

2022-2023
Annual
Report

'I Am With
You Always'

MATTHEW 28:20



DOC



DIOCESE OF CHARLOTTE

Dear Brothers and Sisters in Christ,

Grace to you and peace from God our Father and the Lord Jesus Christ.

The theme of this Fiscal 2023 annual report, "I Am With You Always," reflects the theme of our 19th annual Eucharistic Congress and reminds us of Christ's presence constantly at work in the Diocese of Charlotte. In gratitude, we are called to share the love of Christ with others in everything we do as a diocese – in our parishes and schools, in our communities, and through our many ministries.

This annual report presents information about the finances of the diocese and, through text and photos, describes the pastoral, catechetical and charitable work of our diocese from July 1, 2022, through June of this year. I am pleased to report that the overall financial health of the diocese is good, and I am grateful for your support of the Church through your prayers, involvement and financial contributions.

In this report, you will see the continuing story of our diocese's remarkable growth: as a diverse family of faith, in vocations to the priesthood, in our 92 parishes and 20 schools, in works of charity, and in stewardship of our financial resources. God continues to bless our diocese in so many ways, and we are thankful to Him because without Him nothing is possible.

We could see God's hand at work this year in calling people to serve Him in our diocese. In June 2023, we were blessed to have three men – Father Christopher Brock, Father Chinonso Nnebe-Agumadu and Father Peter Rusciollelli – ordained priests, and seven seminarians ordained deacons on the path to ordination as priests next year. I am grateful to all of our priests, deacons and consecrated religious men and women who joyfully serve in our diocese. Please pray for them and for our record number of 51 seminarians who are discerning God's will for their lives.

I am also pleased to report that total enrollment at our Catholic schools reached a record number of 7,968 students in 2022-23. Hundreds of young people, college students and adults also took part in various faith formation programs over the past year to increase their love for God and knowledge of the Catholic faith.

Ongoing economic challenges, including the end of pandemic-related relief funding, spurred higher demand for food, housing and financial assistance, and Catholic Charities Diocese of Charlotte responded. Its staff and volunteers were a daily reminder of Christ's presence as they served nearly 19,000 people over the past year – stocking and distributing food to hungry families across our diocese, setting up apartments and welcoming refugees, arranging burials for impoverished families, counseling people in need, providing holiday meals and gifts at Christmas, and so much more.

Our 19th annual Eucharistic Congress was another reason to give thanks to God this year. More than 10,000 people from across our diocese came together in September to deepen their love for Christ and His gift of the Eucharist. This year's event tied in with the National Eucharistic Revival, a multi-year effort by the U.S. bishops to increase devotion to the Blessed Sacrament.

Assured by Jesus' promise to remain with us always, let us give thanks and praise to God for all He has done and continues to do in our diocese. Please be assured of my prayers for you and your families as we all strive to share His love with others.

Sincerely Yours in Christ Jesus,
The Most Reverend Peter J. Jugis
Bishop of Charlotte

+ *Peter J. Jugis*

Atentamente suyo en Cristo Jesús,
El Obispo Peter J. Jugis
Obispo de Charlotte

Queridos hermanos y hermanas en Cristo:

Gracia a vosotros y paz de Dios nuestro Padre y del Señor Jesucristo.

El tema de este informe anual del año fiscal 2023, "Yo estoy con ustedes siempre", refleja el tema de nuestro 19º Congreso Eucarístico anual y nos recuerda la presencia de Cristo obrando constantemente en la Diócesis de Charlotte. En gratitud, estamos llamados a compartir el amor de Cristo con los demás en todo lo que hacemos como diócesis: en nuestras parroquias y escuelas, en nuestras comunidades y a través de nuestros muchos ministerios.

Este informe anual presenta información sobre las finanzas de la diócesis y, a través de texto y fotos, describe el trabajo pastoral, catequético y caritativo de nuestra diócesis desde el 1 de julio de 2022 hasta junio de este año. Me complace informar que la salud financiera general de la diócesis es buena, y estoy agradecido por su apoyo a la Iglesia a través de sus oraciones, participación y contribuciones financieras.

En este informe, verán la historia continua del notable crecimiento de nuestra diócesis: como una familia diversa de fe, en vocaciones al sacerdocio, en nuestras parroquias y escuelas, en obras de caridad y en la administración de nuestros recursos financieros. Dios continúa bendiciendo nuestra diócesis de muchas maneras, y estamos agradecidos con Él porque sin Él nada es posible.

Pudimos ver la mano de Dios obrando este año al llamar a las personas a servirle en nuestra diócesis. En junio de 2023, tuvimos la bendición de tener a tres hombres, el Padre Christopher Brock, el Padre Chinonso Nnebe-Agumadu y el Padre Peter Rusciollelli, ordenados sacerdotes, y siete seminaristas ordenados diáconos en el camino hacia la ordenación como sacerdotes el próximo año. Agradezco a todos nuestros sacerdotes, diáconos y religiosos consagrados que sirven con alegría en nuestra diócesis. Por favor, oren por ellos y por nuestro número récord de 51 seminaristas que están discerniendo la voluntad de Dios para sus vidas.

También me complace informar que la matrícula total en nuestras 20 escuelas católicas alcanzó un número récord de 7,968 estudiantes en 2022-23. Cientos de jóvenes,

estudiantes universitarios y adultos también participaron en varios programas de formación en la fe durante el año pasado para aumentar su amor por Dios y el conocimiento de la fe católica.

Los desafíos económicos en curso, incluido el fin de los fondos de ayuda relacionados con la pandemia, estimularon una mayor demanda de alimentos, vivienda y asistencia financiera, y Caridades Católicas de la Diócesis de Charlotte respondió. Su personal y voluntarios fueron un recordatorio diario de la presencia de Cristo mientras servían a casi 19,000 personas durante el año pasado, almacenando y distribuyendo alimentos a familias con necesidades de alimentos en toda nuestra diócesis, estableciendo apartamentos y dando la bienvenida a refugiados, organizando entierros para familias empobrecidas, aconsejando a personas necesitadas, proporcionando comidas y regalos navideños en Navidad, y mucho más.

Nuestro 19º Congreso Eucarístico anual fue otra razón para dar gracias a Dios este año. Más de 10,000 personas de toda nuestra diócesis se reunieron en septiembre para profundizar su amor por Cristo y su don de la Eucaristía. El evento de este año coincidió con el Avivamiento Eucarístico Nacional, un esfuerzo de varios años por parte de los obispos de los Estados Unidos para aumentar la devoción al Santísimo Sacramento.

Seguros por la promesa de Jesús de permanecer siempre con nosotros, demos gracias y alabemos a Dios por todo lo que ha hecho y sigue haciendo en nuestra diócesis. Por favor, tenga la seguridad de mis oraciones por usted y su familias mientras todos nos esforzamos por compartir Su amor con los demás.



BISHOP PETER J. JUGIS



‘I Am With You Always’

The Diocese of Charlotte enjoyed a blessed year in FY2022-23 as the faithful witnessed to God’s abiding presence in North Carolina – rejoicing over the calling of 10 men to holy orders, welcoming a record number of students at our Catholic schools, celebrating Bishop Peter Jugis’ 20th anniversary, and witnessing attendance at the Eucharistic Congress return to pre-pandemic levels.

The theme of the congress, “I Am With You Always” (Matthew 28:20), was fitting for a year of continued growth and change – as people from around the world continued to move into the diocese, and people streamed back into our churches, schools and ministries. In January 2023, the diocese concluded its celebration of our 50th anniversary – capping a year that featured special events, a Marian pilgrimage, and a 50 Acts of Charity initiative. Then, we turned our attention – and gratitude – to Bishop Peter Jugis, who marked his 20th anniversary as Bishop of Charlotte in October 2023. Bishop Jugis also completed a multi-year dialogue with the faithful throughout the diocese as part of the worldwide Church’s Synod on Synodality, announcing six new pastoral priorities as we look forward and respond to our continued growth.

Among other highlights, St. Luke Parish celebrated the opening of its new church in Mint Hill, and St. Jude was elevated from mission to parish status in Sapphire. St. Joseph College

Seminary began preparing for construction of a new chapel that will accommodate some 150 visitors, broadening accessibility of the seminary to the larger community. The diocese also embraced a request from the Sisters of the Poor Servants of the Mother of God to assume pastoral sponsorship of the Pennybyrn retirement community in High Point, which the Sisters founded 75 years ago.

The diocese’s charitable efforts also reflected the impacts of growth in our communities, as Catholic Charities served 23 percent more people in need, compared to the previous year – providing food, shelter, counseling and other services. The agency also opened a seventh outreach location, this one in North Wilkesboro, and saw a return to pre-pandemic levels of refugees for resettlement in Charlotte and Asheville.

Following are more noteworthy efforts that demonstrate God’s abiding presence in our diocese, as well as a detailed financial report for the fiscal year ending June 30, 2023.

Pastoral Ministry

Announced in April 2023, Bishop Jugis' six new pastoral priorities set expectations for clergy and faithful across the diocese. The bishop called for increased unity, outreach and focus on the Holy Eucharist – especially important in an ever-growing diocese that now has more than a half-million Catholics. First and foremost, he said, we must renew and anchor our lives in the Holy Eucharist, the source and summit of our Catholic faith. As we strengthen our communion with Christ, we must allow Him to strengthen the communion within our families and the Church. This witness to unity is especially needed in today's fractured world, he emphasized. Third, we must inspire young people to find their home in the Church. Fourth, we must encourage lives of personal holiness and highlight the beauty of chaste love. Fifth, we must proclaim the faith in a digital age, to share the Good News with a world that is in need of God. Finally, the bishop urged, we must meet the challenges of our ever-growing diocese, which has grown from 34,000 people at our founding in 1972 to more than 530,000 today.

To help serve our growing family of faith and the needs of our diverse communities, God continues to bless us with laborers for His vineyard: men and women whose vocation of service to God and the Church provide daily examples of His love and faithfulness. The diocese now has 180 priests, 123 permanent deacons, 82 women religious, 2,600 employees and countless volunteers – constant reminders of God's presence among His People.

Thanks to God and to the prayers and support of the faithful, the diocese's vocations program is flourishing: increasing dramatically from 16 seminarians in 2016 to a record number of 51 seminarians this year, including 21 in formation at St. Joseph College Seminary in Mount Holly.

Three seminarians – Christopher Brock, Chinonso Nnebe-Agumadu and Peter Rusciolli – were ordained priests for the diocese in June 2023. Seven seminarians – five of whom are graduates of St. Joseph College Seminary – were ordained deacons as they continue their formation for expected ordination to the priesthood in 2024. In early 2023, the diocese also welcomed two priests fleeing persecution in Nicaragua: Father Ramiro Tijerino and Father Óscar Benavides are now serving the Hispanic community in the Charlotte area.

The diocese was also blessed this past year with 123 permanent deacons. They are active in a broad range of ministries – from liturgical services and presiding over weddings, baptisms and funerals, to serving the poor and needy, to coordinating the prison ministry and airport chaplaincy programs. More help for these ministries and others is on its way, as another 17 men are in the introductory phase of formation as deacons, known as aspirancy. In January 2024, their next stage of formation as candidates

begins, and ordination is scheduled for 2027.

Women religious serving in our diocese, representing 17 different religious communities, continued their vital work of ministering to the poorest and most vulnerable among us: the sick and homebound, seniors, homeless pregnant women, women escaping domestic violence, people suffering with AIDS, disabled children and adults, and migrants and refugees. In response to a request from the Sisters of the Poor Servants of the Mother of God, the diocese began work to assume pastoral sponsorship of Pennybyrn, a continuing care community in High Point that the Sisters founded 75 years ago.

The work of sharing God's love throughout our increasingly diverse diocese also was evident in the African American Affairs Ministry, Hispanic Ministry and Vietnamese Ministry.

The African American Affairs Ministry continued to evangelize and educate people of the diocese and beyond, with the goal of nurturing a vibrant Catholic community committed to actively combating racism and promoting social justice and harmony. This year, the ministry increased outreach through virtual seminars and a successful multi-parish Day of Reflection held in advance of the National Black Catholic Congress XIII, which took place in July 2023 in Maryland.

The diocese's Hispanic Ministry work continues to grow more important than ever, as half the diocese's population is now of Hispanic origin. Echoing the call from the U.S. Conference of Catholic Bishops, the ministry promoted Eucharistic Revival throughout the diocese through Father Julio Dominguez's digital evangelization efforts with a "Capsulas de Fe" videos series explaining the elements and meaning of the Mass. In the spring, the diocese also hosted the National Catholic Hispanic



**GOD CONTINUES
TO BLESS US WITH
LABORERS FOR HIS
VINEYARD.**



VOCATIONS, CLERGY AND RELIGIOUS LIFE

FINANCIAL HIGHLIGHTS FOR THE YEARS ENDING JUNE 30

	2023	2022		2023	2022
REVENUE & OTHER SUPPORT			EXPENSES		
Priests' retirement collection	\$ 1,129,592	\$ 1,205,542	Seminarian formation	\$ 2,993,915	\$ 2,582,586
FFHL Contributions	13,249	28,641	Duc in Altum	36,118	31,125
Priests' Continuing Education & Seminarian collection	508,235	414,085	Quo Vadis	38,025	37,462
Friends of Seminarian program	1,240,283	1,135,273	Diaconate formation	22,573	48,130
St. Joseph Seminary building projects	7,529,635	2,124,664	Care for priests not in ministry	423,181	661,716
Other contributions	728,159	842,262	St. Joseph Seminary administration	504,180	390,301
Parish assessments	609,130	378,866	St. Joseph Seminary fundraising	374,389	319,838
Grants & Endowment Distributions			Priests' retirement benefits	1,727,769	1,249,393
DSA funding	795,602	718,468	Other	383,539	410,186
Supplemental DSA funding	230,829	271,463	TOTAL EXPENSES	6,503,689	5,730,737
Other income	127,671	71,820			
Administration funding	485,873	450,387	Surplus – St Joseph Seminary - earmarked for building project	\$ 6,894,569	\$ 1,910,734
TOTAL REVENUE & OTHER SUPPORT	\$ 13,398,258	\$ 7,641,471			

Charismatic Renewal Encuentro with more than 500 bishops, priests, deacons and laity in attendance. Father Dominguez also launched pastoral visits to parishes throughout the diocese to present Bishop Jugis' new pastoral priorities.

A new ministry for people experiencing same-sex attraction and their families was also inaugurated this past year. A local chapter of Courage International, headed up by Father Michael Carlson, and EnCourage, led by Deacon Peter Tonon, will provide pastoral care and accompaniment to participants, with support from the diocese's Office of Family Life.

Visible signs of the diocese's growth were celebrated on July 5, 2022, when St. Jude in Sapphire was elevated from its status as a mission to a parish, and on Feb. 19, 2023, when a new St. Luke Church was dedicated in Mint Hill. Successful capital campaigns to build a larger chapel and expand St. Joseph College Seminary and a new church for Our Lady of the Mountains in Highlands were also held, and St. Patrick Cathedral in Charlotte received much-needed repairs and an interior makeover that added stunning artwork and ornamentation in the sanctuary and nave.

Corporal Works of Mercy

We are called to show God's love for others in part by serving the poor and caring for the most vulnerable among us – and the faithful across the diocese took that to heart this past year.

More than \$6.4 million was allocated for Catholic Charities' social service programs, which served 22,994 people living on the margins, a 23% increase over the prior year.

CATHOLIC CHARITIES' SOCIAL SERVICE PROGRAMS SERVED 22,994 PEOPLE LAST FISCAL YEAR.



In FY2022-23, Catholic Charities Provided the Following:

- Food for 16,229 people – 20% more than the prior year.
- Opened a seventh outreach location to serve people in need in North Wilkesboro, particularly mothers and infants.
- Provided support services to 77 veterans in need.
- Provided 2,426 counseling sessions to 255 people.
- Hosted events and educational programs for 839 senior citizens.
- Resettled or served more than 600 refugees fleeing war, persecution

or poverty – 7% more than the prior year and marking a return to pre-pandemic levels.

