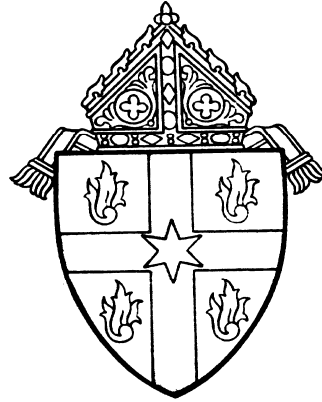


Catholic Diocese
of Saginaw
Centralized
Programs and
Administration



Years Ended
June 30,
2021 and 2020

Financial
Statements
and
Supplementary
Information

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CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements for the Years Ended June 30, 2021 and 2020	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9
Independent Auditors' Report on Supplementary Information	34
Supplementary Financial Information	35
Exhibit 1: Schedule of Changes in Net Assets Without Donor Restrictions for the Year Ended June 30, 2021	36
Exhibit 2: Schedule of Changes in Net Assets Without Donor Restrictions for the Year Ended June 30, 2020	38
Exhibit 3: Schedule of Changes in Net Assets With Donor Restrictions for the Year Ended June 30, 2021	40
Exhibit 4: Schedule of Changes in Net Assets With Donor Restrictions for the Year Ended June 30, 2020	41
Exhibit 5: Schedule of Donations and Distributions from Special Events for the Year Ended June 30, 2021	42

INDEPENDENT AUDITORS' REPORT

December 1, 2021

The Most Reverend Robert D. Gruss
Roman Catholic Bishop
Catholic Diocese of Saginaw
Saginaw, Michigan

We have audited the accompanying financial statements of the ***Catholic Diocese of Saginaw Centralized Programs and Administration*** (the "Diocese"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor 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 Diocese'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 Diocese'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.

Basis for Qualified Opinion

As explained in Note 1 to the financial statements, the Diocese follows the financial reporting policy of expensing property and equipment at the time of purchase. In our opinion, accounting principles generally accepted in the United States of America require capitalization of property and equipment acquired and depreciation of such assets over their estimated useful lives. The effects of this departure from generally accepted accounting principles on the accompanying financial statements and notes thereto have not been determined.

Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the ***Catholic Diocese of Saginaw Centralized Programs and Administration*** as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements being presented are only for funds for which the ***Catholic Diocese of Saginaw Centralized Programs and Administration*** retains operational control and do not reflect the assets, liabilities, and results of operations of parishes, schools, and other diocesan organizations. Accordingly, the accompanying financial statements are not intended to present the financial position of the parishes, schools, and other diocesan organizations as of June 30, 2021 and 2020 or the changes in their net assets, statements of functional expenses, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2021 the Diocese adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

In addition, as described in Note 1 to the consolidated financial statements, in 2021 the Diocese adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, related to contributions made. Our opinion is not modified with respect to this matter.



**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

Statements of Financial Position

	June 30	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,919,832	\$ 403,460
Deposits held with the Interparish Deposit and Loan Program	-	10,242,817
Total cash and cash equivalents	1,919,832	10,646,277
Michigan no fault self insurance loss reserve	25,730	30,578
Appeal pledges receivable	555,086	161,714
Other pledges receivable, net of allowance of \$80,317 in 2021	77,989	278,616
Accounts receivable, net of allowance for doubtful accounts of \$67,767 in both years	251,232	992,376
Investments	33,494,166	-
Other assets	77,479	43,742
Notes receivable, including Appeal, net of allowance for doubtful accounts of \$193,570 (\$132,294 in 2020)	445,098	594,594
Total assets	\$ 36,846,612	\$ 12,747,897
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 188,149	\$ 243,176
Accrued expenses and other liabilities	198,708	205,405
Paycheck Protection Program loan payable	573,140	573,100
Michigan no fault self insurance loss reserve	25,730	30,578
Funds held for others	318,203	358,363
Total liabilities	1,303,930	1,410,622
Commitments and contingencies (Note 10)		
Net assets		
Without donor restrictions	30,697,042	6,601,859
With donor restrictions		
Restricted for specific purpose	4,845,640	4,735,416
Total net assets	35,542,682	11,337,275
Total liabilities and net assets	\$ 36,846,612	\$ 12,747,897

The accompanying notes are an integral part of these financial statements.

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

Statement of Activities and Changes in Net Assets

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	\$ 173,036	\$ 943,369	\$ 1,116,405
Christ's Mission Appeal (Appeal)	3,693,002	-	3,693,002
Interest income IPDL	136,422	-	136,422
Net investment income	2,594,768	-	2,594,768
Workshops and tuition	35,391	-	35,391
Rentals and other services	414,932	-	414,932
Related services	893	-	893
Forgiveness of Paycheck Protection Program loan payable	573,100	-	573,100
Other	5,167	-	5,167
Net assets released:			
Satisfaction of purpose restrictions	833,145	(833,145)	-
Total revenues, gains, and other support	8,459,856	110,224	8,570,080
Expenses and transfers			
Program	4,919,149	-	4,919,149
Administration	976,314	-	976,314
Fundraising	49,252	-	49,252
Transfer to CCFMM	4,473	-	4,473
Total expenses and transfers	5,949,188	-	5,949,188
Change in net assets before transfer	2,510,668	110,224	2,620,892
Transfer of net assets from Interparish Deposit and Loan Program (Note 9)	21,584,515	-	21,584,515
Change in net assets	24,095,183	110,224	24,205,407
Net assets - beginning of year	6,601,859	4,735,416	11,337,275
Net assets - end of year	\$ 30,697,042	\$ 4,845,640	\$ 35,542,682

The accompanying notes are an integral part of these financial statements.

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

Statement of Activities and Changes in Net Assets

	Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	\$ 343,912	\$ 1,314,347	\$ 1,658,259
Interest income	206,824	93,118	299,942
Workshops and tuition	215,583	-	215,583
Rentals and other services	440,817	-	440,817
Related services	3,902	-	3,902
Other	4,527,296	-	4,527,296
Net assets released:			
Satisfaction of purpose restrictions	2,256,433	(2,256,433)	-
Expiration of time restrictions-Appeal	3,683,038	(3,683,038)	-
Total revenues, gains, and other support	11,677,805	(4,532,006)	7,145,799
Expenses and transfers			
Program	7,319,908	-	7,319,908
Administration	621,680	-	621,680
Fundraising	64,419	-	64,419
Transfer to CCFMM	3,874	-	3,874
Total expenses and transfers	8,009,881	-	8,009,881
Change in net assets	3,667,924	(4,532,006)	(864,082)
Net assets - beginning of year	2,933,935	9,267,422	12,201,357
Net assets - end of year	\$ 6,601,859	\$ 4,735,416	\$ 11,337,275

The accompanying notes are an integral part of these financial statements.

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

Statement of Functional Expenses

	Year Ended June 30, 2021			
	Program Services	Administration	Fundraising	Total
Grant and scholarship awards	\$ 779,521	\$ -	\$ -	\$ 779,521
Salaries and wages	1,909,315	324,438	18,291	2,252,044
Payroll taxes	119,301	13,537	1,268	134,106
Employee benefits	590,406	54,435	6,516	651,357
Travel, meals, and entertainment	25,906	4,756	-	30,662
Dues and staff development	255,987	40,492	-	296,479
Public relations and community development	21,440	-	608	22,048
Events	33,081	10,405	15,023	58,509
Professional fees	348,565	198,662	-	547,227
Office supplies and expenses	130,434	14,216	5,345	149,995
Occupancy	409,798	45,508	1,650	456,956
Furnishings and equipment	48,301	2,473	-	50,774
Insurance	101,601	2,000	551	104,152
Cost of service income	3,059	-	-	3,059
Bad debt expense	141,593	265,392	-	406,985
Other	841	-	-	841
Total expenses	\$ 4,919,149	\$ 976,314	\$ 49,252	\$ 5,944,715

The accompanying notes are an integral part of these financial statements.

CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION

Statement of Functional Expenses

	Year Ended June 30, 2020			
	Program Services	Administration	Fundraising	Total
Grant and scholarship awards	\$ 1,555,568	\$ -	\$ -	\$ 1,555,568
Salaries and wages	2,083,837	255,610	19,044	2,358,491
Payroll taxes	132,878	6,370	1,337	140,585
Employee benefits	584,579	37,013	7,502	629,094
Travel, meals, and entertainment	133,399	28,065	-	161,464
Dues and staff development	153,110	43,918	-	197,028
Public relations and community development	31,626	11,852	2,648	46,126
Events	142,407	77,855	25,841	246,103
Professional fees	346,914	54,809	4,696	406,419
Office supplies and expenses	70,280	21,427	1,201	92,908
Occupancy	1,769,053	78,418	1,622	1,849,093
Furnishings and equipment	170,448	4,426	-	174,874
Insurance	98,590	1,917	528	101,035
Cost of service income	46,414	-	-	46,414
Other	805	-	-	805
Total expenses	\$ 7,319,908	\$ 621,680	\$ 64,419	\$ 8,006,007

The accompanying notes are an integral part of these financial statements.

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

Statements of Cash Flows

	Year Ended June 30	
	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 24,205,407	\$ (864,082)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Transfer of net assets from Interparish Deposit and Loan Program	(21,584,515)	-
Net realized and unrealized appreciation on investments	(2,363,606)	-
Bad debt expense for accounts receivable	265,392	-
Increase (reduction) in allowance for uncollectible notes receivable	61,276	(3,466)
Increase in allowance for uncollectible pledges receivable	80,317	-
Forgiveness of Paycheck Protection Program loan payable	(573,100)	-
Changes in operating assets and liabilities which (used) provided cash		
Appeal pledges receivable	(482,408)	1,186,949
Other pledges receivable	120,310	135,818
Accounts receivable	475,752	(567,253)
Other assets	(33,737)	212,739
Accounts payable	(55,027)	30,590
Accrued expenses and other liabilities	(6,697)	56,090
Funds held for others	(40,160)	(25,017)
Net cash provided by operating activities	69,204	162,368
Cash flows from investing activities		
Proceeds from sales and maturities of investments	44,702	-
Purchases of investments	(9,590,747)	-
Issuance of notes receivable	(31,102)	-
Collections of notes receivable	208,358	302,738
Net cash (used in) provided by investing activities	(9,368,789)	302,738
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan payable	573,140	573,100
Net (decrease) increase in cash and cash equivalents	(8,726,445)	1,038,206
Cash and cash equivalents - beginning of year	10,646,277	9,608,071
Cash and cash equivalents - end of year	\$ 1,919,832	\$ 10,646,277

The accompanying notes are an integral part of these financial statements.

