

Consolidated Financial Statements
June 30, 2025 and 2024

**Roman Catholic Diocese of Joliet
Administration and Ministerial Services**

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Table of Contents
June 30, 2025 and 2024

Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses – Year Ended June 30, 2025	5
Consolidated Statement of Functional Expenses – Year Ended June 30, 2024	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Independent Auditor's Report on Supplementary Information	29
Supplementary Information	
Consolidating Statement of Financial Position – June 30, 2025	30
Consolidating Statement of Financial Position – June 30, 2024	31
Consolidating Statement of Activities – Year Ended June 30, 2025	32
Consolidating Statement of Activities – Year Ended June 30, 2024	33



Independent Auditor's Report

To His Excellency
The Most Reverend Ronald A. Hicks
Bishop of the Roman Catholic Diocese of Joliet and Diocesan Finance Council
Roman Catholic Diocese of Joliet Administration and Ministerial Services
Crest Hill, Illinois

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Roman Catholic Diocese of Joliet Administration and Ministerial Services (Diocese), a division of the Roman Catholic Diocese of Joliet, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of June 30, 2025 and 2024, 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.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities of the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Diocese's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese's ability to continue as a going concern for a reasonable period of time.

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

Eide Bailly LLP

Dubuque, Iowa
November 19, 2025

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidated Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 14,899,766	\$ 10,765,460
Accrued interest and dividends receivable	138,318	138,318
Accounts receivable, net of allowance for credit losses of \$781,000 in 2025 and \$799,000 in 2024	1,537,792	1,727,773
Other receivables, net	1,819,126	1,165,188
Promises to give, net	945,183	766,698
Due from other Diocesan agencies	904,028	225,599
Prepaid expenses	357,925	67,089
Loans receivable, net	142,645	3,321,938
Investments	83,659,405	81,967,671
Pooled investment funds	980,402	795,921
Property and equipment, net	29,540,334	28,918,320
Beneficial interest in charitable trust held by others	456,528	427,911
Total assets	<u><u>\$ 135,381,452</u></u>	<u><u>\$ 130,287,886</u></u>
Liabilities		
Accounts payable and accrued expenses	\$ 5,404,239	\$ 3,792,211
Interest payable to Diocese of Joliet Parish Deposit & Loan Trust	4,024,066	4,032,089
Due to other Diocesan agencies	2,868,118	1,987,151
Contributions payable	515,212	462,475
Estimated unpaid insurance claims	20,399,099	13,926,605
Deferred revenue	10,046,178	9,145,402
Note payable	-	3,200,000
Estimated future cemetery care liability	30,297,944	29,286,108
Total liabilities	<u><u>73,554,856</u></u>	<u><u>65,832,041</u></u>
Net Assets		
Without donor restrictions		
Undesignated	23,221,259	20,632,866
Designated by the Board for future insurance claims	1,613,180	3,923,639
Designated by the Board for future land and building funds	3,374,450	11,845,667
Designated by the Board for special purposes	4,635,812	4,560,666
Designated by the Board for cemetery operations	11,185,200	7,298,525
	<u><u>44,029,901</u></u>	<u><u>48,261,363</u></u>
With donor restrictions		
Perpetual in nature	2,800,967	2,760,841
Purpose restrictions	14,539,200	13,005,730
Time-restricted for future periods	456,528	427,911
	<u><u>17,796,695</u></u>	<u><u>16,194,482</u></u>
Total net assets	<u><u>61,826,596</u></u>	<u><u>64,455,845</u></u>
Total liabilities and net assets	<u><u>\$ 135,381,452</u></u>	<u><u>\$ 130,287,886</u></u>

Roman Catholic Diocese of Joliet Administration and Ministerial Services
Consolidated Statements of Activities
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains						
Contributions						
Appeal fund drive	\$ 7,888,758	\$ -	\$ 7,888,758	\$ 7,580,736	\$ -	\$ 7,580,736
Parish assessments	4,551,674	-	4,551,674	4,657,527	-	4,657,527
Education fund assessment	741,770	-	741,770	723,130	-	723,130
Other	944,610	357,285	1,301,895	685,791	816,741	1,502,532
Program fees						
Insurance premiums and recoveries	22,869,027	-	22,869,027	22,533,927	-	22,533,927
Fees, sales, and services	9,023,674	-	9,023,674	7,820,114	-	7,820,114
Interest on loans	78,000	-	78,000	110,500	-	110,500
Rental income	156,701	-	156,701	202,887	-	202,887
Net investment return	5,720,255	1,830,496	7,550,751	5,262,435	1,799,896	7,062,331
Gain (loss) on disposal of property and equipment	388,640	-	388,640	(2,950)	-	(2,950)
Other revenue	354,626	-	354,626	692,548	-	692,548
Net assets released from restrictions	585,568	(585,568)	-	597,895	(597,895)	-
Total revenue, support, and gains	53,303,303	1,602,213	54,905,516	50,864,540	2,018,742	52,883,282
Expenses						
Program services expense						
Diocesan ministries	7,100,595	-	7,100,595	6,357,162	-	6,357,162
Catholic cemeteries	7,742,967	-	7,742,967	7,269,184	-	7,269,184
Restricted funds administration	515,224	-	515,224	454,322	-	454,322
Insurance program	34,166,092	-	34,166,092	25,873,032	-	25,873,032
Other Diocesan	3,287,144	-	3,287,144	3,101,590	-	3,101,590
Total program expenses	52,812,022	-	52,812,022	43,055,290	-	43,055,290
Supporting services expense						
Management and general	3,136,888	-	3,136,888	3,218,085	-	3,218,085
Fundraising and development	1,570,164	-	1,570,164	1,567,680	-	1,567,680
Total supporting services expenses	4,707,052	-	4,707,052	4,785,765	-	4,785,765
Total expenses	57,519,074	-	57,519,074	47,841,055	-	47,841,055
Change in Net Assets before Transfers	(4,215,771)	1,602,213	(2,613,558)	3,023,485	2,018,742	5,042,227
Transfers to Catholic Diocese of Joliet Education Foundation	(15,691)	-	(15,691)	(7,393)	-	(7,393)
Change in Net Assets	(4,231,462)	1,602,213	(2,629,249)	3,016,092	2,018,742	5,034,834
Net Assets, Beginning of Year	48,261,363	16,194,482	64,455,845	45,245,271	14,175,740	59,421,011
Net Assets, End of Year	\$ 44,029,901	\$ 17,796,695	\$ 61,826,596	\$ 48,261,363	\$ 16,194,482	\$ 64,455,845