- Assisted 255 people with immigration assistance.
- Arranged burials for a record number of 130 grieving families in financial need – a 28% increase over the past four years.
- Welcomed a 21% increase in the ranks of volunteers, to 225 people who gave a total of 14,547 hours of service.



CATHOLIC CHARITIES DIOCESE OF CHARLOTTE

FINANCIAL HIGHLIGHTS FOR THE YEARS ENDING JUNE 30

	2023	2022
REVENUE & OTHER SUPPORT		
Federal and state agency awards	\$ 2,254,161	\$ 2,217,585
Other grants, contracts & awards	235,754	457,637
Contributions - Diocese of Charlotte:		
DSA funding	1,911,236	1,942,277
Contributions - Other	2,032,165	2,425,735
Fees	424,033	402,946
Contributions - Non-Financial	712,963	475,282
Contributions - Non-Financial -		
Federal Food Assistance	140,271	245,700
Investment gain (loss) and other revenue	696,813	(1,195,170)
TOTAL REVENUE	\$ 8,407,396	\$ 6,971,992

	2023	2022
Counseling Program	\$ 511,597	\$ 484,947
Direct Assistance	2,501,971	2,617,470
Family Life Services	109,191	141,881
Office of Economic Opportunity	21,313	21,682
Pregnancy Support & Adoption	25,451	44,113
Refugee & Immigration Services	2,391,921	2,241,231
Social Concerns & Advocacy	169,109	139,705
Stay the Course/Teen Parenting Program	208,134	163,181
Translation & Interpretation	2,234	4,300
US Bishops' Collections (CCHD & CRS)	50,681	56,767
Veterans Services	525,334	472,361
Youth Counseling Program	21,472	19,679
Administrative expenses	1,305,313	1,127,344
Fundraising expenses and		
direct benefits to donors	286,836	391,900
TOTAL EXPENSES	\$ 8,130,557	\$ 7,926,561

Education and Catechesis

Catechesis aims to foster an ever-increasing desire to be holy – to become missionary disciples of Jesus and to share His Presence with others. Last year, the Education and Catholic Schools Office continued this fundamental mission by encouraging people of all ages to engage more deeply with our faith and to share that gift of faith with others.

Enrollment in the diocese's 20 Catholic schools hit a record of 7,968 students across the diocese in FY2022-23. A reflection of that growth, three large building initiatives were completed: the MACS Fine Arts Center at Charlotte Catholic High School, the new gymnasium addition to Christ the King Catholic High School in Huntersville, and a new STEM Lab and expansion at Immaculate Catholic School in Hendersonville. And with the number of enrollment applications continuing to rise, the diocese is planning to expand and build new schools to accommodate demand.

In April 2023, the Catholic Schools Office received the prestigious Catholic Institution of the Year Award from

the Catholic Educational Foundation. This national honor celebrated the school system's strong Catholic identity and focus on excellence.

Another highlight was the 19th annual Diocese of Charlotte Eucharistic Congress, directed by the Education Vicariate. The Sept. 8-9, 2023, celebration saw a tremendous turnout: Approximately 10,000 people processed through uptown streets and gathered at the Charlotte Convention Center for Mass, Eucharistic Adoration, prayer, educational talks, music and fellowship. The theme of the Congress was "I Am With You Always," and aimed not only to bring people together from across our diocese but also to deepen devotion to the Eucharist.



Approximately 900 young people took part in the 2023 Bishop's Youth Pilgrimage at Belmont Abbey College in March. Attendance at the annual Diocesan Youth Conference and Faithful Servant Leadership Institute events also increased. In further signs of a return to pre-pandemic activity, Campus Ministry served nearly 2,000 Catholic students at 19 colleges and



EDUCATION FORMATION OFFICES OF THE DIOCESE OF CHARLOTTE

FINANCIAL HIGHLIGHTS FOR THE YEARS ENDING JUNE 30

	2023	2022
REVENUE & OTHER SUPPORT		
(Includes DSA funding of: \$2,130,619 in 2023 and \$1,896,943 in 2022)	\$ 2,615,043	\$ 2,447,283
EXPENSES	\$ 2,615,043	\$ 2,447,283

DIOCESAN AND REGIONAL SCHOOLS

FINANCIAL HIGHLIGHTS FOR THE YEARS ENDING JUNE 30

	2023	2022
Tuition and fees	\$ 63,098,654	\$ 57,048,586
Parish support	4,789,354	4,564,742
Campaign Contributions	172,452	515,068
Other Contributions and gifts	2,914,169	3,512,618
School activity revenue	898,127	1,007,619
Income from rental property	1,118,748	1,039,973
Other	2,739,785	1,246,620
TOTAL REVENUE & OTHER SUPPORT	\$ 75,731,289	\$ 68,935,226
Instructional personnel	\$ 34,400,432	\$ 31,880,429
Other instructional costs	3,456,519	3,030,081
Facilities	12,677,441	10,882,937
Administrative personnel	5,113,496	4,459,769
Supplementary programs and activities	5,491,843	4,514,623
Other	5,774,051	4,834,838
TOTAL EXPENSES	\$ 66,913,782	\$ 59,602,677



universities, thanks to the dedicated service of seven full-time campus ministers who provided spiritual guidance, emotional support, fellowship, faith formation, retreat opportunities and more.

Catholic School teachers, faith formation catechists, and parents benefited from Basic and Advanced Catechetical Certification programs offered through the diocese's Catechetical Formation Office. Nearly 300 catechists completed the certification process last fiscal year. In November 2023, the office held the 7th Annual Diocesan Catechetical Conference, providing ongoing formation for a record number of approximately 500 catechists in our parishes' English and Spanish faith formation programs. And to broaden faith education opportunities among the faithful, the office established a partnership with the Catechetical Institute by Franciscan University. This program will be provided free to all parishes and schools, thanks to funding from the "Forward in Faith, Hope, and Love" Faith Formation Endowment.

Stewardship of Treasure

Despite a flagging economy, the people of the diocese continued to provide generous financial support to ensure that the work of our 92 parishes, 20 schools and more than 50 ministries continues. The diocese added 14 new endowments – bringing the total to 342 this past fiscal year, with more than \$85 million in assets – that perpetually support our parishes, schools, Catholic Charities, priest retirement, seminarian education, and outreach programs. Principal additions to new and existing endowments for the year totaled \$12,737,187. Distributions by the diocese’s charitable foundation funded a variety of good works, totaling \$845,533 for the year – making the total distributions almost \$15 million since the foundation was established in 1994. Since 2001, the foundation has given 412 grants totaling over \$1.1 million from four of the foundation’s general-purpose or special restricted endowments.

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF CHARLOTTE

FINANCIAL HIGHLIGHTS FOR THE YEARS ENDING JUNE 30

	2023	2022		2023	2022
ASSETS			LIABILITIES		
Cash	\$ 1,292,084	\$ 11,280,439	Payables and unearned income	\$ 33,024	\$ 33,927
Other receivables and assets	436,561	221,499	Custodial and annuity obligations	24,197,995	20,831,867
Beneficial Interest in Advancement Corporation	51,110	87,503	TOTAL LIABILITIES	24,231,019	20,865,794
Investments	85,841,765	66,862,094	NET ASSETS		
TOTAL ASSETS	\$ 87,621,520	\$ 78,451,535	Net assets without donor restrictions	20,687,215	18,821,545
			Net Assets with donor restrictions	42,703,286	38,764,196
			TOTAL NET ASSETS	63,390,501	57,585,741
			TOTAL LIABILITIES AND NET ASSETS	\$ 87,621,520	\$ 78,451,535

DIOCESAN MINISTRY FUNDING

FOR THE YEARS ENDING JUNE 30

	2023	2022		2023	2022
GRANTS TO CATHOLIC CHARITIES	\$ 1,910,986	\$ 1,942,277	MULTICULTURAL MINISTRIES	\$ 855,712	\$ 844,201
EDUCATIONAL MINISTRIES			VOCATIONS		
Adult Education/Evangelization	-	7,211	Seminarian Education	731,499	626,930
Campus/Young Adult Ministry	697,472	832,130	Permanent Diaconate	64,103	91,537
Faith Formation Office	555,556	458,219	TOTAL VOCATIONS	795,602	718,467
Youth Ministry	136,176	129,846	EUCCHARISTIC CONGRESS	257,835	179,050
Office of Family Life	184,053	77,018	DSA CAMPAIGN COSTS	429,640	373,461
Catholic Schools Offices	429,753	259,159	TOTALS	\$ 6,380,395	\$ 5,954,399
Office of the Vicar of Education	127,610	133,360			
TOTAL EDUCATIONAL MINISTRIES	\$ 2,130,620	\$ 1,896,943			

In addition to this long-term support, the annual Diocesan Support Appeal (DSA) enabled the diocese to provide comfort and assistance to those in need throughout our diocese. Gifts to the 2022 appeal totaled \$6.3 million from 13,363 donors and supported over 50 ministries and programs, including seminarian education, Catholic Charities, educational programs, the permanent diaconate,

multicultural ministries, and the Eucharistic Congress. The average gift among contributing households was \$476 – up from \$455 in 2021. Sixty-six percent of parishes and missions reached or exceeded their goal for supporting the appeal.

The diocese’s “Forward in Faith, Hope, and Love” campaign, launched a decade ago, continues to thrive. Seven endowments formed with the campaign reached a market value of \$20.8 million and have distributed a total of \$1.2 million to benefit Campus Ministry, Catholic Charities, faith formation, multicultural ministries, parish/mission support, tuition assistance and vocations/seminarians.

SPECIAL COLLECTIONS

AMOUNTS COLLECTED FOR THE YEARS ENDING JUNE 30

	2023	2022
International/National Combined Collection	267,498	218,941
Catholic Campaign for Human Development	120,338	107,415
Religious Retirement Collection	278,867	232,453
Combined Mission Collection	243,791	191,505
World Mission Sunday	178,645	155,839
Archdiocese for Military Services	151,244	-
Ukrainian Refugee Relief	-	164,916
TOTAL	1,240,383	1,071,069



Human Capital

This spirit of service – demonstrating love for others in our daily actions – continued to characterize the efforts of the approximately 2,600 full- and part-time employees in our parishes, schools, offices and ministries who provide services and support wherever it is needed in the diocese.

Employees and volunteers continued to find innovative ways to use their God-given talents to serve and build up the Church across western North Carolina. The diocese maintained its focus on efforts to attract and retain diverse talent to help carry out our mission, with new training and human resources support, and enhanced recruiting, onboarding and technology. We also continued to elevate efforts to tell the stories of the Church, enhancing communications tools and resources – all with the goal of more broadly proclaiming and sharing the Gospel.

THE COST OF EMPLOYEE BENEFIT PROGRAMS FOR ALL DIOCESAN ENTITIES FOR THE YEARS ENDING JUNE 30

	2023	2022
REVENUE & OTHER SUPPORT		
Long Term Disability	\$ 188,748	\$ 176,798
Health and Life Insurance	10,162,930	11,075,963
Lay Pension Plan	1,266,773	213,420
403(b) Plan Contributions	4,448,728	3,987,779
FSA/HSA Administration Fees	21,204	21,229
TOTAL REVENUE	\$ 16,088,383	\$ 15,475,189

Looking Forward

As we reflect on the past fiscal year, we do so in thanksgiving to God. We are also grateful for the prayers, sacrifices and charitable work of all the members of our thriving diocesan family – and for the steadfast leadership of our bishop who, along with our priests, brings, by the power of the Holy Spirit, the Real Presence of Jesus into our midst.

As one year ends and another begins, we can be assured of Our Lord’s continued presence as we remember what He asks of us and His promise: “Go therefore and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all that I have commanded you; and lo, I am with you always, to the close of the age” (Matthew 28:19-20).

The following pages detail the diocese’s finances for the fiscal year ending June 30, 2023.

REPORT FROM THE CHIEF FINANCIAL OFFICER

Dear Brothers and Sisters in Christ,

Through the continued generosity of the faithful, the Diocese of Charlotte remains in sound financial health. To continue our commitment to accountability and transparency, I present to you the Annual Financial Report for the Diocese of Charlotte. In support of these efforts, I wish to thank the Diocesan Finance Council, which serves in an advisory capacity to Bishop Peter Jugis, and all of you for the support you provide to our parishes, schools and ministries across the diocese. Net operating income for the year ended June 30, 2023 (before considering capital campaign activity), was \$6.1 million.

Financial resources (donor-restricted and general-purpose funds) spent during the past fiscal year went toward the following diocesan priorities:

- Capital additions and improvements at our regional and diocesan schools, \$7.6 million;
- Social service programs for our neighbors in need, \$6.5 million;
- Our retired priests, seminarians and other clergy serving the faithful, approximately \$5.4 million;
- Parish faith formation and support for our 20 schools by the Catholic Schools Office, \$2.6 million; and
- Pastoral programs for our Catholic immigrant brothers and sisters, approximately \$1.1 million.

All of our initiatives are dependent on the good work of our many dedicated clergy and lay people. During the fiscal year just ended, employee salaries and benefits totaled approximately \$63.1 million, up from \$59.9 million in fiscal 2022. This increase was primarily driven by support of our regional and diocesan schools. Employee benefits include three health insurance programs from which employees may select, term life insurance, numerous employee-paid optional benefits, a generous schedule of paid time off and a 403(b) defined contribution pension plan. Non-temporary employees working at least 1,000 hours in a calendar year receive a contribution to their 403(b) account totaling 5% of their annual salary. In addition, they receive a match equal to 50% of the first 4% of pay they contribute to their pension account.

Of course, the heart of the diocese is our parishes and schools. And, while this report covers the financial activities of many diocesan ministries and entities, it does not include those of our parishes (and parish and inter-parochial schools), which are independent entities and report separately to their parishioners. The diocesan financial statements for the years ended June 30, 2023, and 2022 are presented on the following pages for your review.

Results of operating activities for the year ended June 30, 2023

Expenses in support of our various program (ministry) services totaled \$67.5 million, while all other operating expenses (excluding capital campaign expenses) totaled approximately \$39.2 million, for a total of \$106.7 million.

We were blessed to receive \$106.8 million in financial support without donor restrictions (excluding capital campaign income), and reclassified donor-restricted revenue totaling \$10 million to unrestricted operating revenue as a result of fulfilling donor restrictions, for a total of \$116.8 million in revenue without donor restrictions (excluding capital campaign revenue).

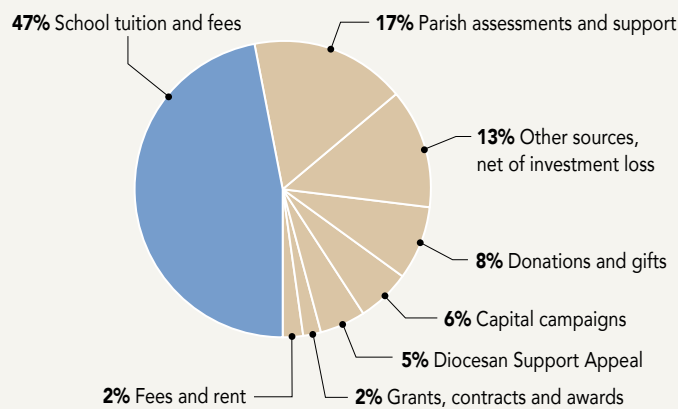
The diocese recorded a net decrease in donor-restricted operating funds (excluding capital campaign activities) of approximately \$4 million for the year ended June 30, 2023. This represents the net of \$6 million in donor-restricted donations/grants received and \$10 million in donor-restricted gifts whose restrictions were fulfilled during the fiscal year.

The pie charts below depict the major sources of revenue and summarize expenditures for the fiscal year just ended. Additional detail about revenue and a breakout of expenses by functional area, along with a comparison to fiscal 2022, are presented within the Statement of Activities on page 15.

