546,629</b>	<b>(3,498,927)</b>	<b>830,594</b>	<b>(297,667)</b>	<b>(1,419,371)</b>	<b>1,921,513</b>
Net assets (deficit):						
Beginning	21,187,519	(3,627,055)	11,833,681	17,441,976	46,836,121	44,914,608
Ending	\$ 22,734,148	\$ (7,125,982)	\$ 12,664,275	\$ 17,144,309	\$ 45,416,750	\$ 46,836,121

**Diocese of Orlando Administrative Offices**

**Statement of Financial Position Information – Current Undesignated Fund  
June 30, 2019  
(With Comparative Totals for June 30, 2018)**

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 3,088,839	\$ 2,086,055
Prepaid expenses and other assets	86,568	36,491
Accrued interest receivable	13,041	20,615
Advances to Diocesan entities, net	26,256	187,044
Investments	9,997,610	10,120,533
Due from other funds	33,161,296	32,298,960
	<u>33,161,296</u>	<u>32,298,960</u>
<b>Total assets</b>	<b>\$ 46,373,610</b>	<b>\$ 44,749,698</b>
<b>Liabilities and Net Assets Without Donor Restrictions</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,788,840	\$ 8,711,557
Lines of credit payable	14,850,622	14,850,622
<b>Total liabilities</b>	<u>23,639,462</u>	<u>23,562,179</u>
Net assets without donor restrictions	22,734,148	21,187,519
<b>Total net assets without donor restrictions</b>	<u>22,734,148</u>	<u>21,187,519</u>
<b>Total liabilities and net assets without donor restrictions</b>	<b>\$ 46,373,610</b>	<b>\$ 44,749,698</b>

**Diocese of Orlando Administrative Offices**

**Statement of Activities Information – Current Undesignated Fund  
Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

	2019	2018
Revenues, gains and other support:		
Contributions and bequests	\$ 377,661	\$ 517,955
Fees for services	2,492,759	2,630,484
Investment income, net	435,532	569,052
Other income	687,741	617,006
Gain on sale of land, buildings and equipment	86,736	-
<b>Total revenues, gains and other support</b>	<b>4,080,429</b>	<b>4,334,497</b>
Expenses:		
Program services:		
Pastoral	3,399,304	3,500,962
Religious personnel development	3,285,297	3,837,770
Education	2,424,967	2,409,948
Donations	811,682	1,844,828
Social services	1,482,897	1,366,710
Supporting services:		
Interest expense	205,882	159,910
Diocesan administration	8,867,933	8,216,838
<b>Total expenses</b>	<b>20,477,962</b>	<b>21,336,966</b>
<b>Deficiency of support and revenue over expenses</b>	<b>(16,397,533)</b>	<b>(17,002,469)</b>
Transfers:		
Transfer from operating funds	15,039,221	14,616,717
Transfer from nonoperating funds	2,904,941	5,315,426
<b>Total transfers</b>	<b>17,944,162</b>	<b>19,932,143</b>
<b>Change in net assets</b>	<b>1,546,629</b>	<b>2,929,674</b>
Net assets without donor restrictions:		
Beginning	21,187,519	18,257,845
Ending	<b>\$ 22,734,148</b>	<b>\$ 21,187,519</b>

Diocese of Orlando Administrative Offices

Combining Statement of Financial Position Information – Current Designated Funds  
 June 30, 2019  
 (With Summarized Totals for June 30, 2018)