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services								
	Diocesan Ministries	Catholic Cemeteries	Restricted Funds Administration	Insurance Program	Other Diocesan Program Expenses	Total	Management and General	Fundraising and Development	Total
Personnel costs	\$ 3,008,554	\$ 3,322,445	\$ -	\$ 70,210	\$ 339,146	\$ 6,740,355	\$ 2,335,447	\$ 460,205	\$ 9,536,007
Office and program costs	2,856,780	1,725,356	78,000	407,505	84,021	5,151,662	-	774,408	5,926,070
Travel and professional development	265,104	19,322	-	-	29,641	314,067	21,842	9,345	345,254
Professional services	192,714	563,786	-	156,109	-	912,609	123,426	265,696	1,301,731
Occupancy	724,062	706,106	-	1,110	130,660	1,561,938	-	51,680	1,613,618
Donation distributions	21,171	-	437,224	-	2,664,056	3,122,451	-	-	3,122,451
Insurance claims and reinsurance	-	-	-	33,531,158	-	33,531,158	-	-	33,531,158
Depreciation and amortization	-	473,703	-	-	-	473,703	448,884	-	922,587
Interest	-	32,088	-	-	-	32,088	78,000	-	110,088
Future cemetery care	-	521,872	-	-	-	521,872	-	-	521,872
Other	32,210	378,289	-	-	39,620	450,119	129,289	8,830	588,238
Total	\$ 7,100,595	\$ 7,742,967	\$ 515,224	\$ 34,166,092	\$ 3,287,144	\$ 52,812,022	\$ 3,136,888	\$ 1,570,164	\$ 57,519,074

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services								
	Diocesan Ministries	Catholic Cemeteries	Restricted Funds Administration	Insurance Program	Other Diocesan Program Expenses	Total	Management and General	Fundraising and Development	Total
Personnel costs	\$3,036,283	\$3,021,553	\$ -	\$ 62,650	\$ 318,098	\$6,438,584	\$ 2,149,318	\$ 446,486	\$ 9,034,388
Office and program costs	2,269,464	1,733,654	74,100	433,868	113,864	4,624,950	-	786,435	5,411,385
Travel and professional development	225,085	17,348	-	-	15,425	257,858	19,766	12,663	290,287
Professional services	142,199	530,556	-	125,000	-	797,755	382,599	270,117	1,450,471
Occupancy	611,030	678,950	-	945	136,540	1,427,465	-	44,372	1,471,837
Donation distributions	39,939	-	380,222	-	2,477,639	2,897,800	-	-	2,897,800
Insurance claims and reinsurance	220	-	-	25,250,569	-	25,250,789	-	-	25,250,789
Depreciation and amortization	-	478,015	-	-	-	478,015	431,073	-	909,088
Interest	-	32,088	-	-	-	32,088	110,499	-	142,587
Future cemetery care	-	489,466	-	-	-	489,466	-	-	489,466
Other	32,942	287,554	-	-	40,024	360,520	124,830	7,607	492,957
Total	<u>\$6,357,162</u>	<u>\$7,269,184</u>	<u>\$ 454,322</u>	<u>\$ 25,873,032</u>	<u>\$ 3,101,590</u>	<u>\$ 43,055,290</u>	<u>\$ 3,218,085</u>	<u>\$ 1,567,680</u>	<u>\$ 47,841,055</u>

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ (2,629,249)	\$ 5,034,834
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	922,587	909,088
Realized and unrealized gains on investments	(4,552,691)	(5,215,584)
(Gain) loss on disposal of property and equipment	(388,640)	2,950
Changes in operating assets and liabilities		
Loans receivable, net	(20,707)	49,123
Receivables, net	(642,442)	(641,348)
Prepaid expenses	(290,836)	(67,089)
Due to/from other Diocesan agencies	202,538	(216,143)
Accounts payable and accrued expenses	1,656,742	(119,862)
Estimated unpaid insurance claims	6,472,494	1,954,338
Estimated future cemetery care liability	1,011,836	1,010,764
Deferred revenue	<u>900,776</u>	<u>578,591</u>
Net Cash from Operating Activities	<u>2,642,408</u>	<u>3,279,662</u>
Investing Activities		
Purchases of investments	(4,259,691)	(4,266,685)
Proceeds from sales of investments	6,907,550	3,347,169
Purchases of property and equipment	(1,700,728)	(650,819)
Proceeds from sale of property and equipment	<u>544,767</u>	<u>2,300</u>
Net Cash from (used for) Investing Activities	<u>1,491,898</u>	<u>(1,568,035)</u>
Net Change in Cash and Cash Equivalents	4,134,306	1,711,627
Cash and Cash Equivalents, Beginning of Year	<u>10,765,460</u>	<u>9,053,833</u>
Cash and Cash Equivalents, End of Year	<u>\$ 14,899,766</u>	<u>\$ 10,765,460</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 118,111</u>	<u>\$ 110,499</u>

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The Roman Catholic Diocese of Joliet Administration and Ministerial Services (Diocese), a division of the Roman Catholic Diocese of Joliet, provides support and services to 117 Parishes, 7 missions, and other agencies in seven counties in northeastern Illinois. It provides loans, holds title to property, administers the employee benefit programs, and administers a self-insurance program. Operating support is mainly derived from fees for various programs, the appeal drive, parish assessments, and donations.

The information contained in the consolidated financial statements relates only to the operations of the Roman Catholic Diocese of Joliet Administration and Ministerial Services, a division of the Roman Catholic Diocese of Joliet. Various other organizations, such as Parishes, Catholic High Schools, Catholic Charities, Diocese Employees' Retirement Plan, Educational Endowment Fund, the Diocese of Joliet Priests' Pension Plan, the Diocese of Joliet Retired Priests' Other Benefits Plan, Diocese of Joliet Seminarian Education Endowment Trust, Diocese of Joliet Catholic Education Foundation Trust, and the Diocese of Joliet Parish Deposit & Loan Trust, are not included in the accompanying consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Diocese and the Diocese of Joliet Catholic Cemetery Perpetual Care Trust (Cemetery Perpetual Care Trust), a separate non-profit organization established solely to hold the investments for the future care of cemeteries, because the Diocese currently owns the cemetery lands for which the Cemetery Perpetual Care Trust is obligated to provide the care and upkeep in perpetuity. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the "Diocese."

Cash and Cash Equivalents

The Diocese considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, endowments that are perpetual in nature, or other long-term purposes of the Diocese are excluded from this definition.