Capital campaign activity for the year ended June 30, 2023

There were four capital campaigns with activity during fiscal 2023. The Forward in Faith, Hope, and Love Campaign recorded a loss of approximately \$24,000 as a result of distribution of previously recognized contributions to parishes. The campaign for development of the St. Joseph College Seminary chapel recorded revenue, net of campaign costs, totaling \$7.4 million during the fiscal year. Mecklenburg Area Catholic Schools (MACS) had two campaigns in the collection phase: (1) for the Fine Arts Center at Charlotte Catholic High School and (2) for the expansion of the gymnasium and athletic facilities at Christ the King Catholic High School. The MACS campaigns recorded total revenue, net of campaign costs, of approximately \$163,000 during fiscal 2023.

SOURCES OF REVENUE



Results of nonoperating activities for the year ended June 30, 2023

Nonoperating activities consist of the return earned on diocesan investments. The diocese reported a gain on investments this past year of approximately \$14.2 million, of which \$4.8 million represents donor restrictions. During the prior fiscal year ended June 30, 2022, the diocese reported a loss on investments of approximately \$17.9 million, of which \$8.7 million represented donor restrictions.

Net Asset Credit for the year ended June 30, 2023

The diocese recorded an \$8 million credit (or increase) to net assets in fiscal 2023 due to our pension and post-retirement benefit plans' most recent actuarial valuations. The primary driver of this credit is better than expected net asset performance during the fiscal year, offset by an increase in the discount rate.

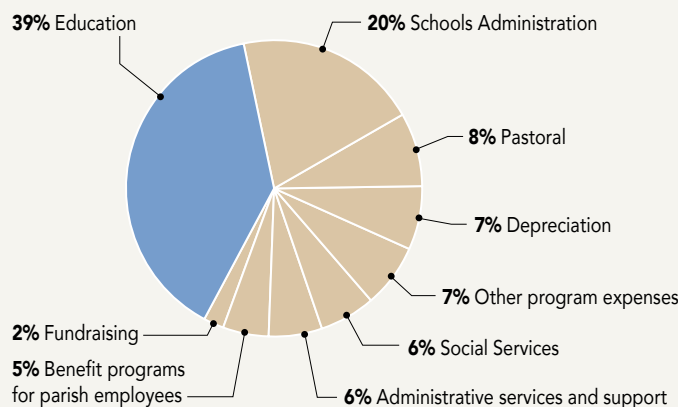
The cumulative charge against net assets related to our pension and post-retirement benefit plans through June 30, 2023, totals approximately \$8.7 million, leaving a balance in net assets without donor restrictions of approximately \$203.7 million, of which approximately \$114.7 million is

designated for certain diocesan activities. Additionally, the accrued liability for the pension and post-retirement benefit plans was approximately \$38.6 million at June 30, 2023. Due to the significant liability and charge to net assets related to the Lay Employee Pension Plan, this plan was amended in 2018 to eliminate future accruals for all participants by January 1, 2022. Although the plan is frozen, employees who were participants in the plan will retain benefits, based on credited service and eligible earnings, in accordance with the terms of the plan.

Cash flows for the year ended June 30, 2023

Cash generated from operating activities totaled approximately \$20.3 million (including \$1.3 million of pledge receivables collected), which

USES OF OUR RESOURCES



assisted in providing the funds needed for the acquisition of property and equipment, which totaled \$8.4 million. The remaining resources were allocated to investments as part of our strategic approach in support of our long-term diocesan goals and initiatives.

Liquidity as of June 30, 2023

Although the pension and post-retirement benefit liabilities have a significant impact on our unrestricted net assets, they are long term in nature and do not affect our liquidity in the short term. As the Statement of Financial Position shows, cash and investments totaled \$269.3 million at June 30, 2023, of which \$85.8 million is invested in donor-restricted endowments, leaving a balance of \$183.5 million. Receivables and other assets totaling \$11.8 million are due within the coming year, resulting in liquid assets of \$195.3 million. Of this amount, \$103.9 million is either restricted as to use by donor stipulations or management designations or is required for FFHL and endowment distributions and grant commitments, further reducing funds available to \$91.4 million. Of this amount, \$58 million represents parish deposits held by DL Catholic, leaving a balance of \$33 million for general operations, including payment of liabilities reported on the Statement of Financial Position at June 30, 2023.

Financial governance and oversight

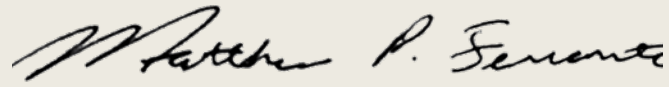
The diocesan Finance Office remains committed to the highest standards of fiscal integrity, accountability and transparency. To this end, the diocese follows guidelines it has developed for strong financial governance, which can be found on the diocesan website. The complete compendium of financial policies of the Diocese of Charlotte is also published on the diocesan website. These policies are updated regularly. It is the responsibility of the diocesan Finance Office to ensure that accounting policies and procedures are being adhered to, and internal

controls are in place and operating so as to safeguard diocesan assets and ensure that all financial activity is accounted for properly.

Financial oversight is provided through routine financial audits and the diocesan Finance Council, which is directly responsible to the bishop. The diocesan Finance Council fulfills its audit oversight responsibilities by meeting annually with the diocese’s outside auditors and exercising oversight as it relates to the following specific matters:

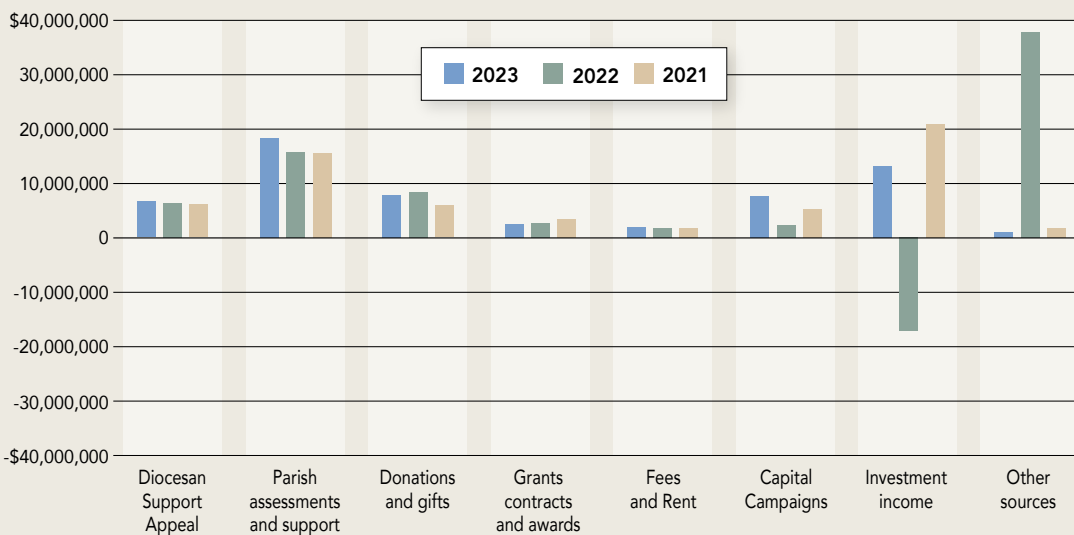
- Systems of internal accounting control;
- Compliance with laws and regulations;
- Compliance with the diocesan code of ethics;
- Financial reporting; and the
- External auditors.

The integrity of the financial statements that follow and the integrity of the underlying financial systems are the responsibility of the diocese. The public accounting firm of Deloitte and Touche LLC was engaged to perform an independent audit of these financial statements. Their audit report is included in the financial report that follows.

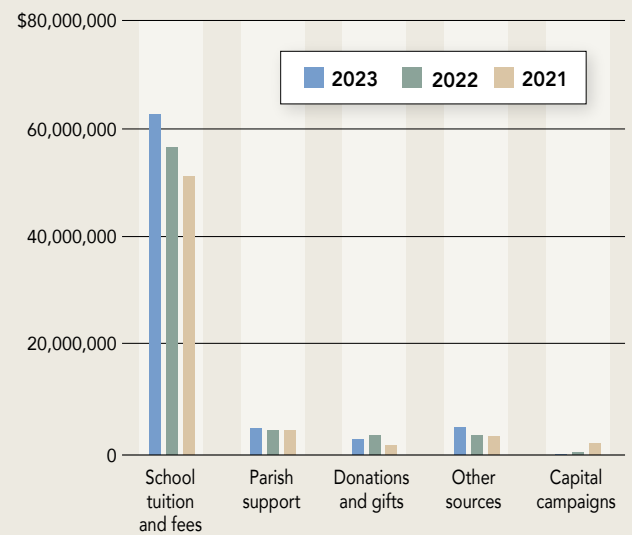


Matthew P. Ferrante
Chief Financial Officer

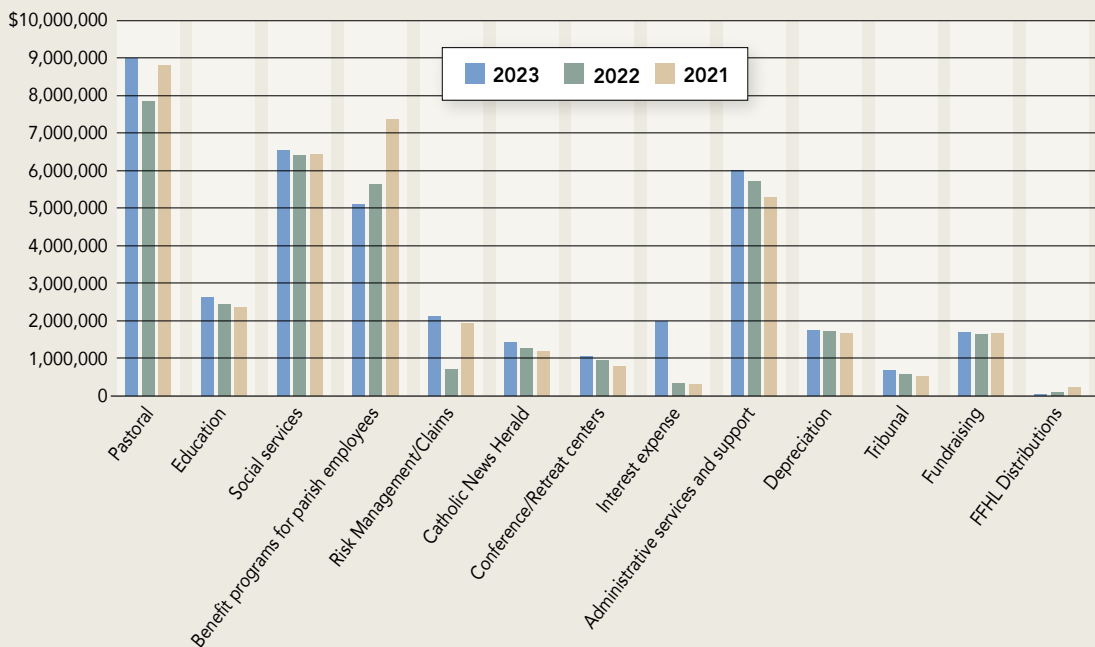
DIOCESAN REVENUES EXCLUDING SCHOOLS: 2023-2021



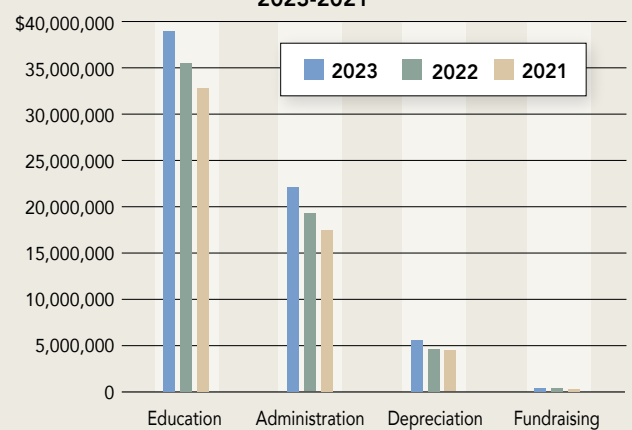
REGIONAL AND DIOCESAN SCHOOLS' REVENUES: 2023-2021



DIOCESAN EXPENSES EXCLUDING SCHOOLS: 2023-2021



REGIONAL AND DIOCESAN SCHOOLS' EXPENSES: 2023-2021



INDEPENDENT AUDITORS' REPORT

To the Most Reverend Peter J. Jugis, Bishop of Charlotte:

We have audited the accompanying combined financial statements of The Roman Catholic Diocese of Charlotte (the "Diocese"), which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Diocese as of June 30, 2023 and 2022, and the combined results of its activities, its cash flows and its functional expenses 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 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 Financial Statements

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

In preparing the combined 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 combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 combined 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.

Deloitte & Touche LLP

November 1, 2023

THE ROMAN CATHOLIC DIOCESE OF CHARLOTTE COMBINED STATEMENTS FINANCIAL POSITION

AS OF JUNE 30, 2023 AND 2022

ASSETS	2023	2022
CASH AND CASH EQUIVALENTS	\$ 35,245,097	\$ 69,256,967
PLEDGES RECEIVABLE—Net	10,705,413	6,114,131
OTHER ACCOUNTS RECEIVABLE—Net	4,869,029	3,757,638
NOTES RECEIVABLE—Net	13,198,790	11,817,293
ADVANCES TO PARISHES—Net	3,687,503	3,334,030
INVESTMENTS	234,023,906	165,063,124
PROPERTY AND EQUIPMENT—Net	110,895,269	112,197,504
BENEFICIAL INTERESTS IN PERPETUAL TRUSTS	10,074,342	9,666,350
DEFERRED RENT AND RIGHT-OF-USE ASSETS—Operating leases	1,192,013	1,394,117
OTHER ASSETS	1,455,114	1,080,186
TOTAL	\$ 425,346,476	\$ 383,681,340
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 4,361,523	\$ 5,830,623
Accrued salaries, wages, and benefits	6,472,304	5,022,496
Accrued pension and postretirement benefits	38,622,370	47,471,764
Unearned revenue	15,083,466	14,696,086
Lease liabilities	1,667,922	3,323,636
Custodial, annuity, and other obligations	78,016,945	62,070,719
Total liabilities	144,224,530	138,415,324
CONTINGENCIES (Note 12)		
NET ASSETS:		
Net assets without donor restrictions:		
Undesignated	97,780,867	89,427,279
Net asset charge—Lay and Priest Retirement Plans and Retired Clergy Health Plan	(8,741,166)	(16,715,759)
Total undesignated net assets without donor restrictions	89,039,701	72,711,520
Designated	114,652,176	102,784,563
Total net assets without donor restrictions	203,691,877	175,496,083
Net assets with donor restrictions	77,430,069	69,769,933
Total net assets	281,121,946	245,266,016
TOTAL	\$ 425,346,476	\$ 383,681,340

See notes to combined financial statements.