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

1. MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying financial statements report the centralized programs and administration assets, liabilities, activities, functional expenses and cash flows of the ***Catholic Diocese of Saginaw*** (the “Diocese”). The Centralized Programs of the Diocese enable the Bishop of the Diocese of Saginaw to offer on-going monetary support, in the name of the Diocese, to charitable causes on a national and international level and to offer programs and activities on a diocesan and parochial level by way of the personnel and resources in his employment. The accompanying financial statements exclude the assets, liabilities, activities, functional expenses and cash flows of the parishes and related parish organizations, St. Francis Home, Holy Cross Services, The Partnership Center, Emmaus House, Catholic Family Service, Clergy Benefit Society, Bay Area Catholic Schools, Saginaw Area Catholic Schools, Catholic Community Foundation of Mid-Michigan (“CCFMM”), Little Books, and St. Mary’s Hospital. These excluded organizations are funded substantially from sources other than the Diocese. During the normal course of operations, the Diocese periodically makes cash and in-kind donations to these organizations. The Diocesan staff may also provide administrative support to these and other Catholic organizations. The support may be donated or provided for a fee.

The accompanying financial statements also exclude the assets, liabilities, activities, functional expenses and cash flows of the Catholic Diocese of Saginaw’s Interparish Deposit and Loan Program (the “Program”) and the Catholic Diocese of Saginaw Catholic Cemeteries (the “Cemeteries”). Accordingly, these financial statements do not present the consolidated financial position of the Diocese and related organizations under its control.

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

Risks and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. Many State Governors issued temporary Executive Orders that, among other stipulations, effectively prohibited in-person work activities for most businesses and industries including nonprofit entities, having the effect of suspending or severely curtailing operations. As a result, the COVID-19 outbreak is disrupting and affecting the Diocese's normal activities. The extent of the ultimate impact of the pandemic on the Diocese's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on parishes and related Catholic organizations, program recipients, employees, and vendors, all of which cannot be reasonably predicted at this time. In addition, the current environment may place additional demands on the Diocese for providing immediate financial support and services to its parishes and related Catholic organizations. During fiscal 2020, the Diocese made payments on behalf of certain parishes for assessments in the amount of \$568,209. At June 30, 2021, \$177,843 remains due and is expected to be repaid in fiscal 2022. The Diocese also secured borrowings through the Paycheck Protection Program ("PPP"), obtained through the federal *Coronavirus Aid, Relief, and Economic Security Act* ("CARES Act"), which was enacted into law on March 28, 2020, and through the *Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act* (Economic Aid Act, which was enacted into law on December 27, 2020). PPP borrowing in the amount of \$573,100 was obtained in fiscal 2020; such borrowing was forgiven in fiscal 2021. The Diocese received an additional secured borrowing in the amount of \$573,140 in fiscal 2021 (see Note 7). Due to the pandemic, the Diocese deferred the annual 2020 appeal pledge drive to August 2020. Additionally, in fiscal 2020, the Diocese received other income of \$4,000,000 from the Michigan Catholic Conference to assist with cash flow during the pandemic. In August 2021, the Diocese applied for an Employee Retention Tax Credit under the CARES Act in the amount of \$223,293. While management believes that the Diocese is entitled to these credits, they will not be recognized until the credits are received. While management reasonably expects the COVID-19 outbreak to negatively impact the Diocese's financial position, changes in net assets, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Concentration Risks

The Diocese invests in various investment securities. 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, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect the account balances and the amounts reported in the statements of financial position and statements of activities and changes in net assets.

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 year. Actual results could differ from those estimates. Significant estimates include but are not limited to the determination of the allowance for losses on accounts and notes receivable, allowance for uncollectible pledges receivable, and the fair value of certain investments.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions:	Net assets available for use in general operations and not subject to donor restrictions. The Finance Council or the Bishop has designated, from net assets without donor restrictions, net assets to ensure appropriate sums of net assets without donor restrictions are available for operations.
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Net Assets With Donor Restrictions:	Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where a donor stipulates that the resource be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, stipulated purpose for which the resources was restricted has been fulfilled or both.
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Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of estimated time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would produce a different amount.

Cash and Cash Equivalents, including Deposits Held with the Interparish Deposit and Loan Program

Cash and cash equivalents consist of cash on hand, demand deposits with banks or other financial institutions, deposits in money market funds, and deposits with the Interparish Deposit and Loan Program.

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

The Diocese maintains cash accounts with insured financial institutions and short-term investment funds with the Michigan Catholic Conference National Catholic Investment Pool. Some of these accounts exceed federally insured limits resulting in uninsured balances of approximately \$1,683,000 at June 30, 2021. Management does not believe the Diocese is exposed to any significant interest, credit, or other financial risk as a result of these deposits.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data such as the reporting entity's own data (Level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset.

For a further discussion of Fair Value Measurements, refer to Note 5 to the financial statements.

Investments

The Diocese reports investments in the net assets of a pool of investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses and investment dividends and interest are reflected in the statements of activities and changes in net assets within net investment income. Investment income is reported net of direct investment expenses.

Revenue Recognition

The Diocese's revenue consists of contributions, including the Christ's Mission Appeal (the "Appeal"), investment income, interest income, rentals, workshops, tuition, and other services. Rental income is recorded monthly in accordance with rental agreements, which is exempt from compliance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, due to inclusion under lease standards. Investment and interest income are also exempt from Accounting Standards Codification Topic 606.

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

Revenue from Contracts with Customers and Deferred Revenue

Workshops, tuition, and other service revenue are recorded at the amount expected to be received. Payments in advance are considered contract liabilities and are recorded as accrued expenses and other liabilities in the accompanying statements of financial position. The Diocese satisfies its performance obligation over time as the workshop, program, or service is provided. Revenue is recognized in the month the performance obligation is met.

Accounts Receivable and Pledges Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. The Diocese provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Accounts receivable and pledges receivable were as follows for the years ended June 30:

	2021	2020
Accounts receivable, net, beginning of year	\$ 992,376	\$ 425,123
Accounts receivable, net, end of year	251,232	992,376
Pledges receivable, net, beginning of year	440,330	1,763,097
Pledges receivable, net, end of year	633,075	440,330

Notes Receivable

Notes receivable consist of unsecured cash advances made to seminarians, Catholic organizations within the Diocese, and Catholic parishes, primarily regarding receivables related to the Appeal. Collection terms vary and the notes bear interest at rates ranging from 0% to 4.5% as of June 30, 2021 and 2020.

Notes receivable are stated at the amount management expects to collect from outstanding balances. The Diocese provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to notes receivable. Changes in the valuation allowance have not been material to the financial statements.

Nonperforming notes receivable are comprised of accruing notes receivable contractually past due 90 days or more as to interest or principal payments and not making regular payments, as well as notes receivable modified under troubled debt restructurings. (See Note 6)

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

Allowance for Notes Receivable

The allowance for losses on notes receivable (“allowance”) is an estimate of losses inherent in the Diocese’s notes receivable portfolio. The allowance is established through a provision for losses which is charged to expense. Additions to the allowance are expected to maintain the appropriateness of the total allowance after losses on notes receivable. Losses on notes receivable are charged off against the allowance when the Diocese determines the notes receivable balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance.

The allowance is maintained by management at a level considered adequate to absorb estimated potential losses inherent in the notes receivable portfolio. At least annually, management reviews the appropriateness of the allowance, including consideration of collectability of notes receivable based on historical experiences, general economic conditions, information about specific borrower situations including their financial position, effects of current developments for a specific borrower, and other factors and estimates which are subject to change over time. If management determines that changes are warranted based on its review, the allowance is adjusted. Allowances for impaired receivables are generally determined based on the present value of estimated cash flows. In management’s judgment, the allowance for losses is maintained at a level adequate to provide for estimated losses inherent in the notes receivable portfolio. However, because of uncertainties inherent in the estimation process, it is possible that the allowance for losses may change in the near term.

A note is considered impaired when, based on current information and events, it is probable that the Diocese will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the note receivable agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Notes receivable that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the note receivable and the borrower, including the length of the delay, the reasons for the delay, the borrower’s prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a note-by-note basis by either the present value of expected future cash flows discounted at the note receivable’s effective interest rate, or the note receivable’s obtainable market price.

Under certain circumstances, the Diocese will provide borrowers relief through note receivable restructurings. A note receivable restructuring constitutes a troubled debt restructuring (“TDR”) if for economic or legal reasons related to the borrower’s financial difficulties the Diocese grants a concession to the borrower that it would not otherwise consider. Restructured notes receivable typically present an elevated level of credit risk as the borrowers are not able to perform according to the original contractual terms. Loans that are reported as TDRs are considered impaired and measured for impairment as described above.

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

Property and Equipment

Property and equipment purchased by the Diocese are consistently charged to operations during the year purchased. Generally accepted accounting principles require capitalization of property and equipment purchases that exceed a specific threshold and one year of service and depreciation of those assets over their estimated useful lives.

Unconditional Promises to Give and Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received or when verifiable evidence that the promise was made exists. Such contributions are recorded as support without donor restrictions or support with donor restrictions depending on the existence and/or nature of any donor restrictions. The Diocese reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are received. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions upon which they depend have been met.

