

Combined Financial Statements and
Report of Independent Certified Public
Accountants

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

June 30, 2025 and 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Most Reverend Edgar M. da Cunha, S.D.V.
Bishop of Fall River

Opinion

We have audited the combined financial statements of the Roman Catholic Bishop of Fall River (A Corporation Sole) - Chancery Office (the "Diocese"), which comprise the combined statements of financial position as of June 30, 2025 and 2024, 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.

In our opinion, the combined financial statements present fairly, in all material respects, the combined financial position of the Diocese as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the combined financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 the 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 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 the 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 US 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 US 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.

Grant Thornton LLP

Boston, Massachusetts
December 18, 2025

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 4,451,649	\$ 4,499,976
Accounts receivable from parishes and other, net	2,010,459	2,578,982
Loans receivable from parishes and others, net	19,059,691	17,212,005
Other receivables, net	3,669,108	3,652,473
Accrued interest, net	133,544	494,504
Prepaid expenses	407,380	202,978
Investments	60,858,958	54,981,403
Land, buildings, and equipment, net	<u>12,274,233</u>	<u>12,105,279</u>
Total assets	<u><u>\$ 102,865,022</u></u>	<u><u>\$ 95,727,600</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 3,147,861	\$ 2,746,730
Interest payable to parishes and others	26,086	73,549
Other payables	304,051	261,667
Funds on deposit from parishes and others	67,451,206	60,343,374
Agency funds	282,899	283,060
Funds on deposit from cemetery perpetual care	20,509,092	20,259,493
Loans payable	<u>499,592</u>	<u>1,825,401</u>
Total liabilities	<u>92,220,787</u>	<u>85,793,275</u>
Net assets		
Without donor restrictions:		
Designated for Capital Projects	228,173	228,173
Designated for Diocesan Endowment	152,115	152,115
Designated for Canon Law Fund	29,992	25,680
Designated for Bishop's Discretionary Fund	40,369	17,569
Designated for Faith Formation	234,126	239,253
Undesignated	<u>4,461,116</u>	<u>3,640,470</u>
Total net assets without donor restrictions	5,145,891	4,303,260
With donor restrictions	<u>5,498,344</u>	<u>5,631,065</u>
Total net assets	<u>10,644,235</u>	<u>9,934,325</u>
Total liabilities and net assets	<u><u>\$ 102,865,022</u></u>	<u><u>\$ 95,727,600</u></u>

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

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

COMBINED STATEMENT OF ACTIVITIES

Year ended June 30, 2025 (with summarized comparative information for the year ended June 30, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND OTHER SUPPORT				
Insurance program fees				
Medical and dental premiums	\$ 14,803,666	\$ -	\$ 14,803,666	\$ 14,122,969
Other benefits and insurance premiums	4,614,147	-	4,614,147	4,295,279
Contributions and bequests				
Annual appeal	3,371,042	129,890	3,500,932	4,148,826
Special collections	572,032	-	572,032	504,843
Bequests and other contributions	79,631	-	79,631	1,130,551
Parish assessment	3,334,206	-	3,334,206	3,334,207
Interest on loans and notes	316,001	-	316,001	260,940
Investment return	5,473,357	171,115	5,644,472	7,054,681
Gain on sale of real estate	1,621,022	-	1,621,022	501,162
Other revenue	1,893,291	289,832	2,183,123	4,435,541
Net assets released from restriction	723,558	(723,558)	-	-
Total revenues and other support	36,801,953	(132,721)	36,669,232	39,788,999
EXPENSES AND LOSSES				
Insurance program expenses:				
Medical and dental premiums, claims, and expenses	15,498,031	-	15,498,031	14,010,839
Other insurance premiums, claims, and expenses	4,317,356	-	4,317,356	4,182,839
Program activities:				
Pastoral ministries	2,473,836	-	2,473,836	2,621,113
Education and grants	1,010,169	-	1,010,169	1,070,002
Communications and faith formation	1,147,507	-	1,147,507	1,022,331
Support for matriculating seminarians	155,759	-	155,759	155,392
Clergy retirement and other support costs	1,369,250	-	1,369,250	1,290,974
Supporting services:				
Chancery office	3,958,048	-	3,958,048	3,676,819
Professional fees and settlement costs	758,853	-	758,853	1,581,158
Development	24,395	-	24,395	91,233
Other supporting services	2,542,149	-	2,542,149	2,382,932
Other:				
Interest on deposits and loans	2,183,950	-	2,183,950	1,558,330
Bad debt expense	-	-	-	85,752
Depreciation	434,959	-	434,959	398,028
Other expenses	85,060	-	85,060	106,279
Total expenses and losses	35,959,322	-	35,959,322	34,234,021
CHANGE IN NET ASSETS	842,631	(132,721)	709,910	5,554,978
Net assets, beginning of year	4,303,260	5,631,065	9,934,325	4,379,347
Net assets, end of year	<u>\$ 5,145,891</u>	<u>\$ 5,498,344</u>	<u>\$ 10,644,235</u>	<u>\$ 9,934,325</u>