THE ROMAN CATHOLIC DIOCESE OF CHARLOTTE COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 35,855,930	\$ 44,038,249
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Contributions from donor restrictions—property purchases	(8,417,222)	(1,953,250)
Contributions from donor restrictions—endowments	(1,137,942)	(1,207,691)
Depreciation and amortization	7,309,906	6,295,278
Contribution of property	-	(350,000)
Investment realized and unrealized (gains)/losses	(6,677,622)	20,214,523
Gain on disposition of property	255,418	(36,298,784)
Net asset credit—Lay and Priest Retirement Plans and Retired Clergy Health Plan	(7,974,593)	(12,276,506)
Decrease in discounts and allowances on advances, notes, and pledges receivable	(387,123)	(595,012)
Changes in operating assets and liabilities:		
Other accounts receivable	(1,107,907)	(415,274)
Deferred rent	(50,364)	(45,317)
Pledges receivable	1,308,034	147,142
Other assets	(64,124)	275,043
Accounts payable and accrued expenses	411,125	124,066
Accrued salaries, wages, and benefits	1,449,808	(952,433)
Accrued pension and postretirement benefits	(874,801)	(569,964)
Unearned revenue	387,380	1,606,050
Lease liability—financed lease	-	162,467
Net cash provided by operating activities	20,285,903	18,198,587
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(8,437,356)	(19,935,451)
Proceeds from the sale of property	323,769	37,922,143
Purchase of investments	(187,595,934)	(64,143,761)
Proceeds from maturity and sales of investments	128,066,608	52,010,648
Issuance of advances and notes	(5,075,279)	(7,108,280)
Payments received on advances and notes	3,244,114	4,856,719
Decrease (Increase) in other assets	(340,531)	8,393
Increase in custodial obligations	12,574,646	4,314,234
Net cash (used in) provided by investing activities	(57,239,963)	7,924,645
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distribution of corpus from perpetual trust	209,754	121,995
Contributions with donor restrictions—property purchases	2,952,807	3,245,361
Contributions with donor restrictions—endowments	1,182,875	1,266,406
Principal payment of finance lease obligations	(1,403,246)	(793,911)
Net cash flows provided by financing activities	2,942,190	3,839,851
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(34,011,870)	29,963,083
CASH AND CASH EQUIVALENTS:		
Beginning of year	69,256,967	39,293,884
End of year	\$ 35,245,097	\$ 69,256,967
SUPPLEMENTAL DATA:		
Interest paid	\$ 11,735	\$ 3,913
Non-cash acquisition of property	\$ 117,038	\$ 2,024,912
Property financed through finance lease	\$ -	\$ 2,254,266
Contribution of property	\$ -	\$ 350,000

THE ROMAN CATHOLIC DIOCESE OF CHARLOTTE COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:						
School tuition and fees—net	\$ 62,721,004	\$ -	\$ 62,721,004	\$ 56,696,035	\$ -	\$ 56,696,035
Contributions—Diocesan Support Appeal (DSA)	6,611,212	-	6,611,212	6,269,221	-	6,269,221
Contributions—Non-Financial	853,234	-	853,234	1,189,982	-	1,189,982
Other support—DSA programs	621,244	-	621,244	367,877	-	367,877
Other donations and gifts	4,489,201	5,443,818	9,933,019	5,066,415	5,615,735	10,682,150
Parish assessments:						
Employee benefit programs	10,532,060	-	10,532,060	9,681,644	-	9,681,644
Property liability insurance	1,948,737	-	1,948,737	1,825,537	-	1,825,537
Catholic News Herald	1,143,617	-	1,143,617	984,330	-	984,330
Central office	4,680,755	-	4,680,755	3,229,276	-	3,229,276
Parish support of schools	4,789,354	-	4,789,354	4,564,742	-	4,564,742
Federal and state agency awards	2,568,272	302,027	2,870,299	2,853,255	488,906	3,342,161
Other grants and awards	59,335	178,794	238,129	183,673	296,324	479,997
Fees for services rendered	1,209,859	-	1,209,859	1,180,941	-	1,180,941
Rental income	1,788,513	-	1,788,513	1,649,602	-	1,649,602
Interest income—parish loans	633,817	-	633,817	384,409	-	384,409
Other income	2,206,887	9,453	2,216,340	39,409,392	(51,200)	39,358,192
Net assets released from restriction	9,971,696	(9,971,696)	-	11,034,414	(11,034,414)	-
Total revenues and other support	\$ 116,828,797	\$ (4,037,604)	\$ 112,791,193	\$ 146,570,745	\$ (4,684,649)	\$ 141,886,096
EXPENSES:						
Program expenses:						
Pastoral:						
Clergy, vocations, and support for retired priests	5,420,818	-	5,420,818	5,495,729	-	5,495,729
Multicultural ministries	1,090,041	-	1,090,041	963,130	-	963,130
Contributions, grants, and subsidies	1,979,178	-	1,979,178	1,061,230	-	1,061,230
Other	512,280	-	512,280	322,881	-	322,881
Education:						
Regional and diocesan schools	38,923,353	-	38,923,353	35,480,449	-	35,480,449
Other education and faith formation	2,615,043	-	2,615,043	2,447,283	-	2,447,283
Social service programs	6,538,408	-	6,538,408	6,410,611	-	6,410,611
Benefit programs for lay parish employees	5,109,982	-	5,109,982	5,638,697	-	5,638,697
Risk management services/claims	2,114,921	-	2,114,921	711,789	-	711,789
Publication of Catholic News Herald	1,425,429	-	1,425,429	1,272,290	-	1,272,290
Conference/retreat centers	1,060,263	-	1,060,263	950,745	-	950,745
Tribunal	682,633	-	682,633	566,603	-	566,603
Total program expenses	\$ 67,472,349	\$ -	\$ 67,472,349	\$ 61,321,437	\$ -	\$ 61,321,437
Administrative:						
Central office administration	4,234,673	-	4,234,673	4,060,256	-	4,060,256
Regional and diocesan schools administration	21,853,392	-	21,853,392	19,059,912	-	19,059,912
Social services administration	1,233,648	-	1,233,648	958,734	-	958,734
Interest—parish savings and investments	1,974,485	-	1,974,485	330,581	-	330,581
Interest—lease obligations	23,523	-	23,523	5,227	-	5,227
Depreciation and amortization	7,309,906	-	7,309,906	6,295,278	-	6,295,278
Other	685,765	-	685,765	824,906	-	824,906
Total administrative expenses	\$ 37,315,392	\$ -	\$ 37,315,392	\$ 31,534,894	\$ -	\$ 31,534,894
Fundraising	1,864,938	-	1,864,938	1,658,653	-	1,658,653
Total expenses	\$ 106,652,679	\$ -	\$ 106,652,679	\$ 94,514,984	\$ -	\$ 94,514,984
CHANGE IN NET ASSETS BEFORE CAPITAL CAMPAIGN AND NONOPERATING ACTIVITIES AND NET ASSET CHARGE	\$ 10,176,118	\$ (4,037,604)	\$ 6,138,514	\$ 52,055,761	\$ (4,684,649)	\$ 47,371,112
CAPITAL CAMPAIGN ACTIVITIES:						
Forward in Faith, Hope, and Love (FFHL):						
FFHL—recovery of losses on uncollectible contributions	\$ -	\$ 23,532	\$ 23,532	\$ -	\$ 211,225	\$ 211,225
FFHL—net assets released from restriction	41,570	(41,570)	-	100,450	(100,450)	-
FFHL—distributions to parishes	(41,570)	-	(41,570)	(100,450)	-	(100,450)
FFHL—fundraising and other expenses	(5,664)	-	(5,664)	(5,602)	-	(5,602)
Net FFHL campaign activity	\$ (5,664)	\$ (18,038)	\$ (23,702)	\$ (5,602)	\$ 110,775	\$ 105,173
Mecklenburg Area Catholic Schools (MACS):						
MACS—contributions	9,588	162,864	172,452	15,781	499,287	515,068
MACS—fundraising expenses	(9,588)	-	(9,588)	(15,781)	-	(15,781)
Net MACS campaign activity	\$ -	\$ 162,864	\$ 162,864	\$ -	\$ 499,287	\$ 499,287
St. Joseph College Seminary:						
St. Joseph College Seminary—contributions	211,122	7,426,314	7,637,436	\$ 319,838	\$ 1,712,504	\$ 2,032,342
St. Joseph College Seminary—fundraising expenses	(211,122)	-	(211,122)	(319,838)	-	(319,838)
St. Joseph College Seminary—net assets released from restriction	716,015	(716,015)	-	1,358,538	(1,358,538)	-
Net St. Joseph College Seminary campaign activity	\$ 716,015	\$ 6,710,299	\$ 7,426,314	\$ 1,358,538	\$ 353,966	\$ 1,712,504
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	\$ 10,886,469	\$ 2,817,521	\$ 13,703,990	\$ 53,408,697	\$ (3,720,621)	\$ 49,688,076
NONOPERATING—Net investment return	\$ 9,334,732	\$ 4,842,615	\$ 14,177,347	\$ (9,252,791)	\$ (8,673,542)	\$ (17,926,333)
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	\$ 9,334,732	\$ 4,842,615	\$ 14,177,347	\$ (9,252,791)	\$ (8,673,542)	\$ (17,926,333)
CHANGE IN NET ASSETS BEFORE NET ASSET CREDIT	\$ 20,221,201	\$ 7,660,136	\$ 27,881,337	\$ 44,155,906	\$ (12,394,163)	\$ 31,761,743
NET ASSET CREDIT—Lay and Priest Retirement Plans and Retired Clergy Health Plan	7,974,593	-	7,974,593	12,276,506	-	12,276,506
CHANGE IN NET ASSETS	\$ 28,195,794	\$ 7,660,136	\$ 35,855,930	\$ 56,432,412	\$ (12,394,163)	\$ 44,038,249
NET ASSETS:						
Beginning of year	\$ 175,496,083	\$ 69,769,933	\$ 245,266,016	\$ 119,063,671	\$ 82,164,096	\$ 201,227,767
End of year	\$ 203,691,877	\$ 77,430,069	\$ 281,121,946	\$ 175,496,083	\$ 69,769,933	\$ 245,266,016

See notes to combined financial statements.

THE ROMAN CATHOLIC DIOCESE OF CHARLOTTE COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Personnel Costs	Occupancy Costs	Office/ Program Expenses	Professional Services	Travel and Professional Development	Grants and Other Assistance	Other	Total
PROGRAMS:								
Pastoral:								
Clergy, vocations and support for retired priests	\$ 3,460,800	\$ 435,359	\$ 210,781	\$ 99,235	\$ 1,096,266	\$ 2,905	\$ 115,472	\$ 5,420,818
Multicultural ministries	735,425	181,748	18,883	7,355	136,046	2,270	8,314	1,090,041
Contributions, grants and subsidies	-	431	-	-	100	1,978,647	-	1,979,178
Other	13,975	111,532	92,226	253,365	41,182	-	-	512,280
Education:								
Regional and diocesan schools	34,400,434	-	4,522,919	-	-	-	-	38,923,353
Other education and faith formation	1,834,654	407,258	177,453	26,001	166,023	-	3,654	2,615,043
Social service programs	3,139,827	654,474	177,511	198,009	167,832	2,200,269	486	6,538,408
Benefit program for lay parish employees	5,109,982	-	-	-	-	-	-	5,109,982
Risk management services/claims	-	1,736,804	-	372,717	-	5,400	-	2,114,921
Publication of Catholic News Herald	688,442	58,200	537,161	135,894	4,743	-	989	1,425,429
Conference/retreat centers	639,071	279,106	126,600	2,334	3,472	-	9,680	1,060,263
Tribunal	466,708	65,663	43,583	51,945	53,876	-	858	682,633
Total program expenses	<u>50,489,318</u>	<u>3,930,575</u>	<u>5,907,117</u>	<u>1,146,855</u>	<u>1,669,540</u>	<u>4,189,491</u>	<u>139,453</u>	<u>67,472,349</u>
ADMINISTRATIVE:								
Central office administration	3,451,914	(199,800)	453,449	352,130	178,387	(13,867)	12,460	4,234,673
Regional and diocesan schools administration	8,204,939	7,580,430	3,390,718	1,993,141	354,230	-	329,934	21,853,392
Social services administration	439,784	91,168	32,345	573,578	45,690	-	51,083	1,233,648
Interest—parish savings and investments	-	-	-	-	-	-	1,974,485	1,974,485
Interest—lease obligations	-	-	-	-	-	-	23,523	23,523
Depreciation and amortization	-	7,309,906	-	-	-	-	-	7,309,906
Other	65,448	-	122,852	454,314	35,449	106	7,596	685,765
Total administrative expenses	<u>12,162,085</u>	<u>14,781,704</u>	<u>3,999,364</u>	<u>3,373,163</u>	<u>613,756</u>	<u>(13,761)</u>	<u>2,399,081</u>	<u>37,315,392</u>
FUNDRAISING	<u>317,596</u>	<u>26,257</u>	<u>886,967</u>	<u>600,477</u>	<u>18,131</u>	<u>-</u>	<u>15,510</u>	<u>1,864,938</u>
TOTAL EXPENSES BEFORE CAPITAL CAMPAIGN ACTIVITIES IN THE STATEMENT OF ACTIVITIES	<u>62,968,999</u>	<u>18,738,536</u>	<u>10,793,448</u>	<u>5,120,495</u>	<u>2,301,427</u>	<u>4,175,730</u>	<u>2,554,044</u>	<u>106,652,679</u>
CAPITAL CAMPAIGN ACTIVITIES:								
Distributions to parishes—FFHL	-	-	-	-	-	41,570	-	41,570
Fundraising and other expenses—FFHL	-	-	5,664	-	-	-	-	5,664
Total FFHL expenses	-	-	5,664	-	-	41,570	-	47,234
MACS campaigns' expenses	-	-	-	9,588	-	-	-	9,588
St Joseph College Seminary campaign expenses	91,956	-	17,511	77,708	14,098	-	9,849	211,122
Total capital campaign expenses	<u>91,956</u>	<u>-</u>	<u>23,175</u>	<u>87,296</u>	<u>14,098</u>	<u>41,570</u>	<u>9,849</u>	<u>267,944</u>
TOTAL EXPENSES PER THE STATEMENT OF ACTIVITIES	<u>\$ 63,060,955</u>	<u>\$ 18,738,536</u>	<u>\$ 10,816,623</u>	<u>\$ 5,207,791</u>	<u>\$ 2,315,525</u>	<u>\$ 4,217,300</u>	<u>\$ 2,563,893</u>	<u>\$ 106,920,623</u>

See notes to combined financial statements.

THE ROMAN CATHOLIC DIOCESE OF CHARLOTTE COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Personnel Costs	Occupancy Costs	Office/ Program Expenses	Professional Services	Travel and Professional Development	Grants and Other Assistance	Other	Total
PROGRAMS:								
Pastoral:								
Clergy, vocations and support for retired priests	\$ 4,059,713	\$ 327,117	\$ 109,571	\$ 224,095	\$ 681,421	\$ 7,150	\$ 86,662	\$ 5,495,729
Multicultural ministries	724,329	111,511	31,171	6,981	82,992	486	5,660	963,130
Contributions, grants and subsidies	-	424	-	-	100	1,060,706	-	1,061,230
Other	65,520	34,233	124,977	87,906	10,245	-	-	322,881
Education:								
Regional and diocesan schools	31,880,428	-	3,600,021	-	-	-	-	35,480,449
Other education and faith formation	1,876,156	353,143	111,957	13,947	89,021	-	3,059	2,447,283
Social service programs	3,029,710	593,338	178,399	149,781	106,640	2,352,419	324	6,410,611
Benefit program for lay parish employees	5,638,697	-	-	-	-	-	-	5,638,697
Risk management services/claims	-	390,171	-	110,264	-	25,763	185,591	711,789
Publication of Catholic News Herald	617,441	54,045	469,210	126,819	4,775	-	-	1,272,290
Conference/retreat centers	557,909	243,730	133,193	1,877	2,939	-	11,097	950,745
Tribunal	387,563	59,125	23,074	30,359	65,575	51	856	566,603
Total program expenses	<u>48,837,466</u>	<u>2,166,837</u>	<u>4,781,573</u>	<u>752,029</u>	<u>1,043,708</u>	<u>3,446,575</u>	<u>293,249</u>	<u>61,321,437</u>
ADMINISTRATIVE:								
Central office administration	2,640,771	322,495	421,235	411,746	181,335	62,000	20,674	4,060,256
Regional and diocesan schools administration	7,241,771	6,728,132	3,034,343	1,776,487	269,271	-	9,908	19,059,912
Social services administration	409,896	74,154	9,051	358,572	39,462	-	67,599	958,734
Interest—parish savings and investments	-	-	-	-	-	-	330,581	330,581
Interest—lease obligations	-	-	-	-	-	-	5,227	5,227
Depreciation and amortization	-	6,295,278	-	-	-	-	-	6,295,278
Other	102,350	7,934	105,632	321,639	14,535	400	272,416	824,906
Total administrative expenses	<u>10,394,788</u>	<u>13,427,993</u>	<u>3,570,261</u>	<u>2,868,444</u>	<u>504,603</u>	<u>62,400</u>	<u>706,405</u>	<u>31,534,894</u>
FUNDRAISING	<u>434,242</u>	<u>13,206</u>	<u>587,316</u>	<u>594,701</u>	<u>13,136</u>	<u>-</u>	<u>16,052</u>	<u>1,658,653</u>
TOTAL EXPENSES BEFORE CAPITAL CAMPAIGN ACTIVITIES IN THE STATEMENT OF ACTIVITIES	<u>59,666,496</u>	<u>15,608,036</u>	<u>8,939,150</u>	<u>4,215,174</u>	<u>1,561,447</u>	<u>3,508,975</u>	<u>1,015,706</u>	<u>94,514,984</u>
CAPITAL CAMPAIGN ACTIVITIES:								
Distributions to parishes—FFHL	-	-	-	-	-	100,450	-	100,450
Fundraising and other expenses—FFHL	-	-	5,602	-	-	-	-	5,602
Total FFHL expenses	-	-	5,602	-	-	100,450	-	106,052
MACS campaigns' expenses	-	-	-	15,781	-	-	-	15,781
St Joseph College Seminary campaign expenses	216,580	3,130	25,145	58,040	15,274	-	1,669	319,838
Total capital campaign expenses	<u>216,580</u>	<u>3,130</u>	<u>30,747</u>	<u>73,821</u>	<u>15,274</u>	<u>100,450</u>	<u>1,669</u>	<u>441,671</u>
TOTAL EXPENSES PER THE STATEMENT OF ACTIVITIES	<u>\$ 59,883,076</u>	<u>\$ 15,611,166</u>	<u>\$ 8,969,897</u>	<u>\$ 4,288,995</u>	<u>\$ 1,576,721</u>	<u>\$ 3,609,425</u>	<u>\$ 1,017,375</u>	<u>\$ 94,956,655</u>

See notes to combined financial statements.