	Bishop's Quasi Endowment Fund	Bishop Moore Bond Fund	Bond II Fund	2007 Bond Diocesan Fund	2007 Bond Bridge Fund	2007 Bond Permanent Fund	2007 Bond Hope Fund	Florida Manor Fund	Long-Term Care Fund for Priests	Orlando Catholic Education Foundation Fund	Satellite Communications Fund	Quasi/ Clergy Endowment Fund	Bond Fund Reserve	Total 2019	Total 2018
<b>Assets</b>															
Cash and cash equivalents	\$ 380,118	\$ 22,099	\$ 25,763	\$ 236	\$ 1,525,254	\$ 404	\$ 21	\$ 21,093	\$ 714,222	\$ -	\$ -	\$ -	\$ -	\$ 2,689,210	\$ 2,544,911
Prepaid expenses and other assets	-	9,082	93,079	25,414	43,567	43,567	3,631	-	-	-	-	-	-	218,340	234,181
Accrued interest receivable	29,218	-	-	-	9,319	-	-	22,192	-	-	-	-	-	60,729	77,422
Advances to Diocesan entities, net	-	4,200,883	2,040,000	-	3,760,391	8,595,000	-	-	-	-	-	-	-	18,596,274	20,683,199
Investments	17,693,787	-	-	-	5,657,301	-	-	14,469,806	-	-	-	-	-	37,820,894	37,112,139
Due from other funds	2,560,943	3,552,179	6,172,000	1,598,423	-	-	(42,665)	1,365,365	63,527	31,008	37,583	62,179	1,508,443	16,908,985	16,966,176
<b>Total assets</b>	<b>\$ 20,664,066</b>	<b>\$ 7,784,243</b>	<b>\$ 8,330,842</b>	<b>\$ 1,624,073</b>	<b>\$ 10,995,832</b>	<b>\$ 8,638,971</b>	<b>\$ (39,013)</b>	<b>\$ 15,878,456</b>	<b>\$ 777,749</b>	<b>\$ 31,008</b>	<b>\$ 37,583</b>	<b>\$ 62,179</b>	<b>\$ 1,508,443</b>	<b>\$ 76,294,432</b>	<b>\$ 77,618,028</b>
<b>Liabilities and Net Assets (Deficit) Without Donor Restrictions</b>															
<b>Liabilities:</b>															
Accounts payable and accrued expenses	\$ 6,180,556	\$ 45,025	\$ 72,570	\$ 30,426	\$ 59,410	\$ 52,143	\$ 2,686	\$ 3,370	\$ 89	\$ -	\$ -	\$ -	\$ -	\$ 6,446,275	\$ 6,463,970
Interest rate swap liability	-	517,010	4,001,747	595,904	1,112,243	1,021,272	52,580	-	-	-	-	-	-	7,300,756	6,670,570
Notes payable	-	10,000,000	12,055,000	6,005,000	11,210,000	10,295,000	530,000	-	-	-	-	-	-	50,095,000	50,770,000
Due to other funds	-	-	11,964,070	-	4,857,621	2,756,692	-	-	-	-	-	-	-	19,578,383	17,340,543
<b>Total liabilities</b>	<b>6,180,556</b>	<b>10,562,035</b>	<b>28,093,387</b>	<b>6,631,330</b>	<b>17,239,274</b>	<b>14,125,107</b>	<b>585,266</b>	<b>3,370</b>	<b>89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,420,414</b>	<b>81,245,083</b>
Net assets (deficit) without donor restrictions	14,483,510	(2,777,792)	(19,762,545)	(5,007,257)	(6,243,442)	(5,486,136)	(624,279)	15,875,086	777,660	31,008	37,583	62,179	1,508,443	(7,125,982)	(3,627,055)
<b>Total liabilities and net assets (deficit) without donor restrictions</b>	<b>\$ 20,664,066</b>	<b>\$ 7,784,243</b>	<b>\$ 8,330,842</b>	<b>\$ 1,624,073</b>	<b>\$ 10,995,832</b>	<b>\$ 8,638,971</b>	<b>\$ (39,013)</b>	<b>\$ 15,878,456</b>	<b>\$ 777,749</b>	<b>\$ 31,008</b>	<b>\$ 37,583</b>	<b>\$ 62,179</b>	<b>\$ 1,508,443</b>	<b>\$ 76,294,432</b>	<b>\$ 77,618,028</b>

Diocese of Orlando Administrative Offices

Combining Statement of Activities Information – Current Designated Funds  
 Year Ended June 30, 2019  
 (With Summarized Totals for the Year Ended June 30, 2018)