The accompanying notes are an integral part of this combined financial statement.

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

COMBINED STATEMENT OF ACTIVITIES

Year ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Insurance program fees			
Medical and dental premiums	\$ 14,122,969	\$ -	\$ 14,122,969
Other benefits and insurance premiums	4,295,279	-	4,295,279
Contributions and bequests			
Annual Appeal	3,862,269	286,557	4,148,826
Special collections	504,843	-	504,843
Bequests and other contributions	1,130,551	-	1,130,551
Parish assessment	3,334,207	-	3,334,207
Interest on loans and notes	260,940	-	260,940
Investment return	6,934,724	119,957	7,054,681
Gain on sale of real estate	501,162	-	501,162
Other revenue	4,377,659	57,882	4,435,541
Net assets released from restriction	112,091	(112,091)	-
	<u>39,436,694</u>	<u>352,305</u>	<u>39,788,999</u>
Total revenues and other support			
EXPENSES AND LOSSES			
Insurance program expenses:			
Medical and dental premiums, claims, and expenses	14,010,839	-	14,010,839
Other insurance premiums, claims, and expenses	4,182,839	-	4,182,839
Program activities:			
Pastoral ministries	2,621,113	-	2,621,113
Education and Grants	1,070,002	-	1,070,002
Communications and faith formation	1,022,331	-	1,022,331
Support for matriculating seminarians	155,392	-	155,392
Clergy retirement and other support costs	1,290,974	-	1,290,974
Supporting services:			
Chancery office	3,676,819	-	3,676,819
Professional fees and settlement costs	1,581,158	-	1,581,158
Development	91,233	-	91,233
Other supporting services	2,382,932	-	2,382,932
Interest on deposits and loans	1,558,330	-	1,558,330
Bad debt expense	85,752	-	85,752
Depreciation	398,028	-	398,028
Other expenses	106,279	-	106,279
	<u>34,234,021</u>	<u>-</u>	<u>34,234,021</u>
Total expenses and losses			
CHANGE IN NET ASSETS	5,202,673	352,305	5,554,978
Net assets, beginning of year	<u>(899,413)</u>	<u>5,278,760</u>	<u>4,379,347</u>
Net assets, end of year	<u>\$ 4,303,260</u>	<u>\$ 5,631,065</u>	<u>\$ 9,934,325</u>

The accompanying notes are an integral part of this combined financial statement.

Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2025 (with summarized comparative information for the year ended June 30, 2024)

	2025							2024	
	Compensation Costs	Occupancy Costs	Professional Services	Professional Development	Stipends	Other Costs	Insurance Premiums and Claims	Total Expenses	Total Expenses
Expenses and losses									
Insurance program expenses									
Medical and dental claims, premiums and expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,498,031	\$ 15,498,031	\$ 14,010,839
Insurance premiums, claims and expenses	-	-	-	-	-	-	4,317,356	4,317,356	4,182,839
Total insurance program expenses	-	-	-	-	-	-	19,815,387	19,815,387	18,193,678
Program activities									
Pastoral ministries	1,099,634	-	-	-	1,364,610	9,592	-	2,473,836	2,621,113
Education and grants	-	-	-	-	1,010,169	-	-	1,010,169	1,070,002
Communications and faith formation	554,939	-	189,835	-	39,500	363,233	-	1,147,507	1,022,331
Support for matriculating seminarians	-	-	-	155,759	-	-	-	155,759	155,392
Clergy retirement and other support costs	159,052	69,969	408,829	6,400	725,000	-	-	1,369,250	1,290,974
Total program activities	1,813,625	69,969	598,664	162,159	3,139,279	372,825	-	6,156,521	6,159,812
Supporting services									
Chancery office	3,958,048	-	-	-	-	-	-	3,958,048	3,676,819
Professional fees and settlement costs	-	-	758,853	-	-	-	-	758,853	1,581,158
Development	-	-	-	-	-	24,395	-	24,395	91,233
Other supporting services	-	966,071	979,235	-	-	596,843	-	2,542,149	2,382,932
Total administration expenses	3,958,048	966,071	1,738,089	-	-	621,238	-	7,283,445	7,732,142
Interest and deposits on loans	-	-	-	-	-	2,183,950	-	2,183,950	1,558,330
Bad debt expense	-	-	-	-	-	-	-	-	85,752
Depreciation	-	-	-	-	-	434,959	-	434,959	398,028
Other	-	-	50,000	-	-	35,060	-	85,060	106,279
Total expenses	<u>\$ 5,771,673</u>	<u>\$ 1,036,040</u>	<u>\$ 2,386,753</u>	<u>\$ 162,159</u>	<u>\$ 3,139,279</u>	<u>\$ 3,648,032</u>	<u>\$ 19,815,387</u>	<u>\$ 35,959,322</u>	<u>\$ 34,234,022</u>