Receivables, Credit Policies, and Allowance for Credit Losses

Accounts receivable, net, consist primarily of uncollateralized obligations due under normal terms requiring payment within 30 days from the invoice date. Account balances with invoices dated over 30 days old are considered delinquent. Delinquent accounts are not assessed interest. Net accounts receivable balances were \$1,537,792, \$1,727,773, and \$1,669,428 as of June 30, 2025, 2024, and 2023, respectfully.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The Diocese has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due). Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at June 30, 2025 and 2024, because the composition of the accounts receivable at those dates is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at June 30, 2025 and 2024, totaled \$781,000 and \$799,000, respectively.

Changes in the allowance for credit losses for accounts receivable are as follows for the years ended June 30:

	2025	2024
Allowance for Credit Losses, Beginning of Year	\$ 799,000	\$ 822,000
Recoveries	(18,000)	(23,000)
Allowance for Credit Losses, End of Year	<u>\$ 781,000</u>	<u>\$ 799,000</u>

Other receivables, net, consist of uncollateralized parish and other related party obligations due under normal terms requiring payment within 30 days from the invoice date. Parish account balances with invoices dated over 30 days old are considered delinquent. Delinquent accounts are not assessed interest. Net other receivable balances were \$1,819,126, \$1,165,188, and \$673,336 as of June 30, 2025, 2024, and 2023, respectfully. At June 30, 2025 and 2024, the allowance for uncollectible accounts totaled \$1,047,000 and \$1,344,000, respectively.

Promises to Give, Net

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Loans Receivable, Net

Up until the forgiveness of the note payable, the majority of the loans receivable related to the note payable discussed in Note 9. The remaining balance is primarily due from various Priests in the Diocese (sundry loans). Sundry loans bear interest at a rate of 4% as of June 30, 2025 and 2024. Management determines the allowance for uncollectible loans receivable based on historical experience, and an assessment of economic conditions. Loans receivable are written off when deemed uncollectible. At June 30, 2025 and 2024, the allowance for uncollectible accounts totaled \$0.

Property and Equipment

Equipment additions over \$10,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The Diocese reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

Investments

The Diocese records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Pooled Investment Funds (Pooled Insurance)

The Diocese accounts for its participation interest in the Catholic Umbrella Pool (CUP) based on information obtained from CUP. The Diocese shares in the operating and investment income and expenses of this investment based on their contributions into the funds.

Beneficial Interest in Charitable Trust Held by Others

The Diocese has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by a donor and is administered by an outside agent designated by the donor. Therefore, the Diocese has neither possession nor control over the assets of the trust. At the date the Diocese receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interest in the trust is reported at fair value in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor 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 (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for future insurance claims, future land and building funds, special purposes, and cemetery operations.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Diocese reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. These restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

The Diocese recognizes program fee revenue from insurance premiums over the premium period, which is generally one year. Fees for workshops and other Diocese-sponsored events are recorded when the workshop or event takes place. Diocesan cemeteries sell burial spaces, as well as mausoleum crypts, and services on a pre-need basis. Payments received for pre-need services are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Performance obligations are determined based on the nature of the services provided by the Diocese. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Diocese believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Diocese does not believe it is required to provide additional goods or services.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

In-kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Diocese does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2025 and 2024, respectively.

Property/Liability/Medical Insurance Claims

Property of the Parishes and participating religious organizations of the Diocese are covered by self-insurance programs administered through the Diocese. Losses in excess of self-insured retention levels are insured under commercial excess policies. Medical and dental risks are covered by self-insurance programs. Long-term disability, life, and vision insurance are covered under commercial policies. In each of the above plans, Parishes and participating organizations are assessed fees to reduce costs of the programs to the Diocese. Insurance claim reserves are the estimated amounts necessary to settle outstanding claims, including claims that are incurred but not reported, based on the facts in each case and the Diocese's experience with similar cases.

Deferred Revenue

Deferred revenue primarily consists of deferred cemetery sales. Deferred revenue as of June 30, 2025, 2024, and 2023 was \$10,046,178, \$9,145,402, and \$8,566,811.

Cemeteries Future Income Care

The amounts recorded as "estimated future cemetery care liability" in the consolidated statements of financial position represent the estimated future costs to maintain the cemeteries' existing graves and crypts, discounted to present value at the rate of 7.5%. For these estimates, current maintenance costs are assumed to escalate 3% per year for the next 150 years.

The change in the estimate from the beginning of the year to the end of the year is recorded as operations in the consolidated statements of activities. The policy characterizes the obligation to provide future cemetery care as a liability and is stated at the estimated cost (discounted to present value) of providing such care in the future. The liability is comprised of obligations to fund the future care for the 21 Diocesan cemeteries and the 30 parish cemeteries. The portion of the liability related to Diocesan cemeteries at June 30, 2025 and 2024 was approximately \$25,900,000 and \$25,400,000, respectively. The portion related to deficiencies or underfunding at parish cemeteries at June 30, 2025 and 2024 was approximately \$4,400,000 and \$3,900,000, respectively.

Performance Indicator

Change in net assets before transfers excludes transfers of assets from (to) related parties for other than goods and services.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

Income Taxes

The Diocese and the Cemetery Perpetual Care trust are organized as Illinois nonprofit entities and are exempt from income tax under section 501(c)(3) of the Internal Revenue Code under the group ruling exemption of the United States Conference of Catholic Bishops. Neither entity is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. However, the Diocese and Cemetery Perpetual Care Trust are subject to income tax on net income that is derived from business activities that is unrelated to its exempt purposes. Each entity has determined they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Each entity believes it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Each entity would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, and for each account ownership category. At June 30, 2025 and 2024, the Diocese had approximately \$2,221,000 and \$10,217,000 in excess of FDIC-insured limits. To date, the Diocese has not experienced losses in any of these accounts.

Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from related organizations and other Catholic entities. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Diocesan Finance Council. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Diocese.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Subsequent Events

The Diocese has evaluated subsequent events through November 19, 2025, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at June 30, 2025 and 2024:

	2025	2024
Cash and Cash Equivalents	\$ 14,899,766	\$ 10,765,460
Receivables and Promises to Give, Net, Due within One Year	3,502,098	2,781,438
Investments	83,659,405	81,967,671
Total financial assets available	102,061,269	95,514,569
Less Funds Unavailable for General Expenditures		
Cemetery Future Care Trust	35,388,261	32,746,589
Restricted and designated funds		
Restricted and designated for non-operating activities	18,871,081	17,086,739
Donor restricted with liquidity horizons greater than one year	2,788,671	2,610,297
Total financial assets not available to be used within one year	57,048,013	52,443,625
Financial Assets Available to Meet General Expenditures within One Year	\$ 45,013,256	\$ 43,070,944

The Diocese has certain Bishop-designated and donor-restricted assets limited to use which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the information above. The Diocese has other assets limited to use for donor-restricted purposes other than the general operations of the Diocese. The assets limited to use are not available for general expenditure within the next year. All endowment funds are subject to an annual spending rate of 5% of the average balance of the prior two fiscal year ends, including those endowments that are deemed to be underwater. Only funds available for distribution during the next fiscal year are included in the table.