	Bishop's Quasi Endowment Fund	Bishop Moore Bond Fund	Bond II Fund	2007 Bond Diocesan Fund	2007 Bond Bridge Fund	2007 Bond Permanent Fund	2007 Bond Hope Fund	Florida Manor Fund	Long-term Care Fund for Priests	Orlando Catholic Education Foundation Fund	Satellite Communications Fund	Quasi/ Clergy Endowment Fund	Bond Fund Reserve	Total 2019	Total 2018
Revenues, gains and other support:															
Contributions and bequest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,540	\$ -	\$ -	\$ -	\$ -	\$ 222,540	\$ 209,503
Fees for services	-	25,792	11,382	-	-	-	2,194	-	-	-	-	-	53,527	92,895	100,354
Investment income, net	1,041,431	206,025	85,272	-	354,559	-	16,346	776,254	-	-	-	-	-	2,479,887	2,353,733
<b>Total revenues, gains and other support</b>	<b>1,041,431</b>	<b>231,817</b>	<b>96,654</b>	<b>-</b>	<b>354,559</b>	<b>-</b>	<b>18,540</b>	<b>776,254</b>	<b>222,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,527</b>	<b>2,795,322</b>	<b>2,663,590</b>
Expenses:															
Religious personnel development	13,133	-	-	-	-	-	-	11,189	-	-	-	-	-	24,322	24,119
Donations and special projects	14,220	-	-	-	-	-	-	13,736	-	-	-	-	-	27,956	25,359
Interest expense	-	545,639	882,375	395,512	738,215	677,836	34,898	-	-	-	-	-	-	3,274,475	3,211,530
Change in interest rate swap liability	-	(7,557)	785,343	(31,616)	(59,011)	(53,891)	(3,083)	-	-	-	-	-	-	630,185	(2,817,342)
Diocesan administration	-	2,191	8,773	1,713	816,971	737,938	225	-	-	-	-	-	-	1,567,811	488,716
<b>Total expenses</b>	<b>27,353</b>	<b>540,273</b>	<b>1,676,491</b>	<b>365,609</b>	<b>1,496,175</b>	<b>1,361,883</b>	<b>32,040</b>	<b>24,925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,524,749</b>	<b>932,382</b>
Transfer (in) out	(426,500)	-	-	145,000	25,000	245,000	15,000	(773,000)	-	-	-	-	-	(769,500)	(4,214,228)
<b>Total net transfers</b>	<b>(426,500)</b>	<b>-</b>	<b>-</b>	<b>145,000</b>	<b>25,000</b>	<b>245,000</b>	<b>15,000</b>	<b>(773,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(769,500)</b>	<b>(4,214,228)</b>
<b>Change in net assets</b>	<b>587,578</b>	<b>(308,456)</b>	<b>(1,579,837)</b>	<b>(220,609)</b>	<b>(1,116,616)</b>	<b>(1,116,883)</b>	<b>1,500</b>	<b>(21,671)</b>	<b>222,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,527</b>	<b>(3,498,927)</b>	<b>(2,483,020)</b>
Net assets (deficit) without donor restrictions:															
Beginning	13,895,932	(2,469,336)	(18,182,708)	(4,786,648)	(5,126,826)	(4,369,253)	(625,779)	15,896,757	555,120	31,008	37,583	62,179	1,454,916	(3,627,055)	(1,144,035)
Ending	\$ 14,483,510	\$ (2,777,792)	\$ (19,762,545)	\$ (5,007,257)	\$ (6,243,442)	\$ (5,486,136)	\$ (624,279)	\$ 15,875,086	\$ 777,660	\$ 31,008	\$ 37,583	\$ 62,179	\$ 1,508,443	\$ (7,125,982)	\$ (3,627,055)

Diocese of Orlando Administrative Offices

Combining Statement of Financial Position Information – Current Restricted Funds  
 June 30, 2019  
 (With Summarized Totals for June 30, 2018)