The accompanying notes are an integral part of this combined financial statement.

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2024

	Compensation Costs	Occupancy Costs	Professional Services	Professional Development	Stipends	Other Costs	Insurance Premiums and Claims	Total Expenses
Expenses and losses								
Insurance program expenses								
Medical and dental claims, premiums and expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,010,839	\$ 14,010,839
Insurance premiums, claims and expenses	-	-	-	-	-	-	4,182,839	4,182,839
Total insurance program expenses	-	-	-	-	-	-	18,193,678	18,193,678
Program activities								
Pastoral ministries	1,190,357	-	-	-	1,420,856	9,900	-	2,621,113
Education and grants	-	-	-	-	1,070,002	-	-	1,070,002
Communications and faith formation	641,766	-	122,941	-	51,076	206,548	-	1,022,331
Support for matriculating seminarians	-	-	-	155,392	-	-	-	155,392
Clergy retirement and other support costs	156,766	47,129	360,678	1,400	725,000	-	-	1,290,974
Total program activities	1,988,889	47,129	483,619	156,792	3,266,934	216,448	-	6,159,812
Supporting services								
Chancery office	3,676,819	-	-	-	-	-	-	3,676,819
Professional fees and settlement costs	-	-	1,581,158	-	-	-	-	1,581,158
Development	-	-	-	-	-	91,233	-	91,233
Other supporting services	-	962,112	956,365	-	-	464,455	-	2,382,932
Total administration expenses	3,676,819	962,112	2,537,524	-	-	555,688	-	7,732,142
Interest and deposits on loans	-	-	-	-	-	1,558,330	-	1,558,330
Bad debt expense	-	-	-	-	-	85,752	-	85,752
Depreciation	-	-	-	-	-	398,028	-	398,028
Other	-	-	50,000	-	-	56,279	-	106,279
Total expenses	\$ 5,665,708	\$ 1,009,241	\$ 3,071,143	\$ 156,792	\$ 3,266,934	\$ 2,870,526	\$ 18,193,678	\$ 34,234,021

The accompanying notes are an integral part of this combined financial statement.

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

COMBINED STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 709,910	\$ 5,554,978
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:		
Unrealized realized gains (losses) on investments	(4,342,683)	(5,932,405)
Depreciation	434,959	398,028
Bad debt provision	-	85,752
Gain on sale of land	-	(427,169)
Changes in operating assets and liabilities:		
Accounts receivable from parishes and others, net	569,350	585,584
Other receivables, net	(16,645)	(539,819)
Accrued interest receivable, net	360,960	12,448
Prepaid expenses	(204,402)	363,303
Accounts payable and accrued expenses	401,131	490,755
Interest payable to parishes and others	(47,463)	7,806
Agency funds	(161)	98,047
Other payables	42,384	(20,833)
Net cash (used in) provided by operating activities	<u>(2,092,660)</u>	<u>676,474</u>
Cash flows from investing activities		
Proceeds from the sale of land	-	1,021,089
Purchase of land building and equipment	(603,913)	(2,886,975)
Proceeds from sales of investments	19,655,411	16,627,664
Purchases of investments	<u>(21,190,283)</u>	<u>(16,778,485)</u>
Net cash used in investing activities	<u>(2,138,785)</u>	<u>(2,016,707)</u>
Cash flows from financing activities		
Change in funds on deposit from parishes and others	7,107,832	405,299
Change in funds on deposit from cemetery perpetual care	249,599	458,527
New loans issued to parishes and others	(3,758,866)	(3,819,967)
Loan payments received from parishes and others	1,910,363	4,987,701
Proceeds from bank loans	-	455,863
Payments on bank loans	<u>(1,325,810)</u>	<u>(62,327)</u>
Net cash provided by financing activities	<u>4,183,118</u>	<u>2,425,096</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(48,327)</u>	<u>1,084,862</u>
Cash and cash equivalents, beginning of year	<u>4,499,976</u>	<u>3,415,114</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,451,649</u></u>	<u><u>\$ 4,499,976</u></u>