The Diocese manages its liquidity by developing and adopting annual operating and capital budgets that provide sufficient funds for general expenditures. Actual to budget amounts are reviewed periodically during the year to ensure adequate liquidity. As part of the Diocese's liquidity management plan, cash in excess of daily requirements are invested in short term investments and money market funds.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

A majority of the Diocese's investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values.

The Diocese uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used to estimate the fair value of real estate investment trusts, managed volatility funds, alternative fixed income funds, private equity debt funds, and private equity funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The following table presents assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient at June 30, 2025:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Mutual funds	\$ 59,138,476	\$ 59,138,476	\$ -	\$ -
At NAV				
Real estate investment trusts	6,037,506	-	-	-
Managed volatility fund	4,283,573	-	-	-
Alternative fixed income funds	9,255,214	-	-	-
Private equity debt funds	2,866,219	-	-	-
Private equity funds	2,078,417	-	-	-
	<u>\$ 83,659,405</u>	<u>\$ 59,138,476</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interest in Charitable				
Trust Held by Others	<u>\$ 456,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 456,528</u>

The following table presents assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient at June 30, 2024:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Mutual funds	\$ 60,667,701	\$ 60,667,701	\$ -	\$ -
At NAV				
Real estate investment trusts	6,002,804	-	-	-
Managed volatility fund	3,577,610	-	-	-
Alternative fixed income funds	8,213,080	-	-	-
Private equity debt fund	1,816,573	-	-	-
Private equity fund	1,689,903	-	-	-
	<u>\$ 81,967,671</u>	<u>\$ 60,667,701</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interest in Charitable				
Trust Held by Others	<u>\$ 427,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,911</u>

The only change in the beneficial interest in charitable trust held by others (asset measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is net realized and unrealized gain (loss).

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Investments in certain entities that calculate NAV per share are as follows:

	<u>Number of Investments</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>June 30, 2025</u>					
Real Estate Investment Trusts	3	\$ 6,037,506	\$ 386,918	Quarterly, Illiquid	1-45 days, (2)
Managed Volatility Fund	1	4,283,573	-	Monthly	(1)
Alternative Fixed Income Funds	2	9,255,214	-	Bi-monthly,	3 days, 15 Days
Private Equity Debt Funds	2	2,866,219	430,542	Quarterly	60 Days
Private Equity Funds	2	<u>2,078,417</u>	<u>1,046,500</u>	Illiquid	(2)
		<u>\$ 24,520,929</u>	<u>\$ 1,863,960</u>		
<u>June 30, 2024</u>					
Real Estate Investment Trusts	3	\$ 6,002,804	\$ 1,131,643	Quarterly, Illiquid	1-45 days
Managed Volatility Fund	1	3,577,610	-	Monthly	(1)
Alternative Fixed Income Funds	2	8,213,080	-	Bi-monthly,	3 days, 15 Days
Private Equity Debt Fund	2	1,816,573	1,761,472	Quarterly	60 Days
Private Equity Fund	2	<u>1,689,903</u>	<u>1,404,000</u>	Illiquid	(2)
		<u>\$ 21,299,970</u>	<u>\$ 4,297,115</u>		

(1) The redemption notice period is five business days prior to month end.

(2) As private equity funds, the capital committed to the fund is locked up for an extended period of time agreed upon in the prospectus (typically 10 years) which may be wound down before that period or extended for multiple years afterward.

Real Estate Investment Trusts:

Morgan Stanley Prime Property Fund – The objective of the fund is to acquire, own, hold for investment and ultimately dispose of investments in real estate and real estate related assets with the intention of achieving current income, capital appreciation, or both.

RREEF America REIT II - Open-ended core funds organized to serve as a collective investment vehicle through which eligible investors may invest in a professionally managed real estate portfolio consisting of multi-family, industrial, retail, and office properties in targeted metropolitan areas within the continental United States. The objective is to generate attractive, predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate while maximizing the total return to shareholders through cash dividends and appreciation in shares.

Raith Capital Investors III, LLC (in its capacity as manager of the Fund) is sponsoring Raith Real Estate Fund III, a closed end, commingled investment fund, whose investment objective is to provide eligible investors with attractive risk-adjusted returns by thematically investing in deep value real estate opportunities. The Fund will pursue transactions in which the underlying assets are experiencing some form of distress, or there exist compelling relative value situations within 'core' asset classes (i.e., underinvested segments, emerging markets, and outsize value creation opportunities).

Managed Volatility Funds:

The LSV US Managed Volatility SRI Equity Fund's investment objective is to outperform the Russell 1000 Index, net of dividend withholding taxes, by investing in large and mid-cap U.S. listed equities.

Alternative Fixed Income Funds:

NIS Titanium Absolute Return Fund's objective of the fund is to achieve a consistent annual return through a portfolio of fixed income securities consisting primarily of the Barclays Aggregate 1-3 Year Index and similar securities. The long-term objective of the Fund is to outperform the annual average return of one-year U.S. Treasury Bills while minimizing volatility.

NIS Preferred Stock Fund II's purpose of the fund is to provide an attractive risk-sensitive incremental return on a consistent basis through a diversified portfolio consisting primarily of domestic corporate preferred stock and preferred-line fixed-income securities and investments.

Private Equity Debt Funds:

WindSail Capital Fund, L.P. and Windsail Climate Capital Fund II, L.P., work in conjunction with WindSail Credit Fund, L.P. and WindSail Credit QP Fund, L.P. (a collective "Fund"), seeking to generate strong risk-adjusted returns by providing loans to companies focused on energy innovation and sustainability. The Fund's investments are generally structured as corporate level secured loans. The secured loans are structured so that the Fund will receive cash interest, paid-in-kind interest, and returns on equity, typically in the form of penny warrants. It is also anticipated that on a limited basis the Fund will provide project level lines of credit. In addition, the Fund may invest up to 15% of its net assets in equity or equity like securities of existing portfolio companies.