THE ROMAN CATHOLIC DIOCESE OF CHARLOTTE NOTES TO COMBINED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. ORGANIZATION

The Roman Catholic Diocese of Charlotte (the "Diocese") serves the Roman Catholic Church in western North Carolina. The Diocese comprises a geographic area of 20,470 square miles covering 46 counties ranging from the North Carolina piedmont region to the North Carolina mountain region. The accompanying combined financial statements do not include the assets, liabilities, or activities of individual parishes and interparochial schools as the financial operations of such entities are not under the auspices of the Diocese. These excluded activities are operating entities distinct from the offices and organizations included herein, maintain separate accounts, and carry on their own programs.

The accompanying combined financial statements include the accounts of the following organizations, which operate under the auspices of the Diocese:

- The Central Administration, which provides administrative and other services to parishes, schools, and agencies of the Diocese. Services include coordination and support of educational programs and multicultural ministries; family enrichment services; the vocations program; continuing formation of priests and support of retired priests; employee benefit program; property/casualty insurance program; diocesan tribunal; operation of the Catholic Conference Center, Living Waters Reflection Center, and Cathedral Publishing, Inc., the publisher of the *Catholic News Herald*.
- The Catholic Diocese of Charlotte Housing Corporation (the "Housing Corporation"), whose mission is to create, maintain, promote, and operate housing facilities and provide accompanying services for seniors, individuals, and families with low incomes, and other vulnerable populations. For the fiscal year ended June 30, 2023 the continuing activities of the Housing Corporation were merged into the Central Administration.
- Bishop McGuinness Catholic High School ("BMCHS"), which provides Catholic secondary education for the Winston-Salem, Greensboro, and High Point areas.
- Mecklenburg Area Catholic Schools ("MACS"), which operates nine schools throughout Mecklenburg County as of June 30, 2023 and 2022.
- Catholic Charities Diocese of Charlotte ("CCDOC"), a professional human services agency that provides counseling, adoption support, pregnancy support, foster care, crisis intervention, material assistance, burial assistance, immigration services, refugee resettlement, justice and peace advocacy, and education.
- The Foundation of the Roman Catholic Diocese of Charlotte, Inc. (the "Foundation"), which receives, administers, and disburses funds through the creation of endowments for educational, religious, and charitable purposes for the benefit of the Diocese and its various parishes, schools, and agencies.
- DL Catholic, Inc. ("DL Catholic"), which holds funds on deposit from the Central Administration, parishes, schools, and other Catholic institutions in the Diocese. These amounts generally represent funds in excess of current operating needs that have been set aside to fund future programs and/or facility needs. Interest on deposits is paid based on rates established for the terms of the deposits selected by the depositors. DL Catholic also provides loans to the Central Administration, parishes, schools, and other Catholic institutions in the Diocese, which are primarily for funding the purchase of property and acquisition or construction of facilities.
- The Catholic Diocese of Charlotte Advancement Corporation (the "Advancement Corporation"), which conducts diocesan-wide fundraising campaigns and the annual Diocesan Support Appeal (DSA) to support operating, capital, and endowment activities of the Central Administration and other entities of the Diocese of Charlotte.
- Saint Joseph College Seminary which is a house of formation whose primary mission is to form undergraduate men for the Catholic priesthood while attending Belmont Abbey College.

The activities of the above organizations have been combined by functional area in the accompanying combined statements of activities. Intra-diocesan transactions have been eliminated in combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation—The combined financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as set forth in the Financial Accounting Standards Board (FASB) Accounting Standards Codification ("ASC"), including FASB ASC 958, *Not-for-Profit Entities*. FASB ASC 958 requires the reporting of total assets, liabilities, and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash in a statement of cash flows.

Use of Estimates in the Preparation of Financial Statements—The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to, valuation of pledges receivable, other accounts receivable, notes receivable, advances to parishes, valuation of beneficial interests in perpetual trusts, investments, accrued pension benefits, and accrued health benefits for retired priests. Actual results could differ from those estimates.

Operating Activities—Transactions that are part of the ongoing major or central activities of the combined entities are reported as operating in the accompanying combined statements of activities. All other transactions are reported as non-operating.

Functional Expenses—The costs of program and supporting services activities have been summarized on a functional basis in the combined statements of activities. The combined statement of functional expenses presents the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the programs and supporting services benefited.

We believe our allocations are done on a reasonable and consistent basis. Occupancy costs are allocated on a square footage basis. Most personnel costs, office expenses, professional services, travel and professional development costs, and grants and other assistance are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

Cash and Cash Equivalents—The Diocese considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. At various times throughout the year, the Diocese may maintain bank accounts in excess of the Federal Deposit Insurance Corporation-insured limit.

Allowance for Doubtful Accounts—The Diocese recognizes an allowance when information available prior to the issuance of the combined financial statements indicates that it is probable that a receivable has been impaired as of the date of the combined financial statements and the amount of loss can be reasonably estimated.

Beneficial Interests in Perpetual Trusts—Beneficial interests in perpetual trusts represent irrevocable interests in assets held by third parties under split-interest agreements and are measured at fair value, with the change in fair value reported within net investment return in the accompanying combined statements of activities.

Investments—Investments consist primarily of marketable debt and equity securities and funds and are measured at fair value in the accompanying combined statements of financial position. Net investment return is reported within non-operating activities in the combined statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses. The Diocese utilizes financial institutions to provide custodial and recordkeeping services, in addition to investment managers with full discretionary authority, subject to the Diocese's investment policies, to provide investment management services.

Property and Equipment—net—Upon acquisition, property and equipment is recorded at cost when purchased and at estimated fair value when donated. Depreciation expense is determined by using the straight-line method over the estimated useful lives of the assets. Equipment held under finance leases and leasehold improvements is amortized over the shorter of the lease term or the estimated useful life of the related asset.

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to future net undiscounted cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges related to property and equipment were recognized during fiscal years 2023 and 2022.

The major classes of property and equipment represented as of June 30, 2023 and 2022, are as follows:

	2023	2022	Life (In Years)
Land*	\$ 16,562,503	\$ 16,562,503	N/A
Land improvements	23,839,461	23,160,604	5–15
Buildings and improvements**	125,124,512	117,916,424	10–40
Furniture and equipment	15,384,910	16,310,249	3–10
Vehicles	3,139,231	2,930,011	3–5
Right-of-use assets (finance leases)	2,755,427	2,840,705	3–4
Interest in St. Matthew Education Center	5,437,478	5,550,590	Varies
Construction in progress	1,103,446	3,989,112	N/A
Property held for sale	17,500	17,500	N/A
	193,364,468	189,277,698	
Less accumulated depreciation	(82,469,199)	(77,080,194)	
Total	\$ 110,895,269	\$ 112,197,504	

* The Diocese is the lessor in operating leases of various parcels of land, which are included in the land classification above. The cost basis for land leased totaled \$875,132 as of June 30, 2023 and 2022.

** The Diocese is the lessor in an operating lease associated with the former All Saints School (see Note 11), which is included in the buildings major class above. The cost basis for the property lease totaled \$3,415,520 as of June 30, 2023 and 2022, and the accumulated depreciation totaled \$2,764,101 and \$2,676,910 as of June 30, 2023 and 2022, respectively.

Accumulated depreciation related to right-of-use assets (finance leases) totaled \$955,353 and \$2,062,646 at June 30, 2023 and 2022, respectively.

The decrease in construction in progress as of June 30, 2023 is attributable to prior years' projects being placed in service. The construction in progress as of June 30, 2022 consists primarily of amounts expended for Christ the King Catholic High School's gymnasium.

As of June 30, 2023, contractual obligations for architectural services related to the planned construction of the chapel at St. Joseph College Seminary total \$1,076,594 of which \$764,375 is unexpended at June 30, 2023. There were no unexpended contractual commitments as of June 30, 2022.

The interest in St. Matthew's Education Center shown above represents the total amount paid by MACS for the acquisition and construction of property and equipment in accordance with a joint-usage agreement with St. Matthew Catholic Church. It is being depreciated over the useful lives of the assets in which MACS has an interest. The depreciation is included in accumulated depreciation shown above.

Gains and losses from the disposal of property are recognized in other income in the accompanying combined statements of activities. As of June 30, 2023 and 2022, net losses of \$255,418 and net gains of \$36,298,784, respectively, were recognized related to disposal of property.

Interest expense incurred that relates to the acquisition or construction of property and equipment is capitalized. No interest expense was capitalized in fiscal year 2023 or 2022 in the accompanying combined statements of financial position.

Custodial Obligations—Custodial funds are managed by the Diocese, as agent, on behalf of the originating organization. These funds are not recorded as contributions or net assets of the Diocese but rather are included as assets and corresponding custodial obligations in the accompanying combined statements of financial position.

Pension and Other Retirement Benefit Plans—The Diocese accounts for its defined benefit pension and other postretirement benefit plans by recording an asset (liability) for the excess (deficit) of plan assets over the actuarially determined projected benefit obligation, with the net periodic benefit cost allocated to program and administrative expenses based on related salaries and wages. Changes in the funded status of the plans, other than net periodic benefit costs, are reported as a net asset credit in the accompanying combined statements of activities. The net asset credit of \$7,974,593 for the year ended June 30, 2023 is attributable to better than expected net asset performance during the fiscal year offset by the increase in the discount rate. The net asset credit of \$12,276,506 for the year ended June 30, 2022 is attributable to the decrease in the discount rate and improvement of the mortality rate used to determine benefit obligation offset by net asset performance with all plans experiencing significant asset losses during the fiscal year.

Employee Retirement Plans—The Diocese sponsors a noncontributory defined benefit pension plan (the "Lay Plan") for all eligible diocesan lay employees. The Lay Plan provides for benefits based on an employee's years of service and compensation. In fiscal year 2017, the Lay Plan was frozen for all participants except for those who were age 62 with 12 years of service. Effective January 1, 2022, the plan was frozen for all. Although the plan has been frozen, employees who are participants in the plan will retain benefits accumulated up to freeze date based on credited service and eligible earnings, in accordance with the terms of the plan.

During fiscal years 2023 and 2022, each diocesan entity was assessed a percentage of lay employees' salaries to fund the contribution to the Lay Plan and certain other employee benefits. The assessment rate was 5.6% during fiscal years 2023 and 2022. It is the intent of the Diocese for the minimum funding to be the actuarially recommended contribution amount.

In addition to contributing the actuarially recommended contribution amount to the Lay Plan for fiscal years 2023 and 2022 of \$914,013 and \$1,353,924, respectively, the Diocese contributed \$1,765,897 and \$635,360 in additional contributions to the Lay Plan during fiscal years 2023 and 2022, respectively.

Priest Retirement Plan—The Diocese sponsors the Diocese of Charlotte Priest Retirement Plan (the "Priest Plan") to provide pension benefits for diocesan priests. The Priest Plan provides benefits for priests who are fully vested, in a uniform monthly amount that is increased annually based on the change in the Consumer Price Index. The Diocese contributed the actuarially recommended contribution amount to the Priest Plan for fiscal years 2023 and 2022 of \$437,228 and \$416,408, respectively, and \$783,746 and \$489,944 in additional contributions during fiscal years 2023 and 2022, respectively. The Priest Plan received contributions directly from the Advancement Corporation of \$13,249 and \$28,641 during the years ended June 30, 2023 and 2022, respectively.

Retired Clergy Health Plan—In addition to providing the Priest Plan discussed above, the Diocese sponsors the Diocese of Charlotte Retired Clergy Health Plan, which provides retired diocesan priests certain health and long-term care benefits. The Diocese contributed the actuarially recommended contribution amount to the Retired Clergy Health Plan of \$38,649 and \$36,847 for fiscal years 2023 and 2022, respectively, and also contributed \$69,327 and \$43,353 in additional contributions to the Plan during fiscal years 2023 and 2022, respectively.

An annual collection is held at each parish to raise funds for the Priest Retirement Plan, the Retired Clergy Health Plan, and other priest benefits. Each parish was assigned 3.0% of annual offertory as their goal for this collection for fiscal years 2023 and 2022. Any shortfall from goal in the amount collected is paid by the parish. Annual collections from the parishes for this purpose are reported as collections in the accompanying combined statements of activities.

The Diocese also sponsors a tax-deferred defined contribution plan under Section 403(b) of the Internal Revenue Code (IRC) for all eligible diocesan employees. Employer-matching contributions to the plan are based on a percentage of employee contributions. Each diocesan entity is responsible for funding the matching contribution remitted to the tax-deferred defined contribution plan. Matching contributions to this plan totaled \$712,025 and \$665,234 in fiscal years 2023 and 2022, respectively, and are reported within expenses in the accompanying combined statements of activities. In addition, all diocesan entities contribute 5% of eligible salaries (basic contribution) to the tax-deferred defined contribution plan on behalf of each eligible employee. The basic contribution expense totaled \$1,886,552 and \$1,706,929 in fiscal years 2023 and 2022, respectively and are reported within expenses in the accompanying statements of activities. The basic contribution for all diocesan entities is held by the Diocese until the end of the calendar year, at which time, participant eligibility for the basic contribution will be determined based on an employee's hours worked in the calendar year. As of June 30, 2023 and 2022, funds held on behalf of parishes and combined entities totaled \$1,773,233 and \$1,631,396, respectively, which are included in accrued salaries, wages, and benefits in the accompanying combined statements of financial position.