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

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - ORGANIZATION

The Roman Catholic Bishop of Fall River, a Massachusetts corporation sole, was founded in 1904, and together with the parishes, schools, cemeteries and other affiliated agencies and entities in southeast Massachusetts, operate as the Roman Catholic Diocese of Fall River (the "Diocese"). Refer to www.fallriverdiocese.org for a comprehensive overview of the Diocese of Fall River. A complete list of parishes, schools, cemeteries and other affiliated entities in the Diocese are included in The Official Catholic Directory.

The Chancery Office is an entity within the Diocese that provides administrative services and programmatic and financial support to those Diocesan entities, institutions, and affiliates identified above, each of which operate independently and account for their operations separately.

These financial statements include the assets, liabilities, and net assets of the Chancery Office only. These financial statements do not include the assets, liabilities, and net assets of the parishes, schools, cemeteries and other affiliated agencies and entities of the Diocese.

The Chancery Office administers the various employee benefit programs of the Diocese, including the medical and dental self-insurance programs, and other purchased insurance coverages in addition to providing administrative, legal and human resources support as needed. In addition, the Chancery Office provides loans to and holds deposits of excess funds for the parishes, schools, cemeteries and other affiliated agencies and entities of the Diocese. Substantially all program fee revenue is derived from parishes, schools, cemeteries and other affiliated agencies and entities of the Diocese.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Chancery Office reports its financial position and activities within three classes of net assets:

Net Assets Without Donor Restrictions - This includes net assets that are not subject to donor-imposed stipulations. These unrestricted net assets may be designated for a specific purpose by action of the Bishop or may otherwise be limited by contractual agreements with outside parties.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions include what were formerly classified as temporarily or permanently restricted funds. This includes assets that are subject to donor-imposed stipulations.

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Additionally, gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Upon the expirations of restrictions on net assets due to time or purpose; that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, such net assets are released from restrictions and reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

Revenues are broadly categorized as follows:

Insurance program fees: The Chancery Office acts on behalf of participating parishes and other related entities to procure insurance coverage, including medical, dental, property/liability, automobile, and worker's compensation insurance. The costs of the premiums and related expenses are billed to the participating entities. To the extent collectability of revenues is not reasonably assured revenue may not be recognized.

Contributions and Bequests: Contributions and Bequests revenue include the following:

Annual Appeal: The Annual Appeal typically begins in May and concludes in June at the end of the fiscal year. Cash gifts are recognized when received. An accrual for pledges made, but not received was \$461,188 and \$552,760, respectively at June 30, 2024 and 2025.

Special Collections: Special collections are contributions received during diocesan collections held periodically at each parish and used to support diocesan initiatives, including supporting the priest's retirement facility, and seminarians. The nature, purpose and timing of the diocesan collections are communicated to the parishes each year when the new collections schedule is released. Not included in these financial statements are special collections on behalf of and remitted to certain national and international agencies including the USCCB's Office of National Collections and the Apostolic Nunciature. Revenues are recognized as collection funds are remitted to the Chancery by the various parishes.

Bequests and Other Contributions: Bequests received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Revenues are recognized when the gifts are received.

Parish Assessment: Parishes within the Diocese are assessed a fee to help support the mission of the Diocese of Fall River as permitted by canon law. The annual parish assessment is based upon a percentage of all recurring revenue, including offertory, rent, and fundraising. Details on the history of the assessment, how it is calculated, and what it funds, are included on the Diocesan website at <https://www.fallriverdiocese.org/app/uploads/2025/02/December-2024-update-Parish-Assessment-History-fees-generated-and-what-it-funds.pdf>. 1/12th of annual assessment revenues are billed to parishes each month. Like insurance program fees, management reviews receivables and makes an appropriate adjustment to the allowance for credit losses as needed.