Contributed Services

Support arising from contributed services of certain religious and lay personnel has not been recorded in the financial statements as the rendering of such services does not involve creation of non-financial assets, and such services would not typically need to be procured if not provided by donation.

Designation of Net Assets Without Donor Restrictions

It is the policy of the Finance Council of the Diocese to review its plans for future property improvements, operational expenditures and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

Income Taxes

The Diocese is a not-for-profit organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is a religious entity exempt from tax filing requirements. It is exempt from similar state and local taxes. Although the Diocese was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.”

The Diocese analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions. The Diocese treats interest and penalties attributable to income taxes, and reflects any charges for such, to the extent they arise, as a component of its administrative expenses.

The Diocese has evaluated its income tax filing positions for the fiscal years 2017 through 2021, the years which remain subject to examination by major tax jurisdictions as of June 30, 2021. The Diocese concluded that there are no significant uncertain tax positions requiring recognition in the Diocese’s financial statements. The Diocese does not expect the total amount of unrecognized tax benefits (“UTB”) (e.g., tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Diocese does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2021 or 2020, and it is not aware of any claims for such amounts by federal or state income tax authorities.

Change in Accounting Principle

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, in May 2014. The standard, as amended requires revenue to be recognized when promised goods and services are transferred to customers in amounts that reflect the consideration to which the Diocese expects to be entitled in exchange for those goods or services. The standard also requires expanded disclosures regarding revenue and contracts with customers. On July 1, 2020, the Diocese adopted the standard using the modified retrospective method for contracts that were not completed as of June 30, 2020. There was no significant impact to the timing or amount of revenue recognized as a result of this adoption.

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, in June 2018 which was effective for the Diocese for the year ended June 30, 2020 related to contributions made. The amendments in ASU No. 2018-08 clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations. On July 1, 2020, the Diocese adopted the standard on its contributions made using the modified prospective basis and elected to apply the standard only to agreements that were entered into after that date. There was no impact to the timing or amount of grant expense recorded as a result of this adoption.

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

Subsequent Events

In preparing these financial statements, the Diocese has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2021, the most recent statement of financial position presented herein, through December 1, 2021, the date these financial statements were available to be issued. No significant such events or transactions were identified, other than the matter noted in Risks and Economic Uncertainties above.

2. LIQUIDITY AND AVAILABILITY

The following table provides the Diocese financial assets on June 30, reduced by the amount not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2021	2020
Assets, at year end	\$ 36,846,612	\$ 12,747,897
Reduced by the following:		
Funds with donor restriction	(4,845,640)	(4,735,416)
Designated funds	(2,706,521)	(2,500,000)
Insurance loss reserve	(25,730)	(30,578)
Other pledges receivable, net	(6,833)	(165,325)
Other assets	(77,479)	(43,742)
Notes receivable, net	<u>(445,098)</u>	<u>(594,594)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 28,739,311</u>	<u>\$ 4,678,242</u>

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

The Organization has \$28,739,311 and \$4,678,242 of financial assets available within one year of June 30, 2021 and 2020, respectively, to meet cash needs for general expenditures. The Diocese manages its liquidity required to meet its operating needs while also trying to maximize its available funds. The cash balances include demand deposits with banks and other financial institutions, deposits with the Interparish Deposit and Loan Program, and cash on hand which are not subject to any compensating balance restrictions. Management designated funds excludes two funds, Cathedral Renovation and Legacy of Faith Fund, with deficit balances totaling \$4,100,979 and \$4,215,051 in fiscal 2021 and 2020, respectively. The Diocese funded the excess expenditures related to the projects for these funds and expects to repay the deficit balances through future fundraising and pledges. Additionally, management designated funds exclude the Budget Excess/Discretionary Fund, which has a balance of \$7,352,010 and \$5,003,443 as of June 30, 2021 and 2020, respectively. While this fund is designated, it is designated to cover any expenses in the upcoming year that exceed budget. Additionally, management designated funds excludes the other pledges receivable, net, of \$6,833 and \$165,325 as of June 30, 2021 and 2020, respectively, as income related to these pledges would be included in the designated fund balances. Other pledges receivable, net, are limited to those funds that are expected to be collected in the next fiscal year, as the revenues were included in undesignated net assets without donor restrictions. While a portion of notes receivable, net, could be collected in the next fiscal year, there is no formal repayment schedule, so they were excluded from financial assets available to meet cash needs for general expenditures within one year.

3. UNCONDITIONAL PROMISES TO GIVE

During fiscal year 2016, the Diocese commenced a capital campaign to fund a renovation project on the Cathedral of Mary of the Assumption, the parish of the Bishop. The outstanding pledge balance is recorded as other pledges receivable in the accompanying statements of financial position. Unconditional promises to give, net of discount and allowance for doubtful accounts, consist of the following amounts at June 30:

	2021	2020
Less than one year	\$ 151,473	\$ 113,291
One to five years	6,000	163,903
Five to ten years	900	2,000
Total	158,373	279,194
Less unamortized discount (based on imputed interest rate of 0.87% in 2021 and 0.29% in 2020)	67	578
Less allowance for doubtful accounts	80,317	-
Net unconditional promises to give	\$ 77,989	\$ 278,616

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS

During fiscal 2021, the Diocese invested in the National Catholic Investment Pool (the "Pool"), and has approximately 4.2% interest in the net assets of the Pool as of June 30, 2021. Total net interest in investments in the Pool by the Diocese, at fair value, were \$33,494,166 at June 30, 2021. Total net interest in cash in the Pool by the Diocese was \$611,997 at June 30, 2021. Michigan Catholic Conference ("MCC") is the administrator of the Pool. The assets of the Pool are held by Northern Trust Company, the custodian of the Pool, and are managed by independent investment managers. At June 30, 2021, the fair value of the Diocese's interest in the net assets of the Pool is based on the beginning of the period value of the Diocese's interest in the Pool, plus contributions and allocated investment income and appreciation/depreciation, less withdrawals and expenses.

Underlying investments held by the Pool are stated at fair value, as determined by Northern Trust Company, generally based on quoted market prices. Investment income for each investment manager is allocated to the individual investors based upon average monthly balances invested by each investor. Investors are responsible for asset allocation decisions among the investment managers. Purchases and sales of investments are recorded on a trade-date basis.

The following presents the net assets and net investment income of the Pool as of and for the year ended June 30, 2021:

Investments, at fair value	
U.S. equities	
Common and preferred stocks	\$ 309,000,692
International equities	
Common stocks and American depository receipts (ADRs)	66,192,871
U.S. fixed income	
Government and agencies	184,618,538
Corporate securities	122,271,232
International fixed income:	
Corporate securities	11,967,123
U.S. Real Estate	33,508,579
Alternatives	18,843,288
	<hr/>
Total investments, at fair value	746,402,323
Cash and equivalents and pending purchases and sales of securities awaiting settlement, net	56,485,955
Accrued investment income	1,764,040
Accounts payable	(505,564)
	<hr/>
Net assets	<u>\$ 804,146,754</u>
Net investment income	<u>\$ 119,462,007</u>

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS

The Diocese utilizes fair value measurements to record fair value adjustments to its investment securities and to determine fair value disclosures. Investment securities are recorded at fair value on a recurring basis. Additionally, from time to time, the Diocese may be required to record at fair value other assets on a nonrecurring basis such as notes receivable. These nonrecurring fair value adjustments typically involve the application of lower of cost or market accounting or write-downs of individual assets. The Diocese had no assets or liabilities recorded at fair value on a nonrecurring basis at June 30, 2021 or 2020.

The assets' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology and key inputs used to measure financial assets recorded at fair value and an indication of the level of the fair value hierarchy in which the assets are classified.

National Catholic Investment Pool: The fair value measurement of the investment held is estimated based on the fair value of the underlying assets. The investments in the Pool as of June 30, 2021 consist of investments in U.S. equities, International equities, U.S. fixed-income, International fixed-income, Alternatives, and Real Estate. The Diocese has an approximate 4.2% interest in the investments of the Pool or \$33,494,166 as of June 30, 2021. As the underlying investments in the pool are primarily Level 1 and Level 2, such asset is classified Level 2.

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

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

6. NOTES RECEIVABLE AND ALLOWANCE FOR LOSSES

The Diocese grants notes receivable to seminarians, Catholic organizations within the Diocese, and Catholic parishes primarily regarding receivables related to the Appeal receivables, and the CCFMM. Notes receivable are substantially unsecured and all are evaluated individually for impairment.