Net Assets—Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets consist of the following:

Without Donor Restrictions—Net assets without donor restrictions consist of all resources that have no donor-imposed restrictions. The Diocese has designated unrestricted net assets/(deficit) as of June 30, 2023 and 2022, as follows:

	2023	2022
Future expenditures for:		
Bishop McGuinness High School programs	\$ 1,156,824	\$ 893,771
Mecklenburg Area Catholic Schools capital projects	27,874,298	22,534,660
Mecklenburg Area Catholic Schools programs	3,886,209	3,036,407
Catholic Charities Diocese of Charlotte programs	313,263	379,609
Capital Campaign and DSA fundraising and administrative costs	1,386,255	959,353
Diocesan Support Appeal funded programs	8,641,594	8,982,150
Self insurance (property and employee health) and lay employee pension	22,408,168	17,387,533
Facility maintenance	1,300,103	1,319,190
Land acquisition/improvements	3,511,011	3,501,011
St. Joseph the Worker Fund—future capital endeavors	21,793,034	21,079,035
Seminary College programs	337,607	306,601
Other Diocesan programs	1,713,383	1,773,798
Reserve for potential investment/loan losses by DL Catholic	(1,264,615)	987,733
Funds held for future Vocations endowment	39,197	10,000,000
Management designated endowments established with the Diocesan Foundation	21,555,845	9,643,712
	<u>\$ 114,652,176</u>	<u>\$ 102,784,563</u>

With Donor Restrictions—Net assets subject to donor-imposed restrictions stipulating how, when and/or if the net assets are available for expenditure. Some donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that resources be maintained into perpetuity. Others are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Net assets are released from restriction and reclassified to net assets without donor restrictions when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the (long-lived) assets are placed in service. The composition of net assets with donor restrictions as of June 30, 2023 and 2022 is presented in Note 15.

School Tuition and Fees and Parish Support—Tuition and related fees represent amounts paid by students' families, net of applied tuition assistance, and are recognized over the school year to which they apply. Parish support of schools represents contributions made by the participating parishes of the Diocese. Tuition and fees received in the current year for the following school year's tuition are recorded as unearned revenue in the accompanying combined statements of financial position.

Parish Assessments and Fees for Services Rendered—Parish Assessments represent annual assessments made to parishes. Fees for Services Rendered represent fees charged for programs, parish accounting services, investment management of parish endowments, advertising, and various services rendered by Catholic Charities.

Contribution Revenue, Pledges Receivable and Other Donations and Gifts—Contribution revenue and other donations and gift revenue is recognized upon receipt of assets (financial or nonfinancial) or an unconditional promise to give from a donor, and is measured at fair value. The classification of revenue as without donor restrictions or with donor restrictions is determined by the donor's stipulations, or absence thereof, that limit the use of the donated assets. Fair value for unconditional promises to give is measured at net realizable value for pledges due within one year and at net present value for pledges to be collected in future years. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the periods in which the promises are received. Management evaluates the value of pledges receivable on an ongoing basis for changes in the estimated timing or amounts of cash flows. Decreases in the value of restricted pledges receivable after initial recognition are recognized as losses on uncollectible contributions. Recoveries of previously recognized decreases in value of restricted pledges receivable (up to the amount of decreases previously recognized) would be recognized as a reduction of losses on uncollectible contributions. The amortization of discounts on pledges receivable are included in contributions in the accompanying combined statements of activities.

Capital Campaign Contributions—Capital campaign contributions are limited in their use to the specific purposes outlined in the fund-raising materials. Contributions are classified as with donor restrictions, except for contributions allocated and classified as without donor restrictions designated for fund-raising and administrative costs. Proceeds from capital campaigns are released as donor stipulations are satisfied or upon completion of the related donor-specified activities.

Contributed Nonfinancial Assets—The Diocese records certain nonfinancial contributions, which primarily includes in-kind contributions of food, clothing, household and other goods. The contributed food, clothing, household and other goods are utilized for the Diocese's standard business operations. In valuing the food, clothing, household and other goods, the Diocese estimated the fair value based on estimates of wholesale values that would be received for selling similar products in the United States. As of June 30, 2023 and June 30, 2022, Contributions—Non-Financial revenue were \$853,234 and \$1,189,982, respectively.

Income Taxes—The Diocese and the entities comprising the combined financials are exempt from federal income tax under Section 501(c)(3) of the IRC and are generally exempt from federal and state income taxes.

Accounting principles generally accepted in the United States of America prescribe a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. Although these principles are primarily applicable to taxable business enterprises, an uncertain tax position may also include the characterization of income, such as a characterization of income as passive, a decision to exclude reporting taxable income in a tax return, or a decision to classify a transaction, entity, or other position in a tax return as exempt. The tax benefit from uncertain tax positions is recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits.

The Diocese and the entities comprising the combined financial statements had no unrecognized tax positions as of and during the years ended June 30, 2023 and 2022. Fiscal year 2020 and thereafter are subject to examination by the federal and state taxing authorities. There are no income tax examinations currently in process.

Risks and Uncertainties—The Diocese’s investments consist of various equity securities, fixed income securities, money market funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the Diocese’s investment balances reported in the combined statements of financial position.

Subsequent Events—The Diocese has evaluated subsequent events from the end of the most recent fiscal year through November 1, 2023, the date the combined financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the statement of financial position date, without donor or other restrictions limiting their use, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 35,245,097	\$ 69,256,967
Investments, other than endowments	148,182,141	98,201,030
Endowment investments available for general purposes and for distribution in accordance with the Foundation spending rate policy	3,818,767	2,642,951
Total cash, cash equivalents and investments	187,246,005	170,100,948
Pledges receivable—net, due within one year	1,000,647	1,105,235
Accounts receivable and other assets, due within one year	4,869,029	3,757,638
Notes receivable—net, due within one year	1,809,207	2,137,094
Advances to parishes, due within one year	332,477	280,653
Other assets	10,000	-
	195,267,365	177,381,568
Less amounts unavailable for general expenditures:		
Required to satisfy donor restrictions	(9,483,368)	(11,511,083)
Required to satisfy management designations	(94,003,087)	(81,773,510)
Required for distributions, endowments, and grants	(451,390)	(10,395,683)
Financial assets available to meet cash needs for general expenditures and withdrawals of parish funds on deposit	91,329,520	73,701,292
Parish funds on deposit	(58,510,356)	(44,874,244)
Financial assets available to meet cash needs for general expenditures within one year, excluding parish funds on deposit	\$ 32,819,164	\$ 28,827,048

The Diocese’s endowment funds consist of donor-restricted endowments and funds designated by management as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of amounts available for general use. Donor-restricted endowment funds are not available for general expenditures and, thus, are not included above.

All endowments, where funds have been held for a minimum of 12 months, are eligible for distributions of up to 5% annually of the most recent 12-quarter trend, as prescribed by the Foundation. Only the funds available for distribution in accordance with the Foundation spending rate policy are included above.

The Diocese manages its liquidity by developing and adopting annual operating and capital budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due. Actual performance is reported and monitored monthly in comparison to the budgets. As part of the liquidity management plan, cash and savings program balances are invested in short-term investments. Adjustments are made to the plan as needed to ensure adequate liquidity.

4. PLEDGES RECEIVABLE—NET

The following unconditional promises to give are included in pledges receivable in the accompanying combined statement of financial position as of June 30, 2023 and 2022:

2023	Saint Joseph Seminary College				Total
	FFHL	MACS	Other	Other	
Unconditional promises at face value	\$ 327,680	\$ 1,326,051	\$ 9,836,250	\$ 1,139,142	\$ 12,629,123
Less allowance for uncollectible pledges	268,546	226,937	491,813	14,125	1,001,421
Less unamortized discount	2,504	94,182	817,020	8,583	922,289
Net unconditional promises to give	\$ 56,630	\$ 1,004,932	\$ 8,527,417	\$ 1,116,434	\$ 10,705,413
Amounts due in:					
Less than one year	\$ 279,125	\$ 312,066	\$ 6,013,288	\$ 1,068,742	\$ 7,673,221
One to five years	44,798	913,985	2,877,651	70,400	3,906,834
More than five years	3,757	100,000	945,311	-	1,049,068
Total	\$ 327,680	\$ 1,326,051	\$ 9,836,250	\$ 1,139,142	\$ 12,629,123
2022	Saint Joseph Seminary College				Total
	FFHL	MACS	Other	Other	
Unconditional promises at face value	\$ 1,605,992	\$ 1,799,704	\$ 4,027,543	\$ 1,218,470	\$ 8,651,709
Less allowance for uncollectible pledges	1,457,292	309,463	234,257	13,330	2,014,342
Less unamortized discount	5,583	138,405	366,068	13,180	523,236
Net unconditional promises to give	\$ 143,117	\$ 1,351,836	\$ 3,427,218	\$ 1,191,960	\$ 6,114,131
Amounts due in:					
Less than one year	\$ 1,460,810	\$ 188,875	\$ 1,198,522	\$ 1,097,620	\$ 3,945,827
One to five years	138,925	1,410,829	1,735,028	110,850	3,395,632
More than five years	6,257	200,000	1,093,993	10,000	1,310,250
Total	\$ 1,605,992	\$ 1,799,704	\$ 4,027,543	\$ 1,218,470	\$ 8,651,709

The change in the allowance for uncollectible pledges for the year ended June 30, 2023, related to the FFHL campaign reflects recoveries of prior year allowances of \$9,450 on unconditional promises to give received in previous years and outstanding at June 30, 2023, plus actual write-offs of \$1,179,296. The change in the allowance for uncollectible pledges for the year ended June 30, 2022, related to the FFHL campaign reflects recoveries of prior year allowances of \$141,536 on unconditional promises to give received in previous years and outstanding at June 30, 2022, plus actual write-offs of \$67,030. Pledges receivable due within one year as of June 30, 2023 and June 30, 2022, related to the FFHL campaign include past due accounts totaling approximately \$264,000 and \$1,500,000, respectively. Past due accounts include the portion of pledge receivables not paid when due under the pledge agreements.

5. NOTES RECEIVABLE—NET

Notes receivable consists primarily of term loans and lines of credit from DL Catholic to parishes and schools. Loans structured as lines of credit typically finance construction and facility improvement projects and do not have specific maturity dates, rather are converted to term loans upon completion of the related project. Term loans are typically structured to have terms up to 15 years. Line of credit loans generally bear interest at the prime rate minus 0.5%. The interest rate for term loans is generally based on the market swap rate for the applicable term of the borrowing at loan initiation, plus an additional percentage, which varies depending on the term of the borrowing. These notes bear interest at rates ranging from 1.75% to 6.13% at June 30, 2023 and from 1.75% to 4.90% at June 30, 2022, respectively.

As of June 30, 2023, the future repayment requirements of the loans, assuming the loans mature over their scheduled repayment terms, are as follows:

TERM LOANS	
Amounts due in:	
Less than one year	\$ 1,903,792
One to five years	5,414,522
More than five years	6,727,419
Less allowances	(846,943)
Notes receivable—net	\$ 13,198,790

6. ADVANCES TO PARISHES

The Diocese maintains a revolving loan fund that was established primarily from resources provided by bequests stipulated for advances to small or needy parishes at no interest. Advances outstanding at June 30, 2023 and 2022, totaled \$4,825,721 and \$4,434,071, respectively. These advances are long-term in nature and are reflected, net of allowances, at their estimated present value of \$3,687,503 and \$3,334,030 in the accompanying combined statements of financial position as of June 30, 2023 and 2022, respectively.

7. INVESTMENTS

The cost and fair value of investments as of June 30, 2023 and 2022, are summarized below:

The Diocese had no unfunded commitments to purchase investments as of June 30, 2023 or 2022.

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Foundation:				
Endowment and custodial funds:				
Cash and cash equivalents	\$ 846,988	\$ 846,988	\$ 4,875,682	\$ 4,875,682
Equity funds and securities	35,351,851	44,525,895	37,554,233	42,983,584
Bond mutual funds	25,923,566	23,001,173	19,992,652	17,449,036
Balanced mutual funds	1,778,000	1,785,629	-	-
Commodity funds	2,250,879	1,525,585	1,484,189	1,280,079
Hedge funds	6,594,000	6,705,599	-	-
Alternatives - private funds	7,072,773	7,174,699	-	-
Annuity funds:				
Money market funds	4,227	4,227	10,830	10,830
Equity funds and securities	137,150	140,389	121,870	141,391
Bond mutual funds	133,491	131,581	134,905	121,492
Total Foundation investments	80,092,925	85,841,765	64,174,361	66,862,094
Other:				
Cash and money market funds	8,668,637	8,668,637	7,508,542	7,508,542
Certificates of deposit	686,828	686,828	681,934	681,934
Equity funds and securities	23,978,653	29,530,384	16,202,740	18,807,476
Balanced mutual fund	284,110	287,373	-	-
Commodity funds	298,389	268,956	-	-
Alternatives	1,740,421	1,747,492	-	-
Bonds and fixed income funds	111,352,118	106,992,471	75,439,759	71,203,078
Total other investments	147,009,156	148,182,141	99,832,975	98,201,030
Total investments	\$ 227,102,081	\$ 234,023,906	\$ 164,007,336	\$ 165,063,124

8. SAVINGS PROGRAMS

DL Catholic administers savings and investment programs for the benefit of Central Administration, parishes, schools, and other Catholic institutions in the Diocese. These amounts generally represent funds in excess of current operating needs that have been set aside to fund future programs and/or facility needs. Demand funds on deposit earned interest at the prime rate minus 3.5%, with a minimum of 0.5%, during fiscal years 2023 and 2022. Funds on deposit with an 18-month minimum investment period earned interest at the prime rate minus 2.5%, with a minimum of 1.0%, during fiscal years 2023 and 2022.

The prime rate was 8.25% and 4.75% at June 30 2023 and 2022, respectively. Funds on deposit from non-combined entities along with accrued interest totaled \$58,510,356 and \$44,874,244 at June 30, 2023 and 2022, respectively, and are reflected as investments and custodial obligations in the accompanying combined statements of financial position.

9. PENSION AND RETIREMENT PLANS

The funded status and other information of the Lay and Priest plans as of June 30, 2023 and 2022 is set forth in the following tables (in thousands):

	2023		2022	
	Lay	Priest	Lay	Priest
Funded status and amounts recognized in the combined statements of financial position:				
Projected benefit obligation	\$ (79,583)	\$ (33,735)	\$ (83,115)	\$ (33,058)
Fair value of plan assets—end of year	56,662	19,619	52,729	17,776
Funded status	\$ (22,921)	\$ (14,116)	\$ (30,386)	\$ (15,282)
Accrued pension expense liability—end of year	\$ (22,921)	\$ (14,116)	\$ (30,386)	\$ (15,282)
Amounts recognized in net assets without donor restrictions (net asset charge) not yet recognized as net periodic benefit cost consist of the following:				
Unrecognized transition obligation	\$ -	\$ -	\$ -	\$ -
Unrecognized prior service cost	-	-	-	-
Cumulative unrecognized net loss	7,669	2,847	13,721	4,234
Net asset charge—end of year	\$ 7,669	\$ 2,847	\$ 13,721	\$ 4,234
Amounts recognized in the combined statements of activities—net periodic benefit cost	\$ 1,267	\$ 1,455	\$ 213	\$ 1,831
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions:				
Net gain	(5,211)	(1,337)	(4,213)	(5,382)
Amortization of transition obligation	-	-	-	-
Amortization of prior service cost	-	-	-	(106)
Amortization of net loss	(841)	(50)	(1,383)	(309)
Total net asset credit	(6,052)	(1,387)	(5,596)	(5,797)
Total net asset (credit) charge and net periodic benefit cost recognized in net assets without donor restrictions	\$ (4,785)	\$ 68	\$ (5,383)	\$ (3,966)
Amounts included in net assets without donor restrictions (net asset charge) that are expected to be recognized as net periodic benefit cost during the next year are as follows:				
Amortization of transition obligation	\$ -	\$ -	\$ -	\$ -
Amortization of prior service cost	-	-	-	-
Amortization of unrecognized net loss	-	-	841	50
	\$ -	\$ -	\$ 841	\$ 50
Other information:				
Actuarially recommended annual contribution	\$ 914	\$ 437	\$ 1,354	\$ 416
Additional employer contributions	1,766	784	635	490
Contributions from Advancement Corporation	-	13	-	29
Benefits paid	4,543	1,382	4,455	1,228
Accumulated benefit obligation	79,583	28,836	83,115	27,193
Assumptions used to determine benefit obligations as of June 30:				
Discount rate	5.15%	5.22%	4.78%	4.89%
Expected return on plan assets	6.75%	6.75%	6.75%	6.75%
Rate of compensation increase	N/A	N/A	-%	-%
Assumptions used to determine net benefit cost for the years ended June 30:				
Discount rate	4.78%	4.89%	2.98%	3.31%
Expected return on plan assets	6.75%	4.75%	6.75%	6.70%
Rate of compensation increase	N/A	N/A	2.50%	-%

The funded status and other information for the Retired Clergy Health Plan as of June 30, 2023 and 2022, is as follows:

	2023	2022
Funded status and amounts recognized in the combined statements of financial position:		
Projected benefit obligation	\$ (14,185,776)	\$ (13,571,442)
Fair value of plan asset—end of year	12,600,086	11,767,948
Funded status	(1,585,690)	(1,803,494)
Accrued pension expense liability—end of year	\$ (1,585,690)	\$ (1,803,494)
Amounts recognized in the combined statements of activities—net periodic benefit cost	\$ 425,763	\$ 390,374
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions (net asset credit)	(535,551)	(883,841)
Total net asset credit and net periodic benefit cost recognized in net assets without donor restrictions	\$ (109,788)	\$ (493,467)
Amounts recognized in net assets without donor restrictions (net asset credit) not yet recognized as net periodic benefit cost	\$ (1,774,935)	\$ (1,239,384)
Other information:		
Benefits paid	\$ 487,997	\$ 586,849
Actuarially recommended annual contribution	38,689	36,847
Additional employer contributions	69,327	43,353
Assumptions used to determine benefit obligations as of June 30:		
Discount rate	5.24%	4.90%
Expected return on plan assets	6.75%	6.75%
Assumptions used to determine net benefit cost for the years ended June 30—discount rate	4.90%	3.36%

The assumed health care cost trend rates used to measure the expected cost of benefits covered by the plan, the ultimate trend rate, and the fiscal year when that rate is expected to be achieved for the years ended June 30, 2023 and 2022, are as follows:

	2023		2022	
	Long-Term Care	Health	Long-Term Care	Health
Health care cost trend rate	5%	9%	5%	7%
The ultimate trend rate to which the cost trend rate is assumed to decline	5%	5%	5%	5%
Fiscal year that the rate reaches the ultimate trend rate	2033	2033	2028	2028

The assumed long-term rate of return for the Lay, Priest, and Retired Clergy Health plans are based on the respective target asset allocation and is determined using forward-looking assumptions in the context of historical returns for each asset class.