Interest on Loans and Notes: This includes interest paid on loans provided by the Chancery to parishes, schools, and other entities. As of June 30, 2025, the standard rate on Chancery loans was 5.00%. The rate charged is reviewed regularly and is intended to provide entities a rate favorable to retail banks. In select cases the Chancery may grant loans at reduced rates to assist parishes and schools in need.

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Investment Return: Investment revenues include dividends, interest, and realized/unrealized gains/(losses) on diocesan money market and investment accounts, net of associated service fees. Investment target allocations and performance are reviewed regularly by Chancery staff as well as the Diocesan Investment Committee. Investment earnings on funds with donor-imposed stipulations are classified as With Donor Restrictions, until the restrictions are satisfied, and the earnings are disbursed.

Gain on Sale of Real Estate: This includes any gains on Diocesan properties. Note that as a corporation sole, all properties are owned by the Roman Catholic Bishop of Fall River; however, the financial statements of the Chancery Office generally do not include proceeds from the sale of properties at parishes, schools, or other related entities. Proceeds from liquidating these assets may be used to offset outstanding debt the local entity has with the Chancery or remitted to the local entity. Revenues are recognized upon sale of an asset. Included within gain on sale of real estate is approximately \$1,165,000 which represents an allocation of the proceeds received by the sale of real estate by a parish during fiscal year 2025.

Other Revenue: Includes miscellaneous revenues recognized by the Chancery Office, including service fees paid by related entities to the Chancery Office, any recovery of bad debt or affiliated entity debt that had been placed in abeyance, and rental income from retired priests in residence at the Cardinal Medeiros Center. Revenues are earned as goods or services are provided.

Expense Recognition

Expenses are reported as decreases in net assets. Chancery Office expenses are shown on a functional (i.e., programmatic) basis within the Statement of Activities. In the Schedule of Functional Expenses, the Chancery Office provides transparency into the natural expense breakdown (i.e., Compensation, Occupancy, etc.) of each functional expense unit.

The major functional expense units within the Chancery Office include:

Insurance Program Expenses: The Chancery Office acts on behalf of participating parishes and other related entities to procure insurance coverage, including medical, dental, property/liability, automobile, and worker's compensation insurance. The Diocese is self-insured for medical insurance, so costs are largely related to claims processed and stop-loss premiums. While the Diocese does have stop-loss provisions in its plans, a significant increase in claims costs could negatively impact financial results. The property/liability program also includes significant deductibles at the diocesan level and therefore acts like a self-insured program.

Program Activities: Includes programs largely supported by the Annual Appeal and Diocesan Special Collections. A complete list of ministries supported by the Annual Appeal are listed on the website of the Catholic Foundation at <https://www.catholicfoundationsema.org/areas-supported-by-the-appeal/>. Within the pastoral ministries, education and grants, and communications and faith formation programs, the Chancery Office incurs expenses directly or pays stipends to diocesan ministries that maintain their own books and records.

Supporting Services: Includes costs related to the central administration of the Diocese, including the following departments: Bishop's Office, Chancellor's Office, Finance, Human Resources, Payroll, Insurance, and Tribunal. Supporting services includes all professional fees, including legal, audit, information technology, and other consulting services. All costs related to running the annual Catholic Charities Appeal (outsourced to the Catholic Foundation of Southeast Massachusetts in FY19) are included in this category.

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Other Expenses: Includes interest on parish, school, and other entity deposits held by the Chancery. As of June 30, 2025, the rate of interest paid on these deposits was 3.00%. Adjustments to the allowance for bad debt, depreciation and expenses related to assets released from restrictions are included in this category as well.

Cash and Cash Equivalents and Investments

Cash and cash equivalents consist of operating funds deposited in cash management accounts, and other investments with maturities at the time of purchase of 90 days or less and are carried at market value. Cash and cash equivalents at June 30, 2025 and 2024 included \$4,066,070 and \$4,517,587 of money market funds.

The Chancery maintains cash balances at several banks in excess of federally insured limits. The Chancery Office also maintains cash balances in money market funds which are not insured. The Chancery Office has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

The Chancery Office reports investments at fair value. The fair value of publicly traded securities is based upon quoted market prices as of the measurement date. Purchases and sales of investments are recorded on a trade-date basis. Gains or losses from the sale of investment securities are computed on the specific identification method, or on the average cost basis.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. All Chancery Office investments are overseen by the Diocesan Investment Committee. The charter of the Investment Committee includes monitoring the return on Diocesan investments as well as ensuring that funds are invested in compliance with USCCB socially responsible investing guidelines.