Notes receivable are summarized as follows at June 30:

	2021	2020
Seminarian	\$ 121,680	\$ 130,723
Parish and other organizations	509,358	500,075
Parish - Appeal	7,630	29,770
CCFMM	-	66,320
	<u>638,668</u>	<u>726,888</u>
Total notes	638,668	726,888
Allowance for losses	<u>193,570</u>	<u>132,294</u>
Notes receivable, net	<u>\$ 445,098</u>	<u>\$ 594,594</u>

The allowance for losses on notes receivable is as follows for the years ended June 30:

2021	Seminarian	Parish and Other Organizations	Total
Allowance for losses:			
Balance at beginning of year	\$ 54,279	\$ 78,015	\$ 132,294
Provision for losses	-	61,906	61,906
Recovery of bad debts	(630)	-	(630)
	<u>53,649</u>	<u>139,921</u>	<u>193,570</u>
Balance at end of year	<u>\$ 53,649</u>	<u>\$ 139,921</u>	<u>\$ 193,570</u>

2020	Seminarian	Parish and Other Organizations	Total
Allowance for losses:			
Balance at beginning of year	\$ 57,745	\$ 78,015	\$ 135,760
Recovery of bad debts	(3,466)	-	(3,466)
	<u>54,279</u>	<u>78,015</u>	<u>132,294</u>
Balance at end of year	<u>\$ 54,279</u>	<u>\$ 78,015</u>	<u>\$ 132,294</u>

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

The following tables show the notes receivable allocated by payment activity as of June 30:

2021	Credit Risk Profile by Payment Activity			
	Seminarian	Parish and Other Organizations	Parish - Appeal	Total
Payment activity				
Performing	\$ 68,031	\$ 223,496	\$ 7,630	\$ 299,157
Non-performing	53,649	285,862	-	339,511
Total	\$ 121,680	\$ 509,358	\$ 7,630	\$ 638,668

2020	Credit Risk Profile by Payment Activity				
	Seminarian	Parish and Other Organizations	Parish - CSA	CCFMM	Total
Payment activity					
Performing	\$ 76,444	\$ 214,213	\$ 175	\$ 66,320	\$ 357,152
Non-performing	54,279	285,862	29,595	-	369,736
Total	\$ 130,723	\$ 500,075	\$ 29,770	\$ 66,320	\$ 726,888

The following tables show an aging analysis of the notes receivable portfolio by time past due as of June 30:

2021	Accruing Interest			Total Nonaccrual	Total Loans
	Current	30-90 Days Past Due	More Than 90 Days Past Due		
Seminarian	\$ 38,657	\$ -	\$ -	\$ 83,023	\$ 121,680
Parish and other organizations	198,496	-	230,941	79,921	509,358
Parish - Appeal	-	-	-	7,630	7,630
Total	\$ 237,153	\$ -	\$ 230,941	\$ 170,574	\$ 638,668

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

2020	Accruing Interest			Total Nonaccrual	Total Loans
	Current	30-90 Days Past Due	More Than 90 Days Past Due		
Seminarian	\$ 44,925	\$ -	\$ -	\$ 85,798	\$ 130,723
Parish and other organizations	214,213	-	230,941	54,921	500,075
Parish - Appeal	-	-	29,770	-	29,770
CCFMM	66,320	-	-	-	66,320
Total	\$ 325,458	\$ -	\$ 260,711	\$ 140,719	\$ 726,888

The following tables present information related to impaired notes receivable as of June 30:

2021	Unpaid Principal Balance	Related Allowance	Average Unpaid Principal Balance
Notes receivable with an allowance recorded			
Seminarian	\$ 53,649	\$ 53,649	\$ 53,964
Parish and other organizations	285,862	139,921	285,862
Total impaired loans	\$ 339,511	\$ 193,570	\$ 339,826

2020	Unpaid Principal Balance	Related Allowance	Average Unpaid Principal Balance
Notes receivable with an allowance recorded			
Seminarian	\$ 54,279	\$ 54,279	\$ 56,012
Parish and other organizations	285,862	78,015	285,862
Total impaired loans	\$ 340,141	\$ 132,294	\$ 341,874

Interest income recognized on impaired loans was not significant in fiscal 2021 or 2020.

The Diocese does not have material commitments to lend additional funds to borrowers whose loans are classified as nonaccrual.

There were no loans modified in troubled debt restructurings during 2021 or 2020.

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

7. PAYMENT PROTECTION PROGRAM LOANS

On April 28, 2020, the Diocese entered into a promissory note (the "Note 1") with Notre Dame Federal Credit Union (the "Lender") evidencing an unsecured loan in an aggregate principal amount of \$573,100 pursuant to the PPP under the CARES Act administered by the U.S. Small Business Administration ("SBA"). Under section 1106 of the CARES Act, borrowers are eligible for forgiveness of principal and accrued interest on the loans to the extent that the proceeds are used to cover eligible payroll costs, mortgage interest costs, rent and utility costs, otherwise described as qualified expenses. The Diocese used all the PPP loan proceeds to pay for qualified expenses. During fiscal 2021, the SBA communicated final forgiveness of the full amount of Note 1 and the loan forgiveness is included on the accompanying 2021 statement of activities and changes in net assets.

On January 30, 2021, the Diocese entered into another promissory note ("Note 2") with the Lender evidencing an unsecured loan in an aggregate principal amount of \$573,140 pursuant to the Paycheck Protection Plan under the CARES Act, as revised by the Economic Aid Act, administered by the SBA. The Note payable is included in the accompanying 2021 statement of financial position. Interest accrues on the note at a fixed rate of one percent (1%) per annum, with the payment of the first twelve months of interest and principal deferred. The note has an initial term of four years and is guaranteed by the SBA. The Diocese may apply to its Lender for forgiveness of Note, with the amount which may be forgiven equal to the sum of qualifying expenses, including payroll costs, covered rent obligations, covered utility payments, and certain other covered expenditures incurred by the Diocese during the 24 week period beginning on January 31, 2021, determined in accordance with the terms of the Economic Aid Act.

8. MULTI-EMPLOYER DEFINED BENEFIT PENSION PLAN

Michigan Catholic Conference Lay Employees Retirement Plan

The Diocese participates in the Michigan Catholic Conference Lay Employees Retirement Plan (the Plan), a multi-employer defined benefit pension plan. The Plan Number and Employer Identification Number of the Plan is 38-1971920. Contributions to the Plan were \$159,884 and \$166,669 in fiscal 2021 and 2020, respectively. Based on information as of June 30, 2021, the year-end of the Plan, the Diocese's contributions to the Plan did not represent more than 5% of the total contributions received by the Plan.

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

The amount of the Diocese’s contributions to the Plan was 8.6% of all full-time employees’ wages in 2021 and 2020. Specific Plan information for the Diocese is not available from the Plan’s administrator. A covered unit which is under the control of an Archbishop or Bishop of Michigan Diocese may not withdraw from participation in the Plan. The following information is based on the financial statements of the Plan as of June 30:

	Michigan Catholic Conference Lay Employees Retirement Plan	
	2020	2019
Total Plan assets	\$ 1,264,410,535	\$ 1,315,058,545
Actuarial present value of accumulated Plan benefits	\$ 1,463,960,471	\$ 1,469,920,323
Total contribution received by the Plan	\$ 27,806,094	\$ 27,381,469
Indicated level of funding	86.40%	89.50%

Diocese of Saginaw Priests' Retirement Plan

The Diocese participates in the Diocese of Saginaw Priests’ Retirement Plan (the “Priests’ Plan”), a church defined benefit pension plan as defined in Internal Revenue Code Section 414(e). As a church plan, it is not subject to the Employee Retirement Income Security Act of 1974 or the minimum funding requirements of Code Section 430. The Priests’ Plan is noncontributory and can be terminated at any time at the direction of the Bishop of Saginaw, upon written consent of the Board of Directors of the Priests’ Retirement Association.

Benefits are based on months of credited service and compensation prior to retirement. Annually, the Priests’ Plan actuary determines the amount of employer contributions necessary to provide benefits under the Priests’ Plan and based on this information the Bishop determines and approves the amount each participating employer shall contribute to the Plan for each Priests’ Plan year.

Contributions to the Priests’ Plan were \$8,820 and \$26,592 in fiscal 2021 and 2020, respectively, by the Diocese on behalf of the Priests employed directly by the Diocese. The following information is based on the financial statements of the Priests’ Plan as of:

	Saginaw Priests' Retirement Plan	
	July 1, 2020	July 1, 2019
Total Plan assets	\$ 10,620,039	\$ 10,316,358
Actuarial present value of accumulated Plan benefits	\$ 11,150,769	\$ 11,234,265
Total contribution received by the Plan	\$ 867,391	\$ 1,377,355
Indicated level of funding	95.20%	91.80%

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

9. RELATED PARTY TRANSACTIONS

Transactions with the Catholic Diocese of Saginaw Interparish Deposit and Loan Program

The Diocese had interest bearing accounts on deposit with the Program of \$10,242,817 at June 30, 2020. Interest income from such deposits for fiscal 2021 and 2020 was \$63,913 and \$166,605, respectively. The Diocese also received a member distribution of excess earnings from the Program of \$72,509 and \$118,698 during the fiscal years ending in 2021 and 2020, respectively.

During fiscal 2021, the Diocese's Finance Committee elected to transfer all deposits and net assets attributable to Diocesan accounts and invest these funds in the National Catholic Investment Pool. Accordingly, deposits of \$8,937,766 were withdrawn and net assets of \$21,584,515 were received by the Diocese from the Program and invested in the Pool in 2021. The Diocese temporarily loaned \$9,000,000 to the Program at 0% interest. This amount was fully repaid in fiscal 2021.

The Program pays management fees to the Diocese. These management fees amounted to \$101,950 for both fiscal years 2021 and 2020, and are included in rental and other services of revenues, gains and other support in the accompanying statements of activities.

Transactions with CCFMM

CCFMM has received pledges to fund two large construction projects that commenced in fiscal 2011 and were completed in 2013 at two of the high schools within the Saginaw and Bay City Area Catholic Schools. The proceeds of this fund raising effort will be provided to the Diocese to pay the construction costs in future periods. As of June 30, 2021 and 2020, construction costs paid by the Diocese in excess of contributions received from CCFMM amount to approximately \$1,841,000 and \$1,876,000, respectively (see Note 11 and also Exhibit 1 included in the supplementary financial information).

CCFMM pays management fees to the Diocese. These management fees amounted to approximately \$74,600 and \$71,700 for fiscal 2021 and 2020, respectively, and are included in rental and other services of revenues, gains and other support in the accompanying statements of activities and changes in net assets. Accounts receivable from CCFMM was \$18,783 and \$19,050 at June 30, 2021 and 2020, respectively.

The Diocese held a note receivable from CCFMM. The note which commenced as of February 1, 2013, called for interest charged at 0.25% payable on an annual basis. In February 2018 the Diocese extended the loan agreement from the original due date of February 2018 to February 2021 with a balloon payment due in February 2021. The balance of the note receivable was \$66,320 at June 30, 2020. The note was paid in full in December 2020.