Private Equity Funds:

The Capital Dynamics Global Secondaries V (Feeder) SCSp and Capital Dynamics Global Secondaries VI (Feeder) SCSp (partnerships) were established to primarily acquire and hold as feeder entities a limited partner interest in Capital Dynamics Global Secondaries V (LUX) SCSp and Capital Dynamics Global Secondaries VI (LUX) SCSp, respectively. The investment strategy emphasizes building a diversified portfolio of secondary investments.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 4 - Net Investment Return

Net investment return consists of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 3,118,259	\$ 2,038,470
Net realized and unrealized gain	4,552,691	5,215,584
Investment fees	<u>(120,199)</u>	<u>(191,723)</u>
	<u><u>\$ 7,550,751</u></u>	<u><u>\$ 7,062,331</u></u>

Note 5 - Promises to Give, Net

Promises to give are amounts pledged to the Diocese for the appeal fund drive. The net amount of the promises to give were \$945,183 and \$766,698 at June 30, 2025 and 2024, respectively. Promises to give were recorded net of an allowance for uncollectible promises to give of \$350,000 at June 30, 2025 and 2024. All promises to give are due within one year and are included in net assets without donor restrictions since they are intended for current operations.

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>2025</u>	<u>2024</u>
Land		
Vacant	\$ 3,845,119	\$ 3,999,452
Cemeteries	5,486,300	4,821,342
Blanchette Center	1,753,575	1,753,575
Shrines	217,342	213,492
Buildings and Equipment		
Cemeteries	16,731,426	16,731,157
Operating	15,442,623	16,082,630
Site improvements	1,035,955	529,885
Construction in progress	<u>559,871</u>	<u>79,971</u>
	45,072,211	44,211,504
Less Accumulated Depreciation and Amortization	<u>(15,531,877)</u>	<u>(15,293,184)</u>
Total property and equipment, net	<u><u>\$ 29,540,334</u></u>	<u><u>\$ 28,918,320</u></u>

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Construction in progress at June 30, 2025 and 2024 was \$559,871 and \$79,971, respectively, and primarily consists of costs incurred to date relating to the Assumption Mausoleum that is being constructed. The project is expected to be completed in March 2026. The anticipated total cost of this project is \$4,000,000, which will be funded through operations and/or amounts borrowed from the Diocese of Joliet Parish Deposit & Loan Trust. Construction in progress at June 30, 2024, also includes costs relating to the SS Peter and Paul Cemetery grave project, which had a total cost of \$538,000, was completed in March 2025, and was funded through operations.

Note 7 - Line of Credit

The Diocese had a \$10,000,000 revolving line of credit with a bank, of which no amounts were drawn. During the year ended June 30, 2024, the line of credit expired and was not renewed.

Note 8 - Letter of Credit

The Diocese had a letter of credit with a bank for the purpose of securing agreements related to construction projects at Diocesan parishes. The Diocese also utilized a portion of this letter of credit as a reserve for workers' compensation at the request of Illinois Worker's Compensation Commission. Borrowings under the letter bore interest at 1.35% above the secured overnight financing rate in effect with a maximum loan amount of \$1,500,000. This letter expired during the year ended June 30, 2025, and was not renewed. As of June 30, 2024, \$952,323 of this letter of credit was utilized related to parish projects and as a reserve for possible workers' compensation claims.

The Diocese obtained a new letter of credit with a bank in March 2025 for the purpose of securing agreements related to construction projects at Diocesan parishes. Borrowings under the letter bear interest at 1.25% above the secured overnight financing rate in effect with a maximum loan amount of \$1,000,000. As of June 30, 2025, \$132,366 of this letter of credit was utilized related to parish projects.

Note 9 - Note Payable

All Saints Catholic Academy (All Saints) Note Payable - On May 26, 2015, the Diocese entered into a loan agreement with Catholic Order of Foresters (the COF) to borrow \$7,000,000. This loan agreement provided the Diocese would pay the COF annual payments of \$600,000 until June 1, 2020, with an effective interest rate of 3.00%. Starting June 1, 2021, the Diocese was required to pay annual principal payments of \$200,000 until June 1, 2024, with an effective interest rate of 3.25%. On June 1, 2025, the Diocese was required to make a balloon payment of \$3,200,000 for all the outstanding principal, interest and other charges. The obligation of the Diocese with respect to the note was fully payable to the Diocese by All Saints. The amount due from All Saints was recorded as a receivable in the consolidated statements of financial position. All Saints made the payments directly to the COF which reduced the note payable and corresponding receivable on the Diocese's financial statements.

Note 10 - Endowments

The Diocese's endowment (the Endowment) consists of individual funds established by donors to provide annual funding for specific activities and general operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor restrictions.

The Diocese has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary.

At June 30, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, the Diocese retains in perpetuity (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. All endowment funds are subject to an annual spending rate of 5% of the average balance of the prior two fiscal year ends, including those endowments that are deemed to be underwater. The Diocese considers the following factors in making a determination whether 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 (depreciation) of investments
- Other resources of the organization
- The investment policies of the organization

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The Diocese had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>June 30, 2025</u>			
Donor-restricted Endowment Funds			
Original donor-restricted gift amounts required to be maintained in perpetuity	\$ -	\$ 2,800,967	\$ 2,800,967
Accumulated investment gains	-	3,156,034	3,156,034
	<u>\$ -</u>	<u>\$ 5,957,001</u>	<u>\$ 5,957,001</u>
<u>June 30, 2024</u>			
Donor-restricted Endowment Funds			
Original donor-restricted gift amounts required to be maintained in perpetuity	\$ -	\$ 2,760,841	\$ 2,760,841
Accumulated investment gains	-	2,722,667	2,722,667
	<u>\$ -</u>	<u>\$ 5,483,508</u>	<u>\$ 5,483,508</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Diocese has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2025 and 2024, the Diocese did not have any endowments that were underwater.

Investment and Spending Policies

The Diocese has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the Endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments.

To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation that places a greater emphasis on equity-based investment to achieve its long-term return objectives within prudent risk constraints.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

The Diocese has a policy of making available for appropriation each year the net investment earnings plus accumulated earnings from prior periods. The amount to be appropriated each year from this purpose restriction net asset income related to the Endowment funds is determined by the trustee as directed by donor restrictions. In periods when there are no investment earnings and no accumulated earnings from prior years, appropriations of these Endowment funds are not allowed. In establishing this policy, the Diocese considered the long-term expected return on the Endowment and set the policy with the objective of maintaining the purchasing power of the Endowment over time.