Accounts Receivable, Loans Receivable, Other Receivables, and Accrued Interest

Accounts receivable from parishes and others include amounts due from related organizations for insurance and other central services and have been reduced to their estimated net realizable value through an allowance for credit losses. Additionally, accounts receivable may be shown net of any depository savings held on their behalf by the Chancery Office because there is a right of offset associated with these depository savings accounts.

Loans receivable from parishes and others represent advances to related organizations. Loans receivable are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Generally, loans are granted for specific periods of time and contain specific provisions regarding payment terms and collateral.

Other receivables include cash advances and project-related costs extended to parishes and schools. Also included are real estate clearing costs, typically where expenses on closed buildings are incurred pending repayment when the asset is sold or re-purposed.

Accrued interest includes accrued interest on Chancery investments.

Allowance for credit losses

The allowances for credit losses for accounts receivable, loans receivable, and other receivables are maintained at a level believed by management to be representative of inherent losses estimated on the basis of factors such as risk characteristics of the borrowers, potential collateral and current economic conditions that may affect the borrower's ability to pay. Loans, accounts receivable, and other receivables are written off in whole or in part when, in management's opinion, collectability is considered remote and are reviewed on a case-by-case basis. The Chancery Office will continue to work with parishes, schools,

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

and related entities to assess their ability to address outstanding debt. Proceeds from property sales by entities with delinquent account balances (including closed and merged parishes) may be applied against outstanding balances at the discretion of the Bishop. A listing of all property sales and the use of said funds are also reviewed with the Diocesan Finance Council on a quarterly basis. All transactions are reviewed to ensure compliance with civil and church (canon) law, and in consideration of canon law, select sales must first be approved by the Diocese of Fall River's College of Consultors and the Diocesan Finance Council. The allowance is reduced by an estimate for these planned recoveries. The Chancery Finance Office also works directly with select locations and parish finance councils to re-structure debt where appropriate.

There are numerous factors that make it difficult to assess the appropriateness of a reserve and in particular, an entities ability to service re-structured debt payments or long-term loans. These include future parish mergers or collaboratives that may result from ongoing parish planning initiatives, pastor transitions due to retirements or ministerial issues, general trends around church attendance, and socio-economic changes to the population demographic in southeast Massachusetts. Future fiscal years could be negatively impacted if some of the assumptions on payment of current receivables or recognition of various debt offsets (including asset sales and debt restructure agreements) are adversely impacted. The Chancery Finance Office will continue to evaluate the reserve and make adjustments in future periods as appropriate.

While management uses available information to establish the allowances for accounts receivable, loans receivable, and other receivables, future additions or reductions to the allowances may become necessary if circumstances differ from the assumptions used in making the evaluation as of each reporting date.

Land, Buildings, and Equipment

Chancery Office land, buildings and building improvements, and equipment are stated at cost at date of acquisition or, if donated, at the market value on the date of the gift, less accumulated depreciation.

Perpetual Care Funds on Deposit

The Chancery Office receives deposits from cemetery entities within the Diocese and pays a stated fixed rate of interest on these deposits (1.75% as of June 30, 2025 and 2024). The funds are available to pay for the future care of these cemeteries when needed.

Reserve for Losses

Property and General Liability Insurance

The Diocese is insured for various risks incidental to the normal course of its activities. Such risks include fire damage, general liability claims, theft losses and sudden accidental occurrences to boilers and related equipment. The Diocese also permits related organizations within the Diocese of Fall River to participate in its risk management program. A charge is assessed to these entities based on the type of risks shared among these organizations. The typical risk areas in which the other organizations participate include automobile liability, physical property damage and general liability.

Health and Dental Insurance

The Diocese is self-insured for losses related to health benefits for its employees. The program is administered by the Chancery Office. Medical claim losses in excess of the self-insured retention level are insured under a commercial excess policy ("stop-loss" insurance). A reserve for health and dental claims incurred but not reported is included in accounts payable and accrued expenses on the combined statement of financial position. The reserve is based on claims reported, historical experience and estimates of future trends claim severity and frequency and other factors, which could vary as claims are ultimately settled. The actual amount of losses and loss adjustment expenses may vary from the estimated amounts included

**Roman Catholic Bishop of Fall River
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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

in the combined financial statements. At June 30, 2025 and 2024 the reserve for medical and dental claims was \$1,105,000.