Transactions with Cemeteries

The Diocese received rent and a management fee from Cemeteries in the amount of \$56,091 for fiscal 2021 and 2020. Accounts receivable from Cemeteries was \$4,998 and \$361,293 at June 30, 2021 and 2020, respectively.

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

In June 2021, the Interparish Deposit and Loan Program (the "Program") entered into a loan agreement with Cemeteries, with \$201,189 of the loan proceeds being used for the payment of accounts payable due to the Diocese. In conjunction with this transaction, the Diocese agreed to forgive \$203,282 due to the Diocese related to outstanding billings for services prior to July 1, 2018; such amount is included in administration expenses on the accompanying 2021 statement of activities.

Transactions with Little Books

The Diocese received rent and a management fee from Little Books in the amount of \$104,746 for fiscal years 2021 and 2020. Accounts receivable from Little Books was \$345 and \$298 at June 30, 2021 and 2020, respectively.

Transactions with Catholic Family Services

Accounts receivable from Catholic Family Services was \$10,753 and \$74,816 at June 30, 2021 and 2020, respectively.

In May 2021, the Diocese agreed to write off outstanding billings for services prior to July 1, 2018. The total written off was \$62,110. The remaining balance of \$12,414 is to be paid at an amount of \$1,000 per month until fully repaid.

Catholic Family Services provides Victim Assistance Coordinator services and Safe Environment Training for the Diocese. Reimbursement for services paid was \$2,659 and \$1,886 for fiscal 2021 and 2020.

See Note 13 for Related Party lease transactions.

10. COMMITMENTS AND CONTINGENCIES

General

As indicated in Note 1, the assets, liabilities, activities and cash flows of the parishes, several other Catholic organizations and the Catholic Diocese of Saginaw Interparish Deposit and Loan Program are excluded from the accompanying financial statements. The Diocese incorporated the parishes within the Diocese on July 1, 2021, transferring real, personal and mixed property to each parish corporation. The Interparish Deposit and Loan (IPDL) was established as a formal trust on July 1, 2021 and the accounts of each parish were transferred from the IPDL program to the IPDL Trust.

The Diocese may be contingently liable for any claims against the parishes and certain other Catholic organizations arising from legal actions and other claims incidental to normal operations of these organizations. It is believed that the amount of any uninsured liability would not have a material impact on the financial position of the Diocese.

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

Legal Matters

In 2017, the Diocese of Saginaw and Bishop Joseph R. Cistone were named in a civil suit, alleging gross negligence against the Diocese and Bishop Cistone in the supervision of a priest of the Diocese of Saginaw, accused in a criminal proceeding of child abuse. Two additional civil suits were subsequently filed against the same parties. In March 2019, the priest was found not guilty in one criminal proceeding and pleaded *no contest* to criminal charges brought by two other individuals. The civil litigation now includes the estate of Bishop Cistone, who passed away on October 16, 2018. Depending upon the outcome of ongoing discovery, amended pleadings and the litigation process, this matter may not be covered by the Diocese's insurance. If found liable, and there is no coverage, there could be a significant impact on the Diocese's financial position.

In addition, the Diocese is being sued in Saginaw County Circuit Court by a former employee who claims adverse discrimination, including violation of whistleblower protection in the matter described above.

The Diocese is party to various legal claims arising in the normal course of carrying out its activities. Management believes that the financial responsibility that may be incurred in settlement of such claims would not be material to the Diocese's financial position or results of operations.

Self-Insurance

The Diocese participates in the Michigan Catholic Conference Protected Loss Fund Program. Coverage includes losses resulting from damage to property, from liability claims and for employee benefit coverage. Insurance expense representing the Diocesan contribution to the Program for Centralized Programs and Administration was \$112,858 and \$112,171 for fiscal 2021 and 2020, respectively.

The Diocese is authorized by the Michigan Department of Insurance and Financial Services to self-insure no-fault risk for its vehicles for the 12-month certification period ending June 30, 2021. An authorized self-insurer is required to establish a fully funded loss reserve to pay claims which are anticipated in, and/or submitted for payment during, the certification period, as well as to pay claims which have been incurred and submitted before then but have not yet been paid. The loss reserve for the Diocese has been determined by a qualified actuary and is fully funded as of the commencement of the current certification period.

Loan Guarantee

The Diocese has guaranteed the debt of a related party aggregating approximately \$331,000 and \$409,000 as of June 30, 2021 and 2020, respectively. The debt is collateralized by real estate and has a final maturity date of August 2039. During June 2012, the Diocese committed to matching \$1 for every \$2 paid by the Parish on this note as long as the note remains current. In total, the Diocese matching payments over the remaining life of the loan are estimated to be approximately \$121,000.

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

11. NET ASSETS WITHOUT DONOR RESTRICTIONS

Certain net assets without donor restrictions have been designated by the Finance Committee or the Bishop for the following purposes as of June 30:

	2021	2020
Adoration Sisters	\$ 24	\$ -
Bishop Untener Memorial Education Fund	13,182	12,603
Bishop's Ball Proceeds Fund	86,231	86,231
Bishop's Charity Fund	1,469	7,889
Bishop's Discretionary Fund	400,016	377,616
Bishop's Retirement Fund	305,067	290,067
Bishop's Vocational Fund	43,146	42,806
Black and Native American Grant	73	-
Black Catholic Ministry Fund	854	854
Budget Excess / Discretionary Fund	7,352,010	5,003,443
Campus Ministry	6,889	6,889
Capital Campaign	37,660	37,660
Cathedral Capital Fund	3,137	64,779
Cathedral Maintenance	1,049	-
Cathedral Renovation	(2,259,624)	(2,338,681)
Cathedral Vestments	137	-
Catholic Education	34,856	-
Catholic Heritage Museum	482	-
Catholic Schools	623	-
CCFMM Donations Fund	178	-
Center for Ministry	325,730	325,730
CFM Chapel Fund	114,023	113,568
Charles Keho Trust Fund	38,472	59,474
Colombian Mission Fund	1	-
Communications and Evangelization	12	-
Diocesan Contingency Fund - Legacy of Faith	(1,841,355)	(1,876,370)
Diocesan Contingency Fund - Other	482,419	482,419
Faith Formation	3	-
Future Full of Hope	48,490	48,490
Insurance Reimbursement Fund	31,899	31,899
Lay Ministry	113	-
Lay Ministry Assembly	52	-
Little Books Donation Fund	43,065	-
Major Computer Replacement	59,934	59,934
Major Replacements	279,670	279,670
Masses - Live Stream & Televised	1	-
Migrant Assistance Fund	352	-
Ministry to Retired Priests & Religious	85	-

(continued)

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

	2021	2020
Missions, CRS and CHD	\$ 9,390	\$ -
Mother Teresa	394	-
Parish Clergy Assignments Fund	281,368	281,368
Parish Mission Projects	190	-
Parish Outreach	1	-
Poor Parish Fund	63	-
Priest Continuing Education Fund	49,657	49,208
Rachel's Vineyard Scholarship Fund	546	546
Religious Education for Children with Special Needs	868	-
Religious Liberty Fund	143	-
Rural School Assistance	1	-
Rural School Tuition Assistance	488	-
Schools Grant Fund	168	-
Schools Marketing Funds	388	-
Schools Scholarships	2	-
Schools Teacher Awards	95	-
Schools Welcome Scholarships	1,269	-
Special Donations and Subsidies	3	-
SPRED Program	304	-
St. Mary University Focus Program	3	-
Strasel Endowment Fund	5	-
SVSU Ministry	154	-
Talbot Fund - Seminarian Education	2,172	-
World Youth Day	2,792	2,792
Youth Encounter Saginaw	1	-
Youth Event	3,495	2,833
Total designated net assets without donor restrictions	<u>\$ 5,964,385</u>	<u>\$ 3,453,717</u>

On occasion, the Diocese funds excess expenditures that exceed revenues related to certain projects, resulting in a deficit balance in net assets. Management has elected to present the deficit balances, as they expect to repay the deficit balances through future fundraising and pledges.

The Christ's Mission Appeal ("Appeal") Fund drive is used to fund Diocesan operations and programs and to provide for local and national charitable contributions. Appeal donations are recorded as revenue when pledged. The pledge drive for 2019-2020 was deferred until August 2020. Appeal donations pledged for the 2020-2021 drive are recorded as Appeal donation income, assets without donor restrictions, as of June 30, 2021. The outstanding pledge balance is recorded as Appeal pledges receivable; all pledges are due within one year.

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

12. NET ASSETS WITH DONOR RESTRICTIONS

Contributions recorded as assets with donor restrictions represent unused funds received from a donor, grantor or other outside party who have restricted the use of the funds for particular operating purposes. Investment income, recorded as assets with donor restrictions, represents income restricted for a particular purpose which has been earned by assets with donor restrictions. These funds will be classified as assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions when the Diocese has incurred expenses in compliance with the specific restriction.