	Assets				Liabilities	Net Assets	Total
	Cash and Cash Equivalents	Pledges Receivable, net	Due From Other Funds	Total	Accounts Payable and Accrued Expenses	With Donor Restrictions	Liabilities and Net Assets With Donor Restrictions
Bishop Dorsey Colloquium Fund	\$ 6,401	\$ -	\$ 19,030	\$ 25,431	\$ -	\$ 25,431	\$ 25,431
Custodian Missionary Coop/ Custodial Collections Funds	-	-	930,055	930,055	879,049	51,006	930,055
Disaster Relief Fund	-	-	238,428	238,428	-	238,428	238,428
Papenbrock (Needy Children) Fund	-	-	6,000	6,000	-	6,000	6,000
Propagation of the Faith Fund	117,953	-	1,098,963	1,216,916	-	1,216,916	1,216,916
Sister Diocese Fund	420,134	-	-	420,134	4,657	415,477	420,134
Seminarian Support Fund	-	-	2,498	2,498	2,604	(106)	2,498
Alive-in-Christ – Campus Ministry	59,847	-	-	59,847	-	59,847	59,847
Pledges receivable	-	15,131,310	-	15,131,310	-	15,131,310	15,131,310
<b>Total current restricted funds, June 30, 2019</b>	<b>\$ 604,335</b>	<b>\$ 15,131,310</b>	<b>\$ 2,294,974</b>	<b>\$ 18,030,619</b>	<b>\$ 886,310</b>	<b>\$ 17,144,309</b>	<b>\$ 18,030,619</b>
<b>Total current restricted funds, June 30, 2018</b>	<b>\$ 1,007,038</b>	<b>\$ 15,039,221</b>	<b>\$ 2,572,533</b>	<b>\$ 18,618,792</b>	<b>\$ 1,176,816</b>	<b>\$ 17,441,976</b>	<b>\$ 18,618,792</b>

Diocese of Orlando Administrative Offices

Combining Statement of Activities Information – Current Restricted Funds  
 Year Ended June 30, 2019  
 (With Summarized Totals for the Year Ended June 30, 2018)

	Revenues, Gains and Other Support					Expenses and Other Deductions					Change in Net Assets	Net Assets With Donor Restrictions Beginning of Year	Net Assets With Donor Restrictions End of Year
	Catholic Appeal Contributions	Contributions and Bequests	Investment Income, net	Other Income	Total	Social Services	Donations and Special Projects	Diocesan Administration	Transfers	Total			
Bishop Dorsey Colloquium Fund	\$ -	\$ -	\$ 64	\$ -	\$ 64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64	\$ 25,367	\$ 25,431
Custodian Missionary Coop/ Custodial Collections Funds	-	-	-	-	-	-	-	(613,361)	613,361	-	-	51,006	51,006
Disaster Relief Fund	-	-	-	-	-	-	-	-	-	-	-	238,428	238,428
Papenbrock (Needy Children) Fund	-	-	3,000	-	3,000	-	-	-	-	-	3,000	3,000	6,000
Propagation of the Faith Fund	-	-	-	-	-	-	-	180	(14,811)	(14,631)	14,631	1,202,285	1,216,916
Sister Diocese Fund	-	538,017	6,385	-	544,402	395,649	-	-	210,541	606,190	(61,788)	477,265	415,477
Seminarian Support Fund	-	336,983	-	-	336,983	-	-	-	336,983	336,983	-	(106)	(106)
Alive-in-Christ – Campus Ministry	-	-	595	-	595	-	-	-	-	-	595	59,252	59,847
Alive-in-Christ – San Pedro	-	-	1,508	-	1,508	-	347,766	-	-	347,766	(346,258)	346,258	-
Diocesan Assessments	15,131,310	-	-	-	15,131,310	-	-	-	15,039,221	15,039,221	92,089	15,039,221	15,131,310
<b>Total current restricted funds, June 30, 2019</b>	<b>\$ 15,131,310</b>	<b>\$ 875,000</b>	<b>\$ 11,552</b>	<b>\$ -</b>	<b>\$ 16,017,862</b>	<b>\$ 395,649</b>	<b>\$ 347,766</b>	<b>\$ (613,181)</b>	<b>\$ 16,185,295</b>	<b>\$ 16,315,529</b>	<b>\$ (297,667)</b>	<b>\$ 17,441,976</b>	<b>\$ 17,144,309</b>
<b>Total current restricted funds, June 30, 2018</b>	<b>\$ 15,039,221</b>	<b>\$ 765,172</b>	<b>\$ 16,513</b>	<b>\$ -</b>	<b>\$ 15,820,906</b>	<b>\$ 431,775</b>	<b>\$ 394,738</b>	<b>\$ (649,483)</b>	<b>\$ 17,788,796</b>	<b>\$ 17,965,826</b>	<b>\$ (2,144,920)</b>	<b>\$ 19,586,896</b>	<b>\$ 17,441,976</b>