Income Taxes

The Diocese is a religious organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"), and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The Diocese is included in the United States Conference of Catholic Bishops ("USCCB") group ruling and listed in the Official Catholic Directory. The Diocese is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements.

Subsequent Events

The Chancery Office has evaluated the impact of all subsequent events through December 18, 2025 the date the financial statements were available to be issued, and has determined that there were no subsequent events requiring adjustment or disclosure in the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Chancery Office assets available within one year of the Statement of Financial Position date, include the following at June 30, 2025, (with comparative information from June 30, 2024):

	2025	2024
Cash and cash equivalents	\$ 4,451,649	\$ 4,499,976
Investments	60,858,958	54,981,403
Pledges receivable, due within one year	552,760	461,188
Accounts receivable, due within one year	2,010,459	2,578,982
Loans receivable, due within one year	2,369,324	1,230,330
Other receivables, due within one year	729,492	655,903
	70,972,642	64,407,783
Less: amounts unavailable within one year		
Funds with donor restrictions	(5,498,344)	(5,631,066)
Assets available to meet cash needs for general expenditures or withdrawal of parish funds within one year	65,474,298	58,776,717
Less: funds on deposit from parishes and other	(67,451,206)	(60,343,374)
Less: funds on deposit from cemetery perpetual care	(20,509,092)	(20,259,493)
Assets available excluding Chancery depository funds	\$ (22,486,000)	\$ (21,826,151)

The Chancery Office manages liquidity by developing annual budgets which are updated and reviewed quarterly with the Diocesan Finance Council. Excess cash reserves are placed in investment accounts. Requests to withdraw money from accounts on deposit at the Chancery are subject to review and approval by the Bishop and Chancellor.

In September 2020, the Chancery secured a \$5,000,000 line of credit with a local bank to further insulate itself from any short-term liquidity issues. The line of credit was opened during the COVID-19 worldwide

**Roman Catholic Bishop of Fall River
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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

pandemic and renews annually each March. At June 30, 2025, the line of credit remained available to the Chancery. The Chancery has never drawn from this line of credit.

NOTE 4 - ACCOUNTS RECEIVABLE, LOANS RECEIVABLE, OTHER RECEIVABLES, ACCRUED INTEREST, AND NOTE RECEIVABLE

At June 30, the accounts receivable from parishes and others, net, consists of the following:

	2025			
	Accounts Receivable	Loans Receivable	Other Receivables	Accrued Interest
Gross receivable	\$ 2,029,740	\$ 19,059,691	\$ 3,811,350	\$ 133,544
Less: allowance for credit losses	(19,280)	-	(142,242)	-
Subtotal	2,010,459	19,059,691	3,669,108	133,544
Depository savings payable to those entities with accounts receivable	-	-	-	-
Net receivable	<u>\$ 2,010,459</u>	<u>\$ 19,059,691</u>	<u>\$ 3,669,108</u>	<u>\$ 133,544</u>
	2024			
	Accounts Receivable	Loans Receivable	Other Receivables	Accrued Interest
Gross receivable	\$ 2,826,724	\$ 17,456,559	\$ 3,801,665	\$ 494,504
Less: allowance for credit losses	(103,963)	(244,554)	(149,192)	-
Subtotal	2,722,761	17,212,005	3,652,473	494,504
Depository savings payable to those entities with accounts receivable	(143,779)	-	-	-
Net receivable	<u>\$ 2,578,982</u>	<u>\$ 17,212,005</u>	<u>\$ 3,652,473</u>	<u>\$ 494,504</u>

**Roman Catholic Bishop of Fall River
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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Scheduled principal payments on loans receivable are as follows as of June 30, 2025:

2026	\$ 2,369,324
2027	936,081
2028	918,225
2029	888,504
2030	903,098
Thereafter	<u>13,044,459</u>
Total	<u>\$ 19,059,691</u>

A roll forward of the allowance for credit losses related to the above receivables for the years ended June 30, 2025 and 2024 is as follows:

	2025		
	Accounts Receivable	Loans Receivable	Other Receivables
Beginning of the year	\$ 103,963	\$ 244,554	\$ 149,192
Current year provision	(827)	817	10
Write-offs net of recoveries	<u>(83,856)</u>	<u>(245,371)</u>	<u>(6,960)</u>
End of year	<u>\$ 19,280</u>	<u>\$ -</u>	<u>\$ 142,242</u>