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	2021	2020
Adoration Sisters	\$ 1,214	\$ 1,214
Bishop Untener Memorial Education Fund	8,750	8,750
Black and Native American Grant	4,832	2,932
Catechist Formation	65	-
Cathedral Maintenance	52,165	52,165
Cathedral Vestments	5,695	6,995
Catholic Education	1,612,337	1,654,046
Catholic Family Service	10,000	-
Catholic Heritage Museum	23,974	23,974
Catholic Schools	35,914	-
CCFMM Donations Fund	8,834	8,834
CFM Building Support	100	-
CFM-Chapel Fund	22,610	22,610
Colombian Mission Fund	56	56
Communications and Evangelization	975	-
Derek Pfaff Fund	200	-
Diocesan Liturgies	15	-
Evangelization	30	-
Faith Formation	226	-
Faith Magazine	100	-
Hispanic and Multicultural Ministry	200	-
Lay Ministry Fund	3,362	3,112
Lay Ministry Assembly	2,602	2,602
Little Books Donation Fund	2,172,249	2,011,263
Masses - Live Stream & Televised	150	-
Migrant Assistance Fund	25,619	12,937
Ministry to Retired Priests & Religious	3,590	3,590

(continued)

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

NOTES TO FINANCIAL STATEMENTS

	2021	2020
Missions, CRS and CHD	\$ 499,008	\$ 443,767
Mother Teresa	11,910	15,498
Parish Mission Projects	9,435	9,435
Parish Outreach	491	-
Permanent Deacon Picnic Fund	10	10
Priest Continuing Education Fund	17	-
Religious Ed / Children of Special Needs	43,158	43,158
Religious Liberty Fund	7,138	7,138
Respect Life	45	-
Rural School Assistance	100	-
Rural School Tuition Assistance	24,260	24,260
Schools Grant Fund	8,347	8,347
Schools Scholarships	94	94
Schools Teacher Awards	4,335	7,606
Schools Welcome Scholarships	42,762	163,762
Schools Marketing Funds	19,323	19,323
Special Donations and Subsidies	1,305	-
SPRED Program	15,102	15,102
St. Mary University FOCUS Program	135	135
SVSU Ministry	5,163	5,163
Talbot Fund for Seminarian Education	108,038	108,038
Vocation Ministry Fund	16,670	16,570
Youth Event	32,930	32,930
Total net assets with donor restrictions	<u>\$ 4,845,640</u>	<u>\$ 4,735,416</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows during the years ended June 30:

	2021	2020
Purpose restrictions accomplished		
Catholic education	\$ 661,808	\$ 477,561
Cathedral needs	1,300	-
General diocesan needs	161,431	1,732,196
Missions	8,606	46,676
Total	833,145	2,256,433
Time restrictions expired		
Passage of specified time for CSA contributions	-	3,683,038
Total net assets with donor restrictions released	<u>\$ 833,145</u>	<u>\$ 5,939,471</u>

CATHOLIC DIOCESE OF SAGINAW

CENTRALIZED PROGRAMS AND ADMINISTRATION

NOTES TO FINANCIAL STATEMENTS

13. LEASES (RELATED PARTIES)

The Diocese leases portions of the Diocesan Center to Saginaw Area Catholic Schools. The current lease agreement is renegotiated on an annual basis. Lease revenue was \$1 for fiscal 2021 and 2020. Accounts receivable related to this lease and other receivables from Saginaw Area Catholic Schools were \$93,437 and \$83,484 at June 30, 2021 and 2020, respectively (of which \$67,767 has been reserved for in the allowance for doubtful accounts for both years).

Notes receivable related to this lease and other receivables from Saginaw Area Catholic Schools aggregated \$429,436 and \$445,154 as of June 30, 2021 and 2020, respectively. The notes call for interest charged at rates ranging from 0.25% to 4.00%. As of June 30, 2021, the loans are both due and in process of being renewed.

14. SUPPLEMENTAL CASH FLOWS INFORMATION

Non-Cash Investing Activities

During 2021, uncollected Appeal pledges receivable totaling \$89,036 were reclassified as notes receivable. No such reclassification was made during 2020.

During 2021, net assets of \$21,584,515 were received by the Diocese from the Program and invested in the Pool in 2021. No such transfer was made during 2020.



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

December 1, 2021

The Most Reverend Robert D. Gruss
Roman Catholic Bishop
Catholic Diocese of Saginaw
Saginaw, Michigan

We have audited the financial statements of the ***Catholic Diocese of Saginaw Centralized Programs and Administration*** for the years ended June 30, 2021 and 2020, and have issued our report thereon dated December 1, 2021, which appears on page 1. In that report, our opinion was qualified because the Catholic Diocese of Saginaw follows the financial reporting policy of expensing property and equipment at the time of purchase rather than the capitalization of property and equipment acquired and depreciation of such assets over their estimated useful lives in accordance with accounting principles generally accepted in the United States of America. The supplementary financial information contained in the accompanying Exhibits 1 through 5, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Information within Exhibits 1 through 5 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Rehmann Lobson LLC

Rehmann is an independent member of Nexia International.



**SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

Schedule of Changes in Net Assets Without Donor Restrictions
Year Ended June 30, 2021

Net Assets At Beginning of Year	Revenues, Gain or Other Support						Total Revenues, Gains, and Other Support
	Contributions	Interest and Investment Income	Workshops and Tuition	Rental and Other Services	Related Services	Other	
Education Ministry Team	\$ 2,025	\$ -	\$ 23,811	\$ 1,855	\$ -	\$ 11	\$ 27,702
Church Ministry Team	4,473	1,880	7,850	-	490	629	15,322
Chancery Ministry Team	12,520	-	-	117,105	-	574,181	703,806
Finance Ministry Team	-	2,629,822	-	277,923	-	3,446	2,911,191
Development Ministry Team	69,327	-	-	-	-	-	69,327
Christian Service Ministry Team	-	-	3,730	-	-	-	3,730
Parish Outreach Ministry Team	-	-	-	18,049	-	-	18,049
Total Undesignated	\$ 3,148,142	88,345	2,631,702	35,391	414,932	490	578,267
Adoration Sisters	-	-	24	-	-	-	24
Bishop Untener Memorial Education Fund	12,603	-	176	-	403	-	579
Bishop's Ball Proceeds Fund	86,231	-	-	-	-	-	-
Bishop's Charity Fund	7,889	6,270	-	-	-	-	6,270
Bishop's Discretionary Fund	377,616	25,100	-	-	-	-	25,100
Bishop's Retirement Fund	290,067	-	-	-	-	-	-
Bishop's Vocational Fund	42,806	-	340	-	-	-	340
Black and Native American Grant	-	-	73	-	-	-	73
Black Catholic Ministry Fund	854	-	-	-	-	-	-
Budget Excess / Discretionary Fund	5,003,443	3,693,893	-	-	-	-	3,693,893
Campus Ministry	6,889	-	-	-	-	-	-
Capital Campaign	37,660	-	-	-	-	-	-
Cathedral Capital Fund	64,779	17,415	-	-	-	-	17,415
Cathedral Maintenance	-	-	1,049	-	-	-	1,049
Cathedral Renovation	(2,338,681)	-	-	-	-	-	-
Cathedral Vestments	-	-	137	-	-	-	137
Catholic Education	-	-	34,856	-	-	-	34,856
Catholic Heritage Museum	-	-	482	-	-	-	482
Catholic Schools	-	-	623	-	-	-	623
CCFMM Donations Fund	-	-	178	-	-	-	178
Center for Ministry	325,730	-	-	-	-	-	-
CFM Chapel Fund	113,568	-	455	-	-	-	455
Charles Keho Trust Fund	59,474	-	198	-	-	-	198
Colombian Mission Fund	-	-	1	-	-	-	1
Communications and Evangelization	-	-	12	-	-	-	12
Diocesan Contingency Fund	-	-	-	-	-	-	-
Legacy of Faith	(1,876,370)	35,015	-	-	-	-	35,015
Other	482,419	-	-	-	-	-	-
Faith Formation	-	-	3	-	-	-	3
Future Full of Hope	48,490	-	-	-	-	-	-
Insurance Reimbursement Fund	31,899	-	-	-	-	-	-
Lay Ministry	-	-	113	-	-	-	113
Lay Ministry Assembly	-	-	52	-	-	-	52
Little Books Donation Fund	-	-	43,065	-	-	-	43,065
Major Computer Replacement	59,934	-	-	-	-	-	-
Major Replacements	279,670	-	-	-	-	-	-
Masses - Live Stream & Televised	-	-	1	-	-	-	1
Migrant Assistance Fund	-	-	352	-	-	-	352
Ministry - Retired Priests & Religious	-	-	85	-	-	-	85
Missions, CRS and CHD	-	-	9,390	-	-	-	9,390
Mother Teresa	-	-	394	-	-	-	394
Parish Clergy Assignments Fund	281,368	-	-	-	-	-	-
Parish Mission Projects	-	-	190	-	-	-	190
Parish Outreach	-	-	1	-	-	-	1
Poor Parish Fund	-	-	63	-	-	-	63
Priest Continuing Education Fund	49,208	-	449	-	-	-	449
Rachel's Vineyard Scholarship Fund	546	-	-	-	-	-	-
Religious Education for Children with Special Needs	-	-	868	-	-	-	868
Religious Liberty Fund	-	-	143	-	-	-	143
Rural School Assistance	-	-	1	-	-	-	1
Rural School Tuition Assistance	-	-	488	-	-	-	488
Schools Grant Fund	-	-	168	-	-	-	168
Schools Marketing Funds	-	-	388	-	-	-	388
Schools Scholarships	-	-	2	-	-	-	2
Schools Teacher Awards	-	-	95	-	-	-	95
Schools Welcome Scholarships	-	-	1,269	-	-	-	1,269
Special Donations and Subsidies	-	-	3	-	-	-	3
SPRED Program	-	-	304	-	-	-	304
St. Mary University Focus Program	-	-	3	-	-	-	3
Strasel Endowment Fund	-	-	5	-	-	-	5
SVSU Ministry	-	-	154	-	-	-	154
Talbot Fund - Seminarian Education	-	-	2,172	-	-	-	2,172
World Youth Day	2,792	-	-	-	-	-	-
Youth Encounter Saginaw	-	-	1	-	-	-	1
Youth Event	2,833	-	662	-	-	-	662
Total Management Designated	3,453,717	3,777,693	99,488	-	403	-	3,877,584
Total Net Assets Without Donor Restrictions	\$ 6,601,859	\$ 3,866,038	\$ 2,731,190	\$ 35,391	\$ 414,932	\$ 893	\$ 578,267
							\$ 7,626,711

See independent auditors' report on supplementary information.