**Diocese of Orlando Administrative Offices**

**Combining Statement of Financial Position Information – Designated for Self-Insurance Funds**

**June 30, 2019**

**(With Summarized Totals for June 30, 2018)**

	Property and General Liability Fund	Accident and Health Fund	Unemployment Compensation Funds	Total 2019	Total 2018
<b>Assets</b>					
Cash and cash equivalents	\$ 6,677,320	\$ 5,537,093	\$ 2,466,054	\$ 14,680,467	\$ 11,507,186
Prepaid expenses and other assets	2,194,861	-	-	2,194,861	1,619,192
Bequests and other receivables, net	497,418	141,684	31,799	670,901	520,287
Investments	90,312	-	-	90,312	95,767
Due from other funds	(96,867)	(14,300)	75	(111,092)	2,012,350
<b>Total assets</b>	<b>\$ 9,363,044</b>	<b>\$ 5,664,477</b>	<b>\$ 2,497,928</b>	<b>\$ 17,525,449</b>	<b>\$ 15,754,782</b>
<b>Liabilities and Net Assets Without Donor Restrictions</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 11,053	\$ 368,311	\$ 7,087	\$ 386,451	\$ 520,667
Self-insurance claim liabilities	2,668,425	1,801,298	5,000	4,474,723	3,400,434
<b>Total liabilities</b>	<b>2,679,478</b>	<b>2,169,609</b>	<b>12,087</b>	<b>4,861,174</b>	<b>3,921,101</b>
Net assets without donor restrictions, designated for special use, self-insurance fund	<b>6,683,566</b>	<b>3,494,868</b>	<b>2,485,841</b>	<b>12,664,275</b>	<b>11,833,681</b>
<b>Total liabilities and net assets without donor restrictions</b>	<b>\$ 9,363,044</b>	<b>\$ 5,664,477</b>	<b>\$ 2,497,928</b>	<b>\$ 17,525,449</b>	<b>\$ 15,754,782</b>

Diocese of Orlando Administrative Offices

Combining Statement of Activities Information – Designated for Self-Insurance Funds

Year Ended June 30, 2019

(With Summarized Totals for the Year Ended June 30, 2018)

	Property and General Liability Fund	Accident and Health Fund	Unemployment Compensation Funds	Total 2019	Total 2018
Revenues, gains and other support:					
Self-insurance premiums and service fees	\$ 6,111,323	\$ 20,516,997	\$ 513,949	\$ 27,142,269	\$ 27,038,094
Investment income, net	55,012	12,765	-	67,777	32,695
Other income	132,546	27,052	-	159,598	1,167,798
<b>Total revenues, gains and other support</b>	<b>6,298,881</b>	<b>20,556,814</b>	<b>513,949</b>	<b>27,369,644</b>	<b>28,238,587</b>
Expenses:					
Losses and loss adjustment expenses	2,185,667	17,956,083	-	20,141,750	19,169,405
Premium for excess coverage insurance	2,383,712	-	-	2,383,712	2,195,574
Administration expense	1,889,468	2,087,622	47,298	4,024,388	3,276,108
<b>Total expenses</b>	<b>6,458,847</b>	<b>20,043,705</b>	<b>47,298</b>	<b>26,549,850</b>	<b>24,641,087</b>
Transfers in (out)	-	10,800	-	10,800	22,279
<b>Change in net assets without donor restrictions</b>	<b>(159,966)</b>	<b>523,909</b>	<b>466,651</b>	<b>830,594</b>	<b>3,619,779</b>
Net assets without donor restrictions:					
Beginning	6,843,532	2,970,959	2,019,190	11,833,681	8,213,902
Ending	\$ 6,683,566	\$ 3,494,868	\$ 2,485,841	\$ 12,664,275	\$ 11,833,681

**Diocese of Orlando Administrative Offices**

**Statement of Financial Position Information – Diocesan Savings Fund  
June 30, 2019  
(With Comparative Totals for June 30, 2018)**