The Plans' investments are maintained in trust accounts that have been managed by Principal Custody Solutions (the "Trustee") since February 2022. Prior to February, the plans were managed by Wells Fargo Bank N.A. The Trustee has full discretionary authority, subject to the plans' investment policies. The percentage of total investments by asset class for each plan as of June 30, 2023 and 2022, is as follows:

	2023			2022		
	Lay Pension	Priest Pension	Retired Clergy Health	Lay Pension	Priest Pension	Retired Clergy Health
Domestic large cap equity securities and funds	36%	34%	37%	33%	32%	32%
Domestic small and mid cap equity funds	6	6	6	6	6	6
International equity funds	18	19	17	20	20	20
Domestic fixed income	23	23	22	24	25	24
International fixed income	1	1	2	1	1	2
Domestic high-yield fixed income	3	3	3	3	3	3
Hedged equities	10	9	10	10	10	10
Cash and cash equivalents	3	5	3	3	3	3
Total	100%	100%	100%	100%	100%	100%

The Lay, Priest, and Retired Clergy Health plan investment policies stipulate allowable asset classes for inclusion in the portfolio and minimum and maximum allowable ranges. The following asset classes and corresponding ranges were allowable at June 30, 2023 and 2022:

	Lay Pension	Priest Pension	Retired Clergy Health
Domestic large cap equity securities and funds	20–60%	20–60%	20–60%
Domestic small and mid cap equity funds	0–20	0–20	0–20
International equity funds	0–30	0–30	0–30
Domestic fixed income	20–60	20–60	20–60
International fixed income	0–10	0–10	0–10
Domestic high-yield fixed income	0–10	0–10	0–10
Alternative investments (including hedged equities)	0–15	0–15	0–15
Cash and cash equivalents	0–20	0–20	0–20

The investment policies stipulate socially responsible investment guidelines, investment return objectives, both in the aggregate and relative to applicable investment benchmarks, minimum standards for investment holdings, and other guidelines for the investment of plan assets.

The estimated contribution to the Lay, Priest, and Retired Clergy Health plans for fiscal year 2024 is \$1,264,355; \$715,524; and \$169,918, respectively.

Benefits expected to be paid over the next 10 fiscal years as of June 30, 2023, are as follows:

Years Ended June 30	Lay Pension	Priest Pension	Retired Clergy Health
2024	\$ 5,378,805	\$ 1,495,586	\$ 676,096
2025	5,486,321	1,486,980	709,426
2026	5,575,320	1,543,514	763,021
2027	5,634,816	1,510,017	796,663
2028	5,671,680	1,564,921	851,549
2029–2033	28,090,783	9,076,538	5,243,901
Total	\$ 55,837,725	\$ 16,677,556	\$ 9,040,656

10. EMPLOYEE HEALTH BENEFITS

The Diocese administers medical insurance coverage for eligible employees of the Diocese. The Diocese charges each organization premiums for the coverage of its employees on a monthly basis. The individual organizations have no liability for claims in excess of the premiums to be paid. The Diocese has an arrangement with a third party to administer the medical plan. During fiscal years 2023 and 2022, approximately 12.8% and 12.4%, respectively, of the premiums submitted by diocesan entities were paid to the third-party administrator for administrative services and the premiums for specific and aggregate stop-loss coverages. The remaining portion of the premiums is designated by the Diocese to pay claims, which are processed by the third-party administrator. The Diocese has specific stop-loss coverage at \$200,000 per claimant in fiscal years 2023 and 2022, and aggregate coverage beginning at 125% of the actuarially projected total individual claims under \$200,000 for fiscal years 2023 and 2022. Total expenditures incurred for employee medical benefits were approximately \$13,192,000 and \$13,497,000 during fiscal years 2023 and 2022, respectively.

11. LEASES AND FACILITIES USAGE AGREEMENTS

Operating Leases in which the Diocese is the Lessee—The Diocese is the lessee in various operating leases for office equipment and for office space. These leases have fixed lease payments and do not contain options to extend or terminate early. Operating lease costs for the Diocese totaled \$157,896 and \$162,875 for the years ended June 30, 2023 and 2022, respectively. Right-of-use assets related to these leases is \$464,222 and \$716,690 as of June 30, 2023 and 2022, respectively, and is recorded in deferred rent and right-of-use-assets—operating leases in the accompanying statements of financial position.

Operating Leases in which the Diocese is the Lessor—The Diocese is the lessor in a ground lease agreement and the lessee in a space lease agreement with the same third party. In fiscal year 2003, the third party paid to the Diocese the net amount due for the entire terms of these lease agreements of \$290,128. The Diocese is also responsible for monthly payments relating to the operating costs associated with the space lease

agreement which are adjusted annually based on changes to the Consumer Price Index. Prepaid rent relating to the space lease of \$463,427 and \$498,194 as of June 30, 2023 and 2022, respectively, is reflected in deferred rent and right-of-use assets—operating leases in the accompanying combined statements of financial position. Unearned revenue relating to the ground lease of \$541,370 and \$581,973 as of June 30, 2023 and 2022, respectively, is reflected in unearned revenue in the accompanying combined statements of financial position. The prepaid rent expense on the space lease and the unearned revenue related to the ground lease are both being amortized on a straight-line basis over the lives of the respective leases. Rental expense related to the space lease, net of income related to the ground lease, totaled \$49,860 and \$47,378 for the years ended June 30, 2023 and 2022, respectively.

The Diocese is a lessor in a ground lease with Guardian Angel Villa, LLC. CDCHC Manager, Inc., a wholly owned subsidiary of the Housing Corporation, had a 51% ownership interest in GAV MM LLC, the managing member of Guardian Angel Villa, LLC through January 2022 when the Housing Corporation divested itself of its interest in GAV MM LLC. During fiscal year 2020, a payment of \$450,000 representing the entire lease term was received. Unearned revenue related to the ground lease of \$426,630 and \$432,597 as of June 30, 2023 and 2022, respectively, is reflected in unearned revenue in the accompanying combined statements of financial position. The unearned revenue related to the ground lease is being amortized on a straight-line basis over the life of the lease. Rental income related to the ground lease totaled \$5,967 for each of the years ended June 30, 2023 and 2022.

The Diocese is also the lessor in various property leases with various third parties, some of which have variable lease payments linked to the Consumer Price Index to which the lease payments are adjusted at specified intervals throughout the lease term. Rental revenue pertaining to these leases totaled \$543,982 and \$477,276 for the years ended June 30, 2023 and 2022, respectively. Undiscounted cash flows to be received on an annual basis for the remainder of these leases are \$544,056 for fiscal year 2024, \$434,671 each year for fiscal years 2025, 2026, 2027, and 2028, and \$1,861,174 thereafter.

The Diocese entered into an agreement to lease the former All Saints School to a third party for a 10-year period. The initial lease commenced on September 1, 2011 and expired on August 31, 2021. The lease term was automatically extended for a 5-year period, through August 31, 2026. Rental revenue is recognized on a straight-line basis over the term of the lease agreement which totaled \$1,118,748 and \$1,039,973 for fiscal years 2023 and 2022, respectively. As revenue recognized since inception has exceeded rental payments received since inception, a deferred rent asset of \$240,768 and \$139,240 is recorded in the accompanying combined statements of financial position as of June 30, 2023 and 2022, respectively. Undiscounted cash flows to be received on an annual basis for the remainder of this lease are \$1,084,342 for fiscal year 2024, \$1,152,554 for fiscal year 2025, \$1,225,056 for fiscal year 2026, and \$206,210 for fiscal year 2027.

Finance Leases—The Diocese is the lessee in finance leases for computer equipment used in MACS and BMCHS. The corresponding right-of-use assets of \$2,755,427 and \$2,840,705 as of June 30, 2023 and 2022, respectively, is reported within property and equipment—net in the accompanying combined statements of financial position. The lease obligation was \$1,203,700 and \$2,606,946 as of June 30, 2023 and 2022, respectively. Total lease costs related to these leases was \$1,411,828 and \$781,182 for the years ended June 30, 2023 and 2022, respectively, of which \$1,388,664 and \$779,856 is amortization of the right-of-use assets and \$23,164 and \$1,276 is interest expense on lease liabilities for the years ended June 30, 2023 and 2022, respectively.

Short-Term Leases—The Diocese is the lessee in a number of short-term leases (defined as 12 months or less) primarily for housing various Religious Order priests and Religious Order sisters involved in diocesan ministry. The Diocese has elected the permitted option to adopt the short-term lease exception for all asset classes and, therefore, does not record a right-of-use asset or lease liability for any of its short-term leases. The total short-term lease costs incurred were \$104,074 and \$90,875 for the years ended June 30, 2023 and 2022, respectively, and is reflected in other administrative expenses in the accompanying combined statement of activities.

The Diocese is also the lessor in a number of short-term leases primarily of residential facilities that are not currently needed to house clergy or Religious Order sisters. The short-term rental revenue totaled \$85,324 and \$91,737 for the years ended June 30, 2023 and 2022, respectively, and is reflected in rental income in the accompanying combined statements of activities.

Future Minimum Lease Payments—Future minimum rental commitments under non-cancelable operating and finance leases as of June 30, 2023, are as follows:

Years Ended June 30	Operating Leases	Finance Leases	Total Leases
2024	\$ 140,183	\$ 618,525	\$ 758,708
2025	135,396	608,967	744,363
2026	132,816	-	132,816
2027	78,388	-	78,388
Total	486,783	1,227,492	1,714,275
Less amount representing interest on lease liabilities	(22,561)	(23,792)	(46,353)
Lease liability as of June 30, 2023	\$ 464,222	\$ 1,203,700	\$ 1,667,922
Lease liability as of June 30, 2022	\$ 716,690	\$ 2,606,946	\$ 3,323,636

Joint Facility Usage Agreements—MACS has agreements with participating parishes for their joint use, but not control, of various facilities with varying terms. These agreements provide for contingent rentals based on usage and may be amended or modified at any time. Expenses totaled \$610,591 and \$649,730 for fiscal years 2023 and 2022, respectively, and are reported within regional and diocesan schools administration expense in the accompanying combined statements of activities.

12. CONTINGENCIES

From time to time, the Diocese is subject to various disputes and legal proceedings arising in the ordinary course of business. The Diocese is a defendant in a number of asserted claims alleging personal injury damages arising out of alleged sexual misconduct by former employees of the Diocese. The Plaintiffs are seeking compensatory remuneration from the Diocese in connection with these asserted claims. Management is of the opinion, based upon information presently available, that it is not probable that any liability to the extent not provided for through insurance or otherwise, would be material in relation to the Diocese's combined financial position, results of operations, and cash flows.

The Diocese has guaranteed various contingent payment obligations of its equity method investee, Curlin Commons Housing of Mooresville, Inc. (CCHM), related to an affordable housing project located in Mooresville, North Carolina. The maximum amount of the Diocese's guarantee obligation was approximately \$4,000,000 as of June 30, 2023; however, management believes the likelihood that the Diocese will have to make any such payments is remote.

The Diocese has committed to providing funding of \$8.2 million in connection with the construction of the chapel building to be located at the St. Joseph College Seminary. As of June 30, 2023, no funding has occurred.

13. FAIR VALUE MEASUREMENTS

In accordance with accounting principles generally accepted in the United States of America, certain assets and liabilities are required to be measured at fair value on a recurring basis. For the Diocese, the assets and liabilities that are adjusted to fair value on a recurring basis are investments in money market funds, debt and equity securities, investments in commodity and bond funds, and beneficial interests in perpetual trusts. Other than Custodial Obligations held by the Foundation, the Diocese has no liabilities measured at fair value on a recurring basis. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1—Valuations based on unadjusted quoted prices for identical instruments in active markets that are available as of the measurement date

Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement

The assets measured at fair value on a recurring basis (excluding cash) as of June 30, 2023 and 2022, based on the three levels of inputs within the fair value hierarchy, are summarized as follows:

	Fair Value Measurement as of June 30, 2023				
	Total	Level 1	Level 2	Level 3	Unclassified
Investments:					
Money market funds	\$ 9,421,933	\$ -	\$ 9,421,933	\$ -	\$ -
Investments in certificates of deposit	686,828	-	686,828	-	-
Domestic bonds	47,321,696	-	47,321,696	-	-
International bonds	5,086,105	-	5,086,105	-	-
Mutual funds:					
Domestic small and mid cap equities	7,527,193	7,527,193	-	-	-
Domestic large cap equities	41,636,289	41,636,289	-	-	-
Domestic balanced fund	2,073,002	2,073,002	-	-	-
Hedged equities	10,954,543	5,849,021	-	-	5,105,522
International equities	20,413,300	20,413,300	-	-	-
Preferred stock	370,941	370,941	-	-	-
Domestic bonds	26,499,516	26,499,516	-	-	-
International bonds	1,625,641	1,625,641	-	-	-
Domestic high-yield bonds	3,713,884	3,713,884	-	-	-
Commodity funds	1,794,541	1,794,541	-	-	-
Alternatives:					
Private equity	1,967,114	-	-	-	1,967,114
Private real estate	2,822,744	-	-	-	2,822,744
Private debt	2,082,333	-	-	-	2,082,333
Infrastructure	2,050,000	-	-	-	2,050,000
United States treasury notes	37,957,599	-	37,957,599	-	-
Agency securities	1,407,595	-	1,407,595	-	-
Mortgage backed securities	384,100	-	384,100	-	-
Municipal bonds	6,129,089	-	6,129,089	-	-
Total investments	233,925,986	111,503,328	108,394,945	-	14,027,713
Beneficial interest in perpetual trust	10,074,342	-	10,074,342	-	-
Total	\$ 244,000,328	\$ 111,503,328	\$ 118,469,287	\$ -	\$ 14,027,713

	Fair Value Measurement as of June 30, 2022			
	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 5,260,865	\$ -	\$ 5,260,865	\$ -
Investments in certificates of deposit	681,934	-	681,934	-
Domestic large cap equity securities	4,662,767	4,662,767	-	-
Domestic bonds	35,054,652	-	35,054,652	-
International bonds	2,336,665	-	2,336,665	-
Mutual funds:				
Domestic small and mid cap equities	5,469,197	5,469,197	-	-
Domestic large cap equities	24,057,529	24,057,529	-	-
Hedged equities	9,295,993	9,295,993	-	-
International equities	18,446,965	18,446,965	-	-
Domestic bonds	21,582,416	21,582,416	-	-
International bonds	1,385,634	1,385,634	-	-
Domestic high-yield bonds	2,707,575	2,707,575	-	-
Commodity funds	1,280,079	1,280,079	-	-
United States treasury notes	18,389,403	-	18,389,403	-
Agency securities	550,784	-	550,784	-
Mortgage backed securities	487,660	-	487,660	-
Municipal bonds	6,278,817	-	6,278,817	-
Total investments	157,928,935	88,888,155	69,040,780	-
Beneficial interest in perpetual trust	9,666,350	-	9,666,350	-
Total	\$ 167,595,285	\$ 88,888,155	\$ 78,707,130	\$ -

The Diocese is responsible for determining the fair value of its investments. Fair values are determined using pricing and inputs that are current as of the measurement date and obtained through a third-party custodian using independent pricing services.