Changes in Endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Year Ended June 30, 2025</u>			
Endowment net assets, beginning of year	\$ -	\$ 5,483,508	\$ 5,483,508
Investment return, net	-	609,424	609,424
Contributions	-	86,126	86,126
Appropriation of endowment assets pursuant to spending-rate policy	-	(222,057)	(222,057)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 5,957,001</u>	<u>\$ 5,957,001</u>
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Year Ended June 30, 2024</u>			
Endowment net assets, beginning of year	\$ -	\$ 4,474,785	\$ 4,474,785
Investment return, net	-	594,728	594,728
Contributions	-	565,290	565,290
Appropriation of endowment assets pursuant to spending-rate policy	-	(151,295)	(151,295)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 5,483,508</u>	<u>\$ 5,483,508</u>

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose		
Parish operations	\$ 1,836,842	\$ 1,658,499
Masses	91,062	76,565
Seminarians/needed deacons	142,537	121,098
Senior housing	1,462,762	1,313,432
Needy children	889,214	834,353
Priests' medical costs	1,179,213	1,097,333
Priests' continued education	1,756,230	1,650,348
Missions and undistributed special collections	3,614,870	3,151,904
Other purposes	<u>410,436</u>	<u>379,531</u>
	11,383,166	10,283,063
Subject to the Passage of Time		
Beneficial interest in charitable trust held by others	<u>456,528</u>	<u>427,911</u>
	<u>11,839,694</u>	<u>10,710,974</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Cemetery maintenance	392,007	366,642
Parish operations	652,749	537,861
Senior housing	1,647,157	1,498,611
Other purposes	<u>464,121</u>	<u>319,553</u>
	<u>3,156,034</u>	<u>2,722,667</u>
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Cemetery maintenance	182,191	182,191
Parish operations	1,105,899	1,105,899
Masses	25,000	25,000
Senior housing	87,179	87,179
Other purposes	<u>1,400,698</u>	<u>1,360,572</u>
	<u>2,800,967</u>	<u>2,760,841</u>
Total endowments	<u>5,957,001</u>	<u>5,483,508</u>
	<u><u>\$ 17,796,695</u></u>	<u><u>\$ 16,194,482</u></u>

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Satisfaction of Purpose Restrictions		
Cemetery maintenance	\$ 24,677	\$ 29,503
Parish operations	94,701	145,909
Masses	2,680	7,227
Seminarians/needly deacons	57,127	41,769
Senior housing	74,774	28,938
Needy children	44,445	54,766
Priests' medical costs	48,443	50,888
Priests' continued education	87,045	90,347
Missions and undistributed special collections	83,166	112,718
Other purposes	68,510	35,830
	<u>\$ 585,568</u>	<u>\$ 597,895</u>

Note 12 - Insurance Claims

The Diocese self-insures for losses related to health benefits, property and liability coverage, automobile coverage, and workers' compensation. Excess commercial insurance coverage is maintained for per incident and aggregate liability losses over specified amounts. A provision for estimated claims payable is provided for in the consolidated statements of financial position in the amount of \$20,399,099 and \$13,926,605 at June 30, 2025 and 2024, respectively.

Note 13 - Property/Liability Reinsurance

The Diocese, along with several other similar entities, participates in the Catholic Umbrella Pool (CUP). CUP was formed to insure participants for excess general liability and morality claims. The participating entities are liable for any losses beyond CUP's ability to fund losses. Therefore, the Diocese's exposure to additional loss funding, if any, because of its participation in CUP, is unknown.

The Diocese's contribution to CUP was \$152,781 and \$150,506 for the years ended June 30, 2025 and 2024, respectively. The Diocese's equity interest and participation percentage in CUP was \$980,402 (3.5%) and \$795,921 (3.5%) at June 30, 2025 and 2024, respectively.

Note 14 - Related Party Transactions

The Diocese, by its nature, engages in transactions with other separately incorporated and/or other divisions of the Roman Catholic Diocese of Joliet. The Diocese receives substantial support from these related organizations.

Loans receivable, net, includes \$101,353 and \$121,938 due from Diocesan Priests as of June 30, 2025 and 2024, respectively. At June 30, 2025, there is also \$36,000 due from a parish. Also included in loans receivable, net, at June 30, 2024, was an amount receivable from All Saints Catholic Academy as described in Note 9.

Other receivables, net, represents \$1,819,124 and \$1,165,188 due from Parishes as of June 30, 2025 and 2024, respectively.

The Diocese received \$750,000 and \$547,860 from the Diocese of Joliet Seminarian Education Endowment Trust and included that distribution of endowment earnings from the Trust within other contributions on the consolidated statements of activities for the years ended June 30, 2025 and 2024.

The Diocese has also transferred funds to various related entities as noted on the consolidated statements of activities.

Note 15 - Commitments and Contingencies

As of June 30, 2025 and 2024, commitments on construction pending or in process amounted to approximately \$9,100,000 and \$6,800,000, respectively. These commitments will be fully funded by Parishes and/or Diocesan loans to Parishes, and the sale of property.

Certain facilities of the Roman Catholic Diocese of Joliet contain asbestos. Current regulations require that the potential hazard created by the asbestos be remediated if the facilities undergo major renovations or are demolished. Under the provisions of FASB Accounting Standards Codification Topic (ASC) 410-20 *Asset Retirement Obligations*, this situation creates a future asset retirement obligation. In accordance with ASC 410-20, the Diocese has not recognized a liability for the asset retirement obligation at this time because the fair value of the liability cannot be reasonably estimated. This is because the settlement date, which would be the date of major renovation or demolition, is indeterminate since the Diocese has no current plans to perform either of these functions. The Diocese will recognize a liability in the period when sufficient information is available to reasonably estimate its fair value.

Various legal actions and proceedings are pending against the Diocese. These actions involve claims for compensatory and punitive damages, as well as other types of relief. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability in excess of established reserves and insurance coverage will not have a material effect on the net assets of the Diocese.

Note 16 - Defined Benefit Plans

Employees' Retirement Plan

The Diocese participates in the Christian Brothers Employee Retirement Plan which is a defined benefit pension plan that covers all full-time benefited employees. Benefits paid to retirees are based on age at retirement, years of credited service, and average compensation. The Diocese contributes 8.75% and 7.75%, respectively, of the covered employee's compensation to the plan as of June 30, 2025 and 2024.

Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan

The Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan are defined benefit plans which cover the Diocesan Priests who become participants of such plan by ordination, incardination, or petition.

The maximum pension benefits for retired or terminated Priests were \$2,125 per month from July 1, 2023 through December 31, 2023, \$2,190 per month from January 1, 2024 through December 31, 2024, and \$2,255 per month from January 1, 2025 through June 30, 2025. Priests entitled to the maximum benefit will have provided 30 or more years of service at the age of 70.

Annual contributions to the Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan (one total amount is paid and then allocated to each plan by management) are set by the Clergy Retirement Board to adequately fund the plans. During the years ended June 30, 2025 and 2024, the amount contributed per priest was \$3,500. The annual contribution is due on October 1 of each year, beginning with the first July after the priest is assigned to the Parish, agency, or institution in the Diocese.