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 44,948,708	\$ 35,683,190
Prepaid expenses and other assets	98,016	103,176
Accrued interest receivable	459,708	388,134
Loans receivable, net	23,151,709	21,205,590
Investments	75,498,356	70,352,289
Due from other funds	27,252,544	27,252,544
	<u>171,409,041</u>	<u>154,984,923</u>
<b>Total assets</b>	<b>\$ 171,409,041</b>	<b>\$ 154,984,923</b>
<b>Liabilities and Net Assets Without Donor Restrictions</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 111,522	\$ 141,051
Interest rate swap liability	1,884,522	1,836,769
Savings deposits	149,250,325	138,302,715
Notes payable	23,660,000	24,275,000
<b>Total liabilities</b>	<u>174,906,369</u>	<u>164,555,535</u>
Net assets (deficit) without donor restrictions	<u>(3,497,328)</u>	<u>(9,570,612)</u>
<b>Total liabilities and net assets (deficit) without donor restrictions</b>	<b>\$ 171,409,041</b>	<b>\$ 154,984,923</b>

**Diocese of Orlando Administrative Offices**

**Statement of Activities Information – Diocesan Savings Fund  
Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

	2019	2018
Revenues, gains and other support:		
Investment income, net	\$ 8,051,900	\$ 2,963,658
Other income	1,242,802	780,963
<b>Total revenues, gains and other support</b>	<b>9,294,702</b>	<b>3,744,621</b>
Expenses:		
Interest expense	2,756,499	2,708,794
Change in interest rate swap liability	47,752	(1,185,654)
Bad debt	155,000	250,000
Other	262,167	244,373
<b>Total expenses</b>	<b>3,221,418</b>	<b>2,017,513</b>
<b>Change in net assets without donor restrictions</b>	<b>6,073,284</b>	<b>1,727,108</b>
Net assets (deficit) without donor restrictions:		
Beginning	(9,570,612)	(11,297,720)
Ending	\$ (3,497,328)	\$ (9,570,612)

**Diocese of Orlando Administrative Offices**

**Statement of Financial Position Information – Plant Fund  
June 30, 2019  
(With Comparative Totals for June 30, 2018)**

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 592,495	\$ 601,752
Prepaid expenses and other assets	81,001	196,505
Accrued interest receivable	44,368	55,380
Investments	27,504,151	26,537,704
Land, buildings and equipment, net	37,373,420	43,081,400
Due from other funds	6,172,000	6,172,000
	<u>6,172,000</u>	<u>6,172,000</u>
<b>Total assets</b>	<b>\$ 71,767,435</b>	<b>\$ 76,644,741</b>
<b>Liabilities and Net Assets Without Donor Restrictions</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 6,927,985	\$ 6,924,842
Due to other funds	49,739,445	53,603,743
<b>Total liabilities</b>	<b>56,667,430</b>	<b>60,528,585</b>
Net assets without donor restrictions	<u>15,100,005</u>	<u>16,116,156</u>
<b>Total liabilities and net assets without donor restrictions</b>	<b>\$ 71,767,435</b>	<b>\$ 76,644,741</b>

**Diocese of Orlando Administrative Offices**

**Statement of Activities Information – Plant Fund  
Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

	2019	2018
Additions:		
Investment income, net	\$ 1,579,823	\$ 1,152,319
Gain on sale of land and property	1,304,275	2,571,921
Other income	46,258	50,991
<b>Total additions</b>	<b>2,930,356</b>	<b>3,775,231</b>
Deductions:		
Property taxes	82,420	123,101
Depreciation	633,446	666,659
Interest expense	1,585,634	1,520,737
Other	314,149	237,928
Donations	533,690	-
<b>Total deductions</b>	<b>3,149,339</b>	<b>2,548,425</b>
Transfers:		
Transfers from other funds	(797,168)	3,623,144
<b>Change in net assets without donor restrictions</b>	<b>(1,016,151)</b>	<b>4,849,950</b>
Net assets (deficit) without donor restrictions:		
Beginning	16,116,156	11,266,206
Ending	<b>\$ 15,100,005</b>	<b>\$ 16,116,156</b>

Diocese of Orlando Administrative Offices

Combining Statement of Financial Position Information – Endowment Funds

June 30, 2019

(With Summarized Totals for June 30, 2018)