The fair value of the investments classified within Level 1 of the fair value hierarchy are based on unadjusted quoted market prices for identical securities available as of the measurement date.

The fair value of the money market funds, certificates of deposit, and other investments classified within Level 2 of the fair value hierarchy are measured using standard valuation techniques, such as the income or market approach, based on inputs that are observable for the assets, including the stated interest rate, maturity, and credit risk.

At June 30, 2023, certain investments that were measured at net asset value per share (or its equivalent) ("NAV") have not been classified in the fair value hierarchy. These investments are measured on the fair value of the underlying investments but may not be redeemable at that fair value. These investments are subject to customary monthly/quarterly/semi-annually redemption with notice periods of up to 90 days. When appropriate, the Diocese adjusts these net asset values for contributions and distributions, if any, made during the period beginning on the latest NAV valuation date and ending on the measurement date. There were no unfunded commitments related to unclassified investments as of June 30, 2023.

Accounting principles generally accepted in the United States of America also require that certain assets and liabilities be measured at fair value on a nonrecurring basis, generally as the result of impairment charges. The Diocese had no assets or liabilities adjusted to fair value on a nonrecurring basis as of June 30, 2023 and 2022.

A summary of the levels within the fair value hierarchy used to determine the fair value of the pension and postretirement plan assets, excluding cash deposits measured at cost, as of June 30, 2023 and 2022, respectively, is summarized as follows:

Fair Value Measurement as of June 30, 2023 for the Lay Plan

	Total	Level 1	Level 2	Level 3
Money market funds	\$ 1,669,242	\$ -	\$ 1,669,242	\$ -
Mutual funds:				
Domestic small and mid cap equities	3,594,131	3,594,131	-	-
Domestic large cap equities	20,545,347	20,545,347	-	-
Hedged equities	5,567,404	5,567,404	-	-
International equities	9,994,613	9,994,613	-	-
Domestic bonds	12,854,115	12,854,115	-	-
International bonds	868,298	868,298	-	-
Domestic high-yield bonds	1,583,816	1,583,816	-	-
Total	\$ 56,676,966	\$ 55,007,724	\$ 1,669,242	\$ -

Fair Value Measurement as of June 30, 2022 for the Lay Plan

	Total	Level 1	Level 2	Level 3
Domestic large cap equity securities	\$ 3,033,744	\$ 3,033,744	\$ -	\$ -
Mutual funds:				
Domestic small and mid cap equities	3,175,808	3,175,808	-	-
Domestic large cap equities	14,488,196	14,488,196	-	-
Hedged equities	5,123,786	5,123,786	-	-
International equities	10,541,026	10,541,026	-	-
Domestic bonds	12,737,524	12,737,524	-	-
International bonds	790,253	790,253	-	-
Domestic high-yield bonds	1,480,363	1,480,363	-	-
Total	\$ 51,370,700	\$ 51,370,700	\$ -	\$ -

Fair Value Measurement as of June 30, 2023 for the Priest Plan

	Total	Level 1	Level 2	Level 3
Money market funds	\$ 954,760	\$ -	\$ 954,760	\$ -
Mutual funds:				
Domestic small and mid cap equities	1,192,674	1,192,674	-	-
Domestic large cap equities	6,743,597	6,743,597	-	-
Hedged equities	1,848,860	1,848,860	-	-
International equities	3,652,051	3,652,051	-	-
Domestic bonds	4,416,741	4,416,741	-	-
International bonds	288,893	288,893	-	-
Domestic high-yield bonds	518,342	518,342	-	-
Total	\$ 19,615,918	\$ 18,661,158	\$ 954,760	\$ -

Fair Value Measurement as of June 30, 2022 for the Priest Plan

	Total	Level 1	Level 2	Level 3
Domestic large cap equity securities	\$ 1,009,465	\$ 1,009,465	\$ -	\$ -
Mutual funds:				
Domestic small and mid cap equities	1,054,630	1,054,630	-	-
Domestic large cap equities	4,777,831	4,777,831	-	-
Hedged equities	1,701,541	1,701,541	-	-
International equities	3,588,738	3,588,738	-	-
Domestic bonds	4,375,235	4,375,235	-	-
International bonds	262,927	262,927	-	-
Domestic high-yield bonds	484,485	484,485	-	-
Total	\$ 17,254,852	\$ 17,254,852	\$ -	\$ -

Fair Value Measurement as of June 30, 2023 for the Retired Clergy Health Plan

	Total	Level 1	Level 2	Level 3
Money market funds	\$ 387,185	\$ -	\$ 387,185	\$ -
Mutual funds:				
Domestic small and mid cap equities	789,472	789,472	-	-
Domestic large cap equities	4,643,115	4,643,115	-	-
Hedged equities	1,228,887	1,228,887	-	-
International equities	2,134,857	2,134,857	-	-
Domestic bonds	2,826,331	2,826,331	-	-
International bonds	192,069	192,069	-	-
Domestic high-yield bonds	396,566	396,566	-	-
Total	\$ 12,598,482	\$ 12,211,297	\$ 387,185	\$ -

Fair Value Measurement as of June 30, 2022 for the Retired Clergy Health Plan

	Total	Level 1	Level 2	Level 3
Money market funds	\$ 376,049	\$ -	\$ 376,049	\$ -
Domestic large cap equity securities	666,820	666,820	-	-
Mutual funds:				
Domestic small and mid cap equities	698,259	698,259	-	-
Domestic large cap equities	3,139,447	3,139,447	-	-
Hedged equities	1,130,967	1,130,967	-	-
International equities	2,410,049	2,410,049	-	-
Domestic bonds	2,800,888	2,800,888	-	-
International bonds	174,806	174,806	-	-
Domestic high-yield bonds	370,663	370,663	-	-
Total	\$ 11,767,948	\$ 11,391,899	\$ 376,049	\$ -

14. ENDOWMENT FUNDS

The Diocese's endowment funds are managed by the Foundation and consist of donor-restricted funds and management designated funds established for the purposes as shown in Note 15, as well as custodial endowments established by organizations affiliated with the Diocese. Custodial endowments are not recorded as contributions and, therefore, are not reflected as net assets of the Foundation.

Management has interpreted the state of North Carolina's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent contributions to the permanent endowment, and (c) other accumulations to the permanent endowment as required by donor gift instruments. Gains (losses) on the investments of donor-restricted endowment funds are recorded as additions to (reductions of) net assets with donor restrictions, until those amounts are appropriated for expenditure by the Foundation consistent with the donor's wishes, at which time they are reclassified to net assets without donor restrictions.



There were 35 and 71 endowments with donor restrictions in which cumulative investment losses exceed cumulative investment gains ("underwater" endowments) as of June 30, 2023 and 2022, respectively. The aggregate original gift amount of the "underwater" endowment funds totals \$2,325,389 and \$4,021,906 as of June 30, 2023 and 2022, respectively. The aggregate fair value of the "underwater" endowment funds totals \$2,229,743 and \$3,721,892 as of June 30, 2023 and 2022, respectively, resulting in aggregate losses of "underwater" funds totaling \$95,646 and \$300,014 as of June 30, 2023 and 2022, respectively. Although UPMIFA allows appropriations for expenditure from "underwater" endowments in an amount determined to be prudent given the specific circumstances, the Foundation's policy precludes spending from "underwater" endowments, unless specifically approved by the donor, the donor's representative or the Foundation's Board of Directors. During each of the fiscal years ended June 30, 2023 and 2022, a distribution of \$5,000 was made from an endowment with a fair value that was less than the cumulative original gift amount at the time of the distribution that was specifically approved.

The Foundation has developed an investment policy for all its investable assets whose general purpose is to preserve the capital and purchasing power of the endowments and to produce sufficient investment earnings for current and future spending needs. The Foundation has adopted a total return strategy whose asset allocation is designed to give balance to the overall structure of the Foundation's investment program over a long-term period. The Foundation has adopted a spending policy that limits the amount of funds available for distribution each year to 5% of the endowment funds' average fair value over the prior 12 quarters, determined on a quarterly basis. In establishing this policy, the Foundation considered the long-term expected return on its investments and the objective to preserve purchasing power.

The endowment net asset composition by fund type as of June 30, 2023 and 2022, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2023			
Designated	\$ 23,207,596	\$ -	\$ 23,207,596
Donor restricted:			
Purpose restrictions	-	43,284,354	43,284,354
No purpose restriction— time restriction only	-	140,798	140,798
Total funds	\$ 23,207,596	\$ 43,425,152	\$ 66,632,748
2022			
Designated	\$ 10,516,371	\$ -	\$ 10,516,371
Donor restricted:			
Purpose restrictions	-	39,156,696	39,156,696
No purpose restriction—time restriction only	-	113,156	113,156
Total funds	\$ 10,516,371	\$ 39,269,852	\$ 49,786,223

Changes in endowment assets for the year ended June 30, 2023, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets—beginning of year	\$ 10,516,371	\$ 39,269,852	\$ 49,786,223
Investment gains	2,198,522	3,899,482	6,098,004
Additions	10,686,415	1,235,923	11,922,338
Distributions	(22,248)	(578,198)	(600,446)
Other changes:			
Grants awarded	-	(11,300)	(11,300)
Administrative fees	(125,071)	(319,955)	(445,026)
Management fees	(46,393)	(70,652)	(117,045)
Endowment net assets—end of year	\$ 23,207,596	\$ 43,425,152	\$ 66,632,748

Changes in endowment assets for the year ended June 30, 2022, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets—beginning of year	\$ 5,973,116	\$ 46,406,632	\$ 52,379,748
Investment losses	(1,257,591)	(6,859,981)	(8,117,572)
Additions	6,013,800	1,246,577	7,260,377
Distributions	(25,333)	(946,659)	(971,992)
Other changes:			
Grants awarded	(116,860)	(96,349)	(213,209)
Administrative fees	(56,607)	(385,721)	(442,328)
Management fees	(14,154)	(94,647)	(108,801)
Endowment net assets—end of year	\$ 10,516,371	\$ 39,269,852	\$ 49,786,223

15. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions received from donors whose use by the Diocese is limited by donor-imposed stipulations. The restricted amounts as of June 30, 2023 and 2022, and the corresponding purposes for which the income is expendable are as follows:

	2023	2022
Bishop McGuinness High School programs	\$ 390,611	\$ 315,411
Mecklenburg Area Catholic Schools capital projects	1,491,645	3,775,003
Mecklenburg Area Catholic Schools programs	401,500	897,847
Catholic Charities Diocese of Charlotte programs	534,044	648,411
Elderly Outreach	487,331	487,331
FFHL gifts for parishes	36,480	45,024
FFHL gifts for Priest Retirement Plan	63,379	74,305
FFHL gifts for facility construction and improvements	2,916,223	4,093,652
St. Joseph Seminary construction	10,498,162	3,691,119
Other programs	607,501	539,835
Amounts in excess of endowment corpus and annuities subject to expenditure for donor specified purposes:		
Parishes	1,437,514	990,047
Education	1,945,040	1,156,730
Clergy/vocations	1,889,615	1,418,317
Outreach programs and services	3,890,804	2,873,585
Diocesan programs	655,485	492,511
Nondiocesan programs	158,234	110,731
	27,403,568	21,609,859
To be held in perpetuity to generate income for donor specified purposes:		
Endowments (including endowment cash, pledges and other receivables for future investment):		
Parishes	11,658,913	11,044,437
Education	9,520,498	9,120,459
Clergy/vocations	3,952,783	3,876,110
Outreach programs and services	7,086,465	7,067,381
Other diocesan purposes	928,395	903,525
Nondiocesan	465,334	437,535
	33,612,388	32,449,447
FFHL gifts restricted for endowments:		
Education	15,726	26,924
Clergy/vocations	5,897	10,097
Outreach programs and services	17,692	30,289
Other diocesan purposes	11,795	20,193
	51,110	87,503
Beneficial interest in perpetual trust—parishes	\$4,449,429	\$4,375,836
Beneficial interest in perpetual trust—education	5,624,913	5,290,514
Permanent loan fund—parishes	6,245,195	5,915,359
Annuity funds—parishes	43,466	41,415
Total net assets with donor restrictions	\$ 77,430,069	\$ 69,769,933



Protecting God's Children 2022-'23

In 2002 the U.S. Conference of Catholic Bishops (USCCB) issued the Charter for the Protection of Children and Young People. The Charter addressed the issue of child sexual abuse by Church personnel and established steps that every diocese must take to ensure that children are protected from the dangers of abuse.

The Diocese of Charlotte takes the Charter's mandate seriously and continues its efforts to protect all children and the

vulnerable. The cornerstones of our Safe Environment program are our comprehensive policies, continuing education programs and mandatory background screening processes. The diocese has promulgated its own Safe Environment policies that conform to the Charter's standards, including Protocols for Ministry With All Minors, and Policy Concerning Ministry-Related Sexual Misconduct by Church Personnel. All clergy, religious, lay employees and volunteers must adhere to the

provisions in these policies. During FY2022-23, 3,028 employees and volunteers completed the Protecting God's Children educational awareness program. The diocese conducted a total of 5,270 criminal background checks, which the diocese requires on an ongoing basis for all clergy, employees and volunteers.

To determine compliance with the Charter, the diocese participates in an independent external audit each year. Stonebridge Business Partners of Rochester, N.Y., has been contracted by the USCCB to conduct these assessments. Their audit for the period of July 2022 through June 2023 began with

an on-site review in November 2023. Results will be published on charlottediocese.org and in the diocesan newspaper, the Catholic News Herald.

In addition, the diocese maintains a list of historical abuse allegations against diocesan clergy since the diocese was established in 1972. That information is publicly available at accountability.charlottediocese.org.

The diocese also funds an independent hotline for the

reporting of sexual abuse and misconduct. Reports can be made anonymously anytime by phone or online through a web portal, in many different languages, at accountability.charlottediocese.org/report-abuse.

These activities represent a significant financial commitment on the part of the diocese. The cost of the various programs and measures outlined herein totaled \$158,569 during the fiscal year ended June 30, 2023. During the past year, the

diocese also provided \$9,835 in financial assistance to historical abuse victims and their families, for medical and counseling services. Additionally, the diocese incurred costs in connection with sexual misconduct lawsuits totaling \$353,879 during FY2022-23. As in the past, none of these funds came from the Diocesan Support Appeal or from parish funds.

In the 21 years since the Charter was issued, the diocese has continuously increased its efforts to engage everyone in providing a safe environment for all, and we will never waver from that commitment.



**THE DIOCESE HAS PROMULGATED
ITS OWN SAFE ENVIRONMENT
POLICIES THAT CONFORM TO THE
CHARTER'S STANDARDS.**