EXHIBIT 1

Expenses							
Salary and Benefits	Operational Costs	Donations	Membership Conferences	Services	Total Expenses	Transfers	Net Assets End of Year
\$ 464,212	\$ 67,086	\$ 230,300	\$ 25,472	\$ 16,737	\$ 803,807	\$ 776,105	
518,067	157,991	346,374	24,716	10,045	1,057,193	1,041,871	
721,010	600,156	172,735	43,294	514,664	2,051,859	1,348,053	
900,425	177,577	1,658	2,662	161,538	1,243,860	19,917,184	
91,384	27,266	11,032	15,123	616	145,421	76,094	
134,092	30,368	29,436	5,867	2,130	201,893	198,163	
391,535	46,084	6,000	367	1,169	445,155	427,106	
3,220,725	1,106,528	797,535	117,501	706,899	5,949,188	23,784,576	\$ 24,732,657
-	-	-	-	-	-	-	24
-	-	-	-	-	-	-	13,182
-	-	-	-	-	-	-	86,231
-	-	-	-	-	-	(12,690)	1,469
-	-	-	-	-	-	(2,700)	400,016
-	-	-	-	-	-	15,000	305,067
-	-	-	-	-	-	-	43,146
-	-	-	-	-	-	-	73
-	-	-	-	-	-	-	854
-	-	-	-	-	-	(1,345,326)	7,352,010
-	-	-	-	-	-	-	6,889
-	-	-	-	-	-	-	37,660
-	-	-	-	-	-	(79,057)	3,137
-	-	-	-	-	-	-	1,049
-	-	-	-	-	-	79,057	(2,259,624)
-	-	-	-	-	-	-	137
-	-	-	-	-	-	-	34,856
-	-	-	-	-	-	-	482
-	-	-	-	-	-	-	623
-	-	-	-	-	-	-	178
-	-	-	-	-	-	-	325,730
-	-	-	-	-	-	-	114,023
-	-	-	-	-	-	(21,200)	38,472
-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	12
-	-	-	-	-	-	-	(1,841,355)
-	-	-	-	-	-	-	482,419
-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	48,490
-	-	-	-	-	-	-	31,899
-	-	-	-	-	-	-	113
-	-	-	-	-	-	-	52
-	-	-	-	-	-	-	43,065
-	-	-	-	-	-	-	59,934
-	-	-	-	-	-	-	279,670
-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	352
-	-	-	-	-	-	-	85
-	-	-	-	-	-	-	9,390
-	-	-	-	-	-	-	394
-	-	-	-	-	-	-	281,368
-	-	-	-	-	-	-	190
-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	63
-	-	-	-	-	-	-	49,657
-	-	-	-	-	-	-	546
-	-	-	-	-	-	-	868
-	-	-	-	-	-	-	143
-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	488
-	-	-	-	-	-	-	168
-	-	-	-	-	-	-	388
-	-	-	-	-	-	-	2
-	-	-	-	-	-	-	95
-	-	-	-	-	-	-	1,269
-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	304
-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	5
-	-	-	-	-	-	-	154
-	-	-	-	-	-	-	2,172
-	-	-	-	-	-	-	2,792
-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	3,495
-	-	-	-	-	-	(1,366,916)	5,964,385
\$ 3,220,725	\$ 1,106,528	\$ 797,535	\$ 117,501	\$ 706,899	\$ 5,949,188	\$ 22,417,660	\$ 30,697,042

EXHIBIT 2

CATHOLIC DIOCESE OF SAGINAW CENTRALIZED PROGRAMS AND ADMINISTRATION

Schedule of Changes in Net Assets Without Donor Restrictions

Year Ended June 30, 2020

Net Assets At Beginning of Year	Revenues, Gain or Other Support						Total Revenues, Gains, and Other Support
	Contributions	Interest Income	Workshops and Tuition	Rental and Other Services	Related Services	Other	
Education Ministry Team	\$ 10,800	\$ -	\$ 179,528	\$ 411	\$ -	\$ -	\$ 190,739
Church Ministry Team	3,874	2,147	30,045	-	3,492	3,491	43,049
Chancery Ministry Team	19,572	-	-	159,514	-	4,003,899	4,182,985
Finance Ministry Team	-	204,677	-	280,417	-	384,666	869,760
Development Ministry Team	102,225	-	-	-	-	-	102,225
Christian Service Ministry Team	5,565	-	6,010	-	80	4	11,659
Parish Outreach Ministry Team	-	-	-	475	-	(19,224)	(18,749)
Total Undesignated	\$ 3,148,142	142,036	206,824	215,583	440,817	3,572	4,372,836
Bishop Untener Memorial Education Fund	11,261	-	-	-	-	330	330
Bishop's Ball Proceeds Fund	102,089	-	-	-	-	-	-
Bishop's Charity Fund	-	8,000	-	-	-	-	8,000
Bishop's Discretionary Fund	194,518	28,638	-	-	-	154,460	183,098
Bishop's Retirement Fund	275,067	-	-	-	-	-	-
Bishop's Vocational Fund	42,806	-	-	-	-	-	-
Black Catholic Ministry Fund	854	-	-	-	-	-	-
Budget Excess / Discretionary Fund	1,243,676	10,286	-	-	-	-	10,286
Campus Ministry	40,834	-	-	-	-	-	-
Capital Campaign	37,660	-	-	-	-	-	-
Cathedral Capital Fund	40,304	24,475	-	-	-	-	24,475
Cathedral Renovation	(2,336,155)	-	-	-	-	-	-
Center for Ministry	422,972	-	-	-	-	-	-
CFM Chapel Fund	113,568	-	-	-	-	-	-
Charles Keho Trust Fund	41,299	35,062	-	-	-	-	35,062
Diocesan Contingency Fund Legacy of Faith	(1,971,785)	95,415	-	-	-	-	95,415
Other	482,419	-	-	-	-	-	-
Future Full of Hope	48,490	-	-	-	-	-	-
Insurance Reimbursement Fund	54,960	-	-	-	-	-	-
Major Computer Replacement	75,347	-	-	-	-	-	-
Major Replacements	505,226	-	-	-	-	-	-
Parish Clergy Assignments Fund	281,368	-	-	-	-	-	-
Priest Continuing Education Fund	72,114	-	-	-	-	-	-
Rachel's Vineyard Scholarship Fund	1,109	-	-	-	-	-	-
World Youth Day	2,792	-	-	-	-	-	-
Youth Event	3,000	-	-	-	-	-	-
Total Management Designated	(214,207)	201,876	-	-	-	330	154,460
Total Net Assets Without Donor Restrictions	\$ 2,933,935	\$ 343,912	\$ 206,824	\$ 215,583	\$ 440,817	\$ 3,902	\$ 4,527,296
							\$ 5,738,334

See independent auditors' report on supplementary information.

EXHIBIT 2

Expenses								
Salary and Benefits	Operational Costs	Donations	Membership Conferences	Services	Total Expenses	Transfers	Net Assets End of Year	
\$ 410,467	\$ 144,227	\$ 226,554	\$ 170,294	\$ 7,294	\$ 958,836	\$ 768,097		
386,609	177,114	350,620	30,945	6,443	951,731	908,682		
747,817	365,343	924,235	71,096	321,851	2,430,342	(1,752,643)		
931,448	1,584,790	1,150	4,841	180,018	2,702,247	1,832,487		
126,521	18,959	14,870	30,278	23,432	214,060	111,835		
194,121	35,696	49,347	13,582	3,388	296,134	284,475		
405,055	48,011	-	1,566	1,899	456,531	475,280		
3,202,038	2,374,140	1,566,776	322,602	544,325	8,009,881	2,628,213	\$ 3,148,142	
-	-	-	-	-	-	1,012	12,603	
-	-	-	-	-	-	(15,858)	86,231	
-	-	-	-	-	-	(111)	7,889	
-	-	-	-	-	-	-	377,616	
-	-	-	-	-	-	15,000	290,067	
-	-	-	-	-	-	-	42,806	
-	-	-	-	-	-	-	854	
-	-	-	-	-	-	3,749,481	5,003,443	
-	-	-	-	-	-	(33,945)	6,889	
-	-	-	-	-	-	-	37,660	
-	-	-	-	-	-	-	64,779	
-	-	-	-	-	-	(2,526)	(2,338,681)	
-	-	-	-	-	-	(97,242)	325,730	
-	-	-	-	-	-	-	113,568	
-	-	-	-	-	-	(16,887)	59,474	
-	-	-	-	-	-	-	(1,876,370)	
-	-	-	-	-	-	-	482,419	
-	-	-	-	-	-	-	48,490	
-	-	-	-	-	-	(23,061)	31,899	
-	-	-	-	-	-	(15,413)	59,934	
-	-	-	-	-	-	(225,556)	279,670	
-	-	-	-	-	-	-	281,368	
-	-	-	-	-	-	(22,906)	49,208	
-	-	-	-	-	-	(563)	546	
-	-	-	-	-	-	-	2,792	
-	-	-	-	-	-	(167)	2,833	
-	-	-	-	-	-	3,311,258	3,453,717	
\$ 3,202,038	\$ 2,374,140	\$ 1,566,776	\$ 322,602	\$ 544,325	\$ 8,009,881	\$ 5,939,471	\$ 6,601,859	