	Seminarian Burse Fund	St. Anne's Shrine Fund	Pelletier Fund	Dennis Quinn Fund	Papenbrock Fund	School Endowment Fund	Alive in Christ Endowment Fund	Bishop Dorsey Fund	Total 2019	Total 2018
<b>Assets</b>										
Cash and cash equivalents	\$ 3,457	\$ -	\$ -	\$ 224,501	\$ 11,705	\$ -	\$ 718,039	\$ 25,253	\$ 982,955	\$ 991,548
Pledges receivable, net	-	-	-	-	-	-	-	-	-	3,283
Accrued interest receivable	9,900	-	-	-	-	-	1,311	-	11,211	10,648
Investments	4,744,999	-	-	264,987	197,741	-	11,519,782	-	16,727,509	16,617,691
Due from other funds	73,803	31,223	24,936	-	-	1,550,136	(5,136)	509,548	2,184,510	2,199,510
<b>Total assets</b>	<b>\$ 4,832,159</b>	<b>\$ 31,223</b>	<b>\$ 24,936</b>	<b>\$ 489,488</b>	<b>\$ 209,446</b>	<b>\$ 1,550,136</b>	<b>\$ 12,233,996</b>	<b>\$ 534,801</b>	<b>\$ 19,906,185</b>	<b>\$ 19,822,680</b>
<b>Liabilities and Net Assets with Donor Restrictions</b>										
Net assets with donor restrictions	\$ 4,832,159	\$ 31,223	\$ 24,936	\$ 489,488	\$ 209,446	\$ 1,550,136	\$ 12,233,996	\$ 534,801	\$ 19,906,185	\$ 19,822,680
<b>Total liabilities and net assets with donor restrictions</b>	<b>\$ 4,832,159</b>	<b>\$ 31,223</b>	<b>\$ 24,936</b>	<b>\$ 489,488</b>	<b>\$ 209,446</b>	<b>\$ 1,550,136</b>	<b>\$ 12,233,996</b>	<b>\$ 534,801</b>	<b>\$ 19,906,185</b>	<b>\$ 19,822,680</b>

**Diocese of Orlando Administrative Offices**

**Combining Statement of Activities Information – Endowment Funds  
Year Ended June 30, 2019  
(With Summarized Totals for the Year Ended June 30, 2018)**

	Seminarian Burse Fund	St. Anne's Shrine Fund	Pelletier Fund	Dennis Quinn Fund	Papenbrock Fund	School Endowment Fund	Alive in Christ Endowment Fund	Bishop Dorsey Fund	Total 2019	Total 2018
Revenue, gains, and other support:										
Contributions and bequests	\$ 36,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 737	\$ -	\$ 37,722	\$ 185,014
Gain on sale of assets	-	-	-	-	-	-	-	-	-	17,368
Investment income, net	418,503	-	-	16,918	10,358	-	606,814	251	1,052,844	1,061,969
<b>Total revenue, gains and other support</b>	<b>455,488</b>	<b>-</b>	<b>-</b>	<b>16,918</b>	<b>10,358</b>	<b>-</b>	<b>607,551</b>	<b>251</b>	<b>1,090,566</b>	<b>1,264,351</b>
Expenses:										
Fees and expenses	2,815	-	-	4,977	16,557	15,000	764,712	-	804,061	676,399
Transfers:										
Transfers to current restricted fund	(203,000)	-	-	-	-	-	-	-	(203,000)	(1,574,542)
<b>Change in net assets with donor restrictions</b>	<b>249,673</b>	<b>-</b>	<b>-</b>	<b>11,941</b>	<b>(6,199)</b>	<b>(15,000)</b>	<b>(157,161)</b>	<b>251</b>	<b>83,505</b>	<b>(986,590)</b>
Net assets with donor restrictions:										
Beginning	4,582,486	31,223	24,936	477,547	215,645	1,565,136	12,391,157	534,550	19,822,680	20,809,270
Ending	\$ 4,832,159	\$ 31,223	\$ 24,936	\$ 489,488	\$ 209,446	\$ 1,550,136	\$ 12,233,996	\$ 534,801	\$ 19,906,185	\$ 19,822,680