The Priests' Pension Plan of the Roman Catholic Diocese of Joliet was 113% and 115% funded, respectively, as of June 30, 2025 and 2024. The Diocese of Joliet Retired Priests' Other Benefits Plan was 123% and 122% funded, respectively, as of June 30, 2025 and 2024.

The plans invest in mutual funds, real estate investment trusts, private equity funds, and alternative fixed income funds. There were no significant non-benefit liabilities within the plans at June 30, 2025 and 2024.

For the purposes of these consolidated financial statements, the Diocese of Joliet Priests' Pension Plan and the Diocese of Joliet Retired Priests' Other Benefits Plan are considered to be multi-employer plans as defined under FASB Accounting Standards Codification Topic (ASC) 715, *Compensation – Retirement Benefits*. The financial activity of Parishes and other units of the Diocese which contribute to these plans are not included in these consolidated financial statements.

For the year ended June 30, 2025, pension costs recognized by the Diocese for the Employees' Retirement Plan, the Diocese of Joliet Priests' Pension Plan, Diocese of Joliet Retired Priests' Other Benefits Plan, and the Christian Brothers Multi-Employer Plan were \$34,900, \$39,200, and \$395,929, respectively, and \$123,850, \$43,575, and \$412,454, respectively, for the year ended June 30, 2024.

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Union Employees Retirement Plan

Diocesan cemetery field workers are members of the Service Employees International Union (SEIU) and participate in the SEIU National Industry Pension Fund. Benefits are determined based on age of retirement, the period of time they were employed, various contributory formulas, and the type of pension elected. The Diocese contributes \$2.035 per standard working hours for each union employee. Due to the endangered state of the fund, there is an additional surcharge contribution of 99.9% and 169.4% of the monthly contribution during the years ended June 30, 2025 and 2024. For the years ended June 30, 2025 and 2024, pension costs were \$159,649 and \$158,109, respectively.

Supplementary Information
June 30, 2025 and 2024

Roman Catholic Diocese of Joliet Administration and Ministerial Services



Independent Auditor's Report on Supplementary Information

To His Excellency
The Most Reverend Ronald A. Hicks
Bishop of the Roman Catholic Diocese of Joliet and Diocesan Finance Council
Roman Catholic Diocese of Joliet Administration and Ministerial Services
Crest Hill, Illinois

We have audited the consolidated financial statements of the Roman Catholic Diocese of Joliet Administration and Ministerial Services (Diocese) as of and for the years ended June 30, 2025 and 2024, and have issued our report thereon dated November 19, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The following supplementary information is presented for the purpose of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Eide Bailly LLP

Dubuque, Iowa
November 19, 2025

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidating Statement of Financial Position

June 30, 2025

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
Assets				
Cash and cash equivalents	\$ 14,661,186	\$ 238,580	\$ -	\$ 14,899,766
Accrued interest and dividends receivable	138,206	112	-	138,318
Accounts receivable, net	1,537,792	-	-	1,537,792
Other receivables, net	1,819,126	-	-	1,819,126
Promises to give, net	945,183	-	-	945,183
Due from other Diocesan agencies	1,935,858	249,487	(1,281,317)	904,028
Prepaid expenses	357,925	-	-	357,925
Loans receivable, net	142,645	-	-	142,645
Investments	47,842,356	35,817,049	-	83,659,405
Pooled investment funds	980,402	-	-	980,402
Property and equipment, net	29,540,334	-	-	29,540,334
Beneficial interest in charitable trust held by others	456,528	-	-	456,528
Beneficial interest in perpetual trust	35,272,398	-	(35,272,398)	-
Total assets	\$ 135,629,939	\$ 36,305,228	\$ (36,553,715)	\$ 135,381,452
Liabilities and Net Assets				
Accounts payable and accrued expenses	\$ 5,403,239	\$ 1,000	\$ -	\$ 5,404,239
Interest payable	4,024,066	-	-	4,024,066
Due to other Diocesan agencies	3,117,605	1,031,830	(1,281,317)	2,868,118
Contributions payable	515,212	-	-	515,212
Estimated unpaid insurance claims	20,399,099	-	-	20,399,099
Deferred revenue	10,046,178	-	-	10,046,178
Future cemetery care liability	30,297,944	-	-	30,297,944
Total liabilities	73,803,343	1,032,830	(1,281,317)	73,554,856
Net Assets				
Without donor restrictions				
Undesignated	23,221,259	35,272,398	(35,272,398)	23,221,259
Designated by the Board for future insurance claims	1,613,180	-	-	1,613,180
Designated by the Board for future land and building funds	3,374,450	-	-	3,374,450
Designated by the Board for special purposes	4,635,812	-	-	4,635,812
Designated by the Board for cemetery operations	11,185,200	-	-	11,185,200
	44,029,901	35,272,398	(35,272,398)	44,029,901
With donor restrictions				
Perpetual in nature	2,800,967	-	-	2,800,967
Purpose restrictions	14,539,200	-	-	14,539,200
Time-restricted for future periods	456,528	-	-	456,528
	17,796,695	-	-	17,796,695
Total net assets	61,826,596	35,272,398	(35,272,398)	61,826,596
Total liabilities and net assets	\$ 135,629,939	\$ 36,305,228	\$ (36,553,715)	\$ 135,381,452

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidating Statement of Financial Position

June 30, 2024

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
Assets				
Cash and cash equivalents	\$ 10,515,748	\$ 249,712	\$ -	\$ 10,765,460
Accrued interest and dividends receivable	138,206	112	-	138,318
Accounts receivable, net	1,727,773	-	-	1,727,773
Other receivables, net	1,165,188	-	-	1,165,188
Promises to give, net	766,698	-	-	766,698
Due from other Diocesan agencies	249,554	214,629	(238,584)	225,599
Prepaid expenses	67,089	-	-	67,089
Loans receivable, net	3,321,938	-	-	3,321,938
Investments	49,221,082	32,746,589	-	81,967,671
Pooled investment funds	795,921	-	-	795,921
Property and equipment, net	28,918,320	-	-	28,918,320
Beneficial interest in charitable trust held by others	427,911	-	-	427,911
Beneficial interest in perpetual trust	33,186,087	-	(33,186,087)	-
Total assets	\$ 130,501,515	\$ 33,211,042	\$ (33,424,671)	\$ 130,287,886
Liabilities and Net Assets				
Accounts payable and accrued expenses	\$ 3,791,211	\$ 1,000	\$ -	\$ 3,792,211
Interest payable	4,032,089	-	-	4,032,089
Due to other Diocesan agencies	2,201,780	23,955	(238,584)	1,987,151
Contributions payable	462,475	-	-	462,475
Estimated unpaid insurance claims	13,926,605	-	-	13,926,605
Deferred revenue	9,145,402	-	-	9,145,402
Note payable	3,200,000	-	-	3,200,000
Future cemetery care liability	29,286,108	-	-	29,286,108
Total liabilities	66,045,670	24,955	(238,584)	65,832,041
Net Assets				
Without donor restrictions				
Undesignated	20,632,866	33,186,087	(33,186,087)	20,632,866
Designated by the Board for future insurance claims	3,923,639	-	-	3,923,639
Designated by the Board for future land and building funds	11,845,667	-	-	11,845,667
Designated by the Board for special purposes	4,560,666	-	-	4,560,666
Designated by the Board for cemetery operations	7,298,525	-	-	7,298,525
	48,261,363	33,186,087	(33,186,087)	48,261,363
With donor restrictions				
Perpetual in nature	2,760,841	-	-	2,760,841
Purpose restrictions	13,005,730	-	-	13,005,730
Time-restricted for future periods	427,911	-	-	427,911
	16,194,482	-	-	16,194,482
Total net assets	64,455,845	33,186,087	(33,186,087)	64,455,845
Total liabilities and net assets	\$ 130,501,515	\$ 33,211,042	\$ (33,424,671)	\$ 130,287,886