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND**

Schedule of Changes in Net Assets With Donor Restrictions

Year Ended June 30, 2021

Trusts	Revenues, Gains, and Other Support					Net Assets With Donor Restrictions End of Year
	Net Assets With Donor Restrictions at Beginning of Year	Contributions	Interest Income	Total Revenues, Gains, and Other Support	Inter-Fund Transfers	
Berberovich Scholarship Fund	\$ 19,587	\$ -	\$ -	\$ -	\$ -	\$ 19,587
Kozak Trust	73,093	-	-	-	-	73,093
Bishop Carlson Seminarian Fund	1,552,598	75,639	-	75,639	(117,348)	1,510,889
Total Trusts	1,645,278	75,639	-	75,639	(117,348)	1,603,569
Adoration Sisters	1,214	-	-	-	-	1,214
Bishop Untener Memorial Education Fund	8,750	-	-	-	-	8,750
Black and Native American Grant	2,932	1,900	-	1,900	-	4,832
Catechist Formation	-	65	-	65	-	65
Cathedral Maintenance Fund	52,165	-	-	-	-	52,165
Cathedral Vestments	6,995	-	-	-	(1,300)	5,695
Catholic Education Fund	8,768	-	-	-	-	8,768
Catholic Family Service	-	10,757	-	10,757	(757)	10,000
Catholic Heritage Museum	23,974	-	-	-	-	23,974
Catholic Schools	-	35,914	-	35,914	-	35,914
CCFMM Donations Fund	8,834	191,504	-	191,504	(191,504)	8,834
CFM Building Support	-	100	-	100	-	100
CFM-Chapel Fund	22,610	-	-	-	-	22,610
Charles Keho Trust	-	39,600	-	39,600	(39,600)	-
Colombian Mission Fund	56	-	-	-	-	56
Communications and Evangelization	-	975	-	975	-	975
Derek Pfaff Fund	-	200	-	200	-	200
Diocesan Liturgies	-	15	-	15	-	15
Evangelization	-	30	-	30	-	30
Faith Formation	-	226	-	226	-	226
Faith Magazine	-	100	-	100	-	100
Hispanic and Multicultural Ministry	-	200	-	200	-	200
Lay Ministry Fund	3,112	250	-	250	-	3,362
Lay Ministry Assembly	2,602	-	-	-	-	2,602
Little Books Donation Fund	2,011,263	496,785	-	496,785	(335,799)	2,172,249
Masses - Live Stream & Televised	-	150	-	150	-	150
Migrant Assistance Fund	12,937	13,582	-	13,582	(900)	25,619
Ministry to Retired Priests & Religious	3,590	-	-	-	-	3,590
Missions, CRS and CHD	443,767	63,847	-	63,847	(8,606)	499,008
Mother Teresa	15,498	4,472	-	4,472	(8,060)	11,910
Parish Mission Projects	9,435	-	-	-	-	9,435
Parish Outreach	-	491	-	491	-	491
Permanent Deacon Picnic Fund	10	-	-	-	-	10
Priest Continuing Education Fund	-	17	-	17	-	17
Rel Ed/Children of Special Needs	43,158	-	-	-	-	43,158
Religious Liberty Fund	7,138	-	-	-	-	7,138
Respect Life Initiatives	-	45	-	45	-	45
Rural School Assistance	-	100	-	100	-	100
Rural School Tuition Assistance	24,260	-	-	-	-	24,260
Schools Grant Fund	8,347	-	-	-	-	8,347
Schools Scholarships	94	-	-	-	-	94
Schools Teacher Awards	7,606	-	-	-	(3,271)	4,335
Schools Welcome Scholarships	163,762	-	-	-	(121,000)	42,762
Schools Marketing Funds	19,323	-	-	-	-	19,323
Special Donations and Subsidies	-	1,305	-	1,305	-	1,305
SPRED Program	15,102	-	-	-	-	15,102
St. Mary University FOCUS Program	135	-	-	-	-	135
SVSU Ministry	5,163	5,000	-	5,000	(5,000)	5,163
Talbot Fund for Seminarian Education	108,038	-	-	-	-	108,038
Vocation Ministry Fund	16,570	100	-	100	-	16,670
Youth Event	32,930	-	-	-	-	32,930
	\$ 4,735,416	\$ 943,369	\$ -	\$ 943,369	\$ (833,145)	\$ 4,845,640

See independent auditors' report on supplementary information.

**CATHOLIC DIOCESE OF
CENTRALIZED PROGRAMS AND**

Schedule of Changes in Net Assets With Donor Restrictions

Year Ended June 30, 2020

Trusts	Revenues, Gains, and Other Support					Net Assets With Donor Restrictions End of Year
	Net Assets With Donor Restrictions at Beginning of Year	Contributions	Interest Income	Total Revenues, Gains, and Other Support	Inter-Fund Transfers	
Berberovich Scholarship Fund	\$ 19,200	\$ -	\$ 387	\$ 387	\$ -	\$ 19,587
Kozak Trust	99,735	-	1,744	1,744	(28,386)	73,093
Bishop Carlson Seminarian Fund	1,416,543	52,647	28,739	81,386	54,669	1,552,598
Total Trusts	1,535,478	52,647	30,870	83,517	26,283	1,645,278
Adoration Sisters	1,190	-	24	24	-	1,214
Bishop Untener Memorial Education Fund	25,692	-	344	344	(17,286)	8,750
Black and Native American Grant	1,400	4,000	39	4,039	(2,507)	2,932
Cathedral Maintenance Fund	51,135	-	1,030	1,030	-	52,165
Cathedral Vestments	6,857	-	138	138	-	6,995
Catholic Education Fund	103,962	10,299	1,325	11,624	(106,818)	8,768
Catholic Family Service	150	1,352	3	1,355	(1,505)	-
Catholic Heritage Museum	23,500	-	474	474	-	23,974
Catholic Schools	6,250	740	53	793	(7,043)	-
CCFMM Donations Fund	8,659	191,433	175	191,608	(191,433)	8,834
CFM-Chapel Fund	22,163	-	447	447	-	22,610
Colombian Mission Fund	55	-	1	1	-	56
Lay Ministry Fund	7,392	-	114	114	(4,394)	3,112
Lay Ministry Assembly	2,551	-	51	51	-	2,602
Little Books Donation Fund	2,144,769	900,000	35,941	935,941	(1,069,447)	2,011,263
Lovay Fund for the Poor	130	-	2	2	(132)	-
Migrant Assistance Fund	12,267	3,711	215	3,926	(3,256)	12,937
Ministry to Retired Priests & Religious	-	2,000	25	2,025	1,565	3,590
Missions, CRS and CHD	414,294	67,410	8,739	76,149	(46,676)	443,767
Mother Teresa	20,778	3,874	409	4,283	(9,563)	15,498
Parish Mission Projects	-	9,318	117	9,435	-	9,435
Permanent Deacon Picnic Fund	109	-	2	2	(101)	10
Poor Parish Fund	40,151	-	809	809	(40,960)	-
Priest Continuing Education Fund	41,609	-	343	343	(41,952)	-
Red Mass Fund	-	775	-	775	(775)	-
Rel Ed/Children of Special Needs	42,305	-	853	853	-	43,158
Religious Liberty Fund	7,196	-	141	141	(199)	7,138
Religious Retirement	26,322	2,690	-	2,690	(29,012)	-
Right to Life Fund	5,540	-	53	53	(5,593)	-
Rural School Tuition Assistance	-	-	301	301	23,959	24,260
Schools Grant Fund	8,182	-	165	165	-	8,347
Schools Scholarships	-	-	1	1	93	94
Schools Teacher Awards	7,456	-	150	150	-	7,606
Schools Welcome Scholarships	11,284	50,000	2,228	52,228	100,250	163,762
Schools Marketing Funds	18,941	-	382	382	-	19,323
Spodney Trust for St. Peter Parish	709,173	1,219	3,549	4,768	(713,941)	-
SPRED Program	7,832	6,989	281	7,270	-	15,102
St. Mary University FOCUS Program	133	-	2	2	-	135
SVSU Ministry	-	5,100	63	5,163	-	5,163
Talbot Fund for Seminarian Education	105,904	-	2,134	2,134	-	108,038
Vocation Ministry Fund	23,795	-	463	463	(7,688)	16,570
Wolohan SACS Fund	107,500	-	-	-	(107,500)	-
Youth Encounter Saginaw	-	790	12	802	(802)	-
Youth Event	32,280	-	650	650	-	32,930
CSA	3,683,038	-	-	-	(3,683,038)	-
	\$ 9,267,422	\$ 1,314,347	\$ 93,118	\$ 1,407,465	\$ (5,939,471)	\$ 4,735,416

See independent auditors' report on supplementary information.

**CATHOLIC DIOCESE OF SAGINAW
CENTRALIZED PROGRAMS AND ADMINISTRATION**

Schedule of Donations and Distributions from Special Events

Year Ended June 30, 2021

Apostolic Nunciature-Peter's Pence/Canon 1271	\$ 65,000
Ave Maria Radio	10,000
Black & Indian Mission	16,150
Catholic Community Foundation of Mid-Michigan	4,473
Catholic Family Service	222,957
Catholic Mobilizing Network	1,000
Catholic Rural Life	1,500
Catholic Schools Welcome Scholarships	121,000
Catholic University of America	4,000
Child Abuse & Neglect Council	1,500
Commissariat of the Holy Land	12,350
Diocese of Saginaw Catholic Cemeteries	875
HIS Restoration Ministries	2,000
Life Clinic Community Resources	16,761
Miscellaneous Donations & Other Acts of Goodwill	21,027
National Committee for a Human Life Amendment	1,300
Operation Rice Bowl Grants	
*All Saints Parish	500
*Chesaning Area Emergency Relief	1,000
*Cros-Lex Project Blessing	1,000
*First Presbyterian Church	1,000
*Home To Stay Housing Assistance Center	1,000
*Our Lady of Czestochowa Parish	500
*St. Hubert Parish	1,000
*St. John Paul II Parish	1,000
*St. Paul's Episcopal Church Feeding Ministry	1,000
*Stitch and Prayer Group	500
Priest Retirement	6,000
Right to Life of Michigan	1,200
Sacred Heart Major Seminary	1,000
Saginaw County Chamber of Commerce	275
St. Joseph Parish, Saginaw	30,250
St. Mary Cathedral	120,000
St. Mary University Parish, Mt. Pleasant	104,167
USCCB-Catholic Home Missions	8,075
USCCB-Church in Africa	3,800
USCCB-Church in Latin America	11,875
YMCA of Saginaw	500
Total	\$ 797,535

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