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidating Statement of Activities

Year Ended June 30, 2025

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
Revenue, Support and Gains				
Contributions				
Appeal fund drive	\$ 7,888,758	\$ -	\$ -	\$ 7,888,758
Parish assessments	4,551,674	-	-	4,551,674
Education fund assessment	741,770	-	-	741,770
Other	1,267,037	34,858	-	1,301,895
Program fees				
Insurance premiums and recoveries	22,869,027	-	-	22,869,027
Fees, sales, and services	9,023,674	-	-	9,023,674
Interest on loans	78,000	-	-	78,000
Rental income	156,701	-	-	156,701
Net investment return	4,488,535	3,062,216	-	7,550,751
Loss on disposal of property and equipment	388,640	-	-	388,640
Other revenue	354,626	-	-	354,626
Total revenue, support and gains	<u>51,808,442</u>	<u>3,097,074</u>	<u>-</u>	<u>54,905,516</u>
Expenses				
Program services expense				
Diocesan ministries	7,100,595	-	-	7,100,595
Catholic cemeteries	7,732,204	10,763	-	7,742,967
Restricted funds administration	515,224	-	-	515,224
Insurance program	34,166,092	-	-	34,166,092
Other Diocesan	3,287,144	-	-	3,287,144
Total program expenses	<u>52,801,259</u>	<u>10,763</u>	<u>-</u>	<u>52,812,022</u>
Supporting services expense				
Management and general	3,136,888	-	-	3,136,888
Fundraising and development	1,570,164	-	-	1,570,164
Total supporting services expenses	<u>4,707,052</u>	<u>-</u>	<u>-</u>	<u>4,707,052</u>
Total expenses	<u>57,508,311</u>	<u>10,763</u>	<u>-</u>	<u>57,519,074</u>
Change in Net Assets before Change in Beneficial Interest and Transfers	(5,699,869)	3,086,311	-	(2,613,558)
Change in Beneficial Interest in Perpetual Trust	2,086,311	-	(2,086,311)	-
Transfer from the Cemetery Perpetual Care Trust to Diocese of Joliet	1,000,000	(1,000,000)	-	-
Transfers to Catholic Diocese of Joliet Education Foundation	(15,691)	-	-	(15,691)
Change in Net Assets	(2,629,249)	2,086,311	(2,086,311)	(2,629,249)
Net Assets, Beginning of Year	<u>64,455,845</u>	<u>33,186,087</u>	<u>(33,186,087)</u>	<u>64,455,845</u>
Net Assets, End of Year	<u>\$ 61,826,596</u>	<u>\$ 35,272,398</u>	<u>\$ (35,272,398)</u>	<u>\$ 61,826,596</u>

Roman Catholic Diocese of Joliet Administration and Ministerial Services

Consolidating Statement of Activities

Year Ended June 30, 2024

	Diocese of Joliet	Cemetery Perpetual Care Trust	Eliminations	Consolidated
Revenue, Support and Gains				
Contributions				
Appeal fund drive	\$ 7,580,736	\$ -	\$ -	\$ 7,580,736
Parish assessments	4,657,527	-	-	4,657,527
Education fund assessment	723,130	-	-	723,130
Other	1,462,038	40,494	-	1,502,532
Program fees				
Insurance premiums and recoveries	22,533,927	-	-	22,533,927
Fees, sales, and services	7,820,114	-	-	7,820,114
Interest on loans	110,500	-	-	110,500
Rental income	202,887	-	-	202,887
Net investment return	4,205,110	2,857,221	-	7,062,331
Gain on disposal of property and equipment	(2,950)	-	-	(2,950)
Other revenue	692,548	-	-	692,548
Total revenue, support and gains	<u>49,985,567</u>	<u>2,897,715</u>	<u>-</u>	<u>52,883,282</u>
Expenses				
Program services expense				
Diocesan ministries	6,357,162	-	-	6,357,162
Catholic cemeteries	7,259,174	10,010	-	7,269,184
Restricted funds administration	454,322	-	-	454,322
Insurance program	25,873,032	-	-	25,873,032
Other Diocesan	3,101,590	-	-	3,101,590
Total program expenses	<u>43,045,280</u>	<u>10,010</u>	<u>-</u>	<u>43,055,290</u>
Supporting services expense				
Management and general	3,218,085	-	-	3,218,085
Fundraising and development	1,567,680	-	-	1,567,680
Total supporting services expenses	<u>4,785,765</u>	<u>-</u>	<u>-</u>	<u>4,785,765</u>
Total expenses	<u>47,831,045</u>	<u>10,010</u>	<u>-</u>	<u>47,841,055</u>
Change in Net Assets before Change in Beneficial Interest and Transfers	2,154,522	2,887,705	-	5,042,227
Change in Beneficial Interest in Perpetual Trust	2,137,705	-	(2,137,705)	-
Transfer to Diocese of Joliet				
Deposit & Loan Trust	750,000	(750,000)	-	-
Transfer to Diocese of Joliet Seminarian Education Endowment Trust	(7,393)	-	-	(7,393)
Change in Net Assets	5,034,834	2,137,705	(2,137,705)	5,034,834
Net Assets, Beginning of Year	<u>59,421,011</u>	<u>31,048,382</u>	<u>(31,048,382)</u>	<u>59,421,011</u>
Net Assets, End of Year	<u>\$ 64,455,845</u>	<u>\$ 33,186,087</u>	<u>\$ (33,186,087)</u>	<u>\$ 64,455,845</u>