	2024		
	Accounts Receivable	Loans Receivable	Other Receivables
Beginning of the year	\$ 105,180	\$ 214,372	\$ 159,689
Current year provision	8,388	30,183	47,181
Write-offs net of recoveries	<u>(9,605)</u>	<u>-</u>	<u>(57,679)</u>
End of year	<u>\$ 103,963</u>	<u>\$ 244,554</u>	<u>\$ 149,192</u>

NOTE 5 - INVESTMENTS

Investments consist of the following at June 30:

	2025	2024
Money market funds	\$ 3,437,038	\$ 3,636,853
Mutual funds	8,571,908	6,480,900
Corporate bonds	16,763,946	15,230,184
Common stock	<u>32,086,067</u>	<u>29,633,466</u>
	<u>\$ 60,858,958</u>	<u>\$ 54,981,403</u>

Net investment return for the year ended June 30 is as follows:

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

	2025	2024
Interest and dividends	\$ 1,301,788	\$ 1,122,276
Realized gains on investments	1,867,612	1,028,624
Unrealized gains on investments	2,475,071	4,903,781
	<u>5,644,472</u>	<u>7,054,681</u>
Total investment income	\$ 5,644,472	\$ 7,054,681

Investment income is shown net of investment management fees. For the years ended June 30, 2025 and 2024, the Chancery Office paid \$193,450 and \$175,127, respectively, in investment management fees.

NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment recorded by the Chancery Office at June 30 consists of the following:

	Estimated Useful Life	2025	2024
Land	N/A	\$ 4,106,452	\$ 4,106,452
Buildings and improvements	20 - 40 years	15,422,954	15,139,597
Equipment	3 years	52,599	52,599
Furniture	10 years	229,567	227,165
Construction in progress	N/A	511,029	194,101
		20,322,601	19,719,914
Less: accumulated depreciation		(8,048,368)	(7,614,634)
Total land, building and equipment		<u>\$ 12,274,233</u>	<u>\$ 12,105,279</u>

NOTE 7 - FAIR VALUE MEASUREMENTS

The Chancery Office measures the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). A fair value hierarchy has been established to prioritize the inputs used in valuation techniques to measure fair value. The three levels of the fair value hierarchy are described below.

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets as of the measurement date.
- Level 2 - inputs to the valuation methodology are other observable inputs, including quoted prices for similar assets and liabilities in active or non-active markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are not directly observable, but are corroborated by observable market data.
- Level 3 - inputs to the valuation methodology are unobservable for the asset or liability. There are no level 3 fair value instruments as of June 30, 2025 and 2024.

**Roman Catholic Bishop of Fall River
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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. As of June 30, assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	2025		
	Level 1	Level 2	Total
Money market funds	\$ 3,437,038	\$ -	\$ 3,437,038
Mutual funds	8,571,908	-	8,571,908
Corporate bonds	-	16,763,946	16,763,946
Common stock	32,086,067	-	32,086,067
Total	\$ 44,095,012	\$ 16,763,946	\$ 60,858,958

	2024		
	Level 1	Level 2	Total
Money market funds	\$ 3,636,853	\$ -	\$ 3,636,853
Mutual funds	6,480,900	-	6,480,900
Corporate bonds	-	15,230,184	15,230,184
Common stock	29,633,466	-	29,633,466
Total	\$ 39,751,219	\$ 15,230,184	\$ 54,981,403

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30 included the following:

	2025	2024
Restricted uses:		
In perpetuity:		
Catholic Charities Appeal (Paul Duchaine Fund corpus)	\$ 4,343,294	\$ 4,343,294
Education of priests (Joseph O'Donnell Fund corpus)	406,720	406,720
Subtotal: restricted in perpetuity	4,750,014	4,750,014
Purpose restricted (including appreciation on the above funds):		
Catholic Charities Appeal (Monsignor Considine Fund)	247,879	231,195
Father Peyton cause for saint-hood	1,650	1,650
Education of priests (O'Donnell Fund appreciation)	109,495	97,293
Elderly in the Diocese	35,000	35,000
Various - Fd 625 (Conboy, St. Johns Day)	171,474	171,474
Our Lady of Aparacida Project	-	4,939
Programs benefiting children of the Diocese	52,943	52,943
Serving the Shepherds	129,890	286,557
Total net assets with donor restrictions	\$ 5,498,344	\$ 5,631,065

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE 9 - ENDOWMENTS

The Chancery Office follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted in the Commonwealth of Massachusetts and its own governing documents in handling permanently restricted gifts. The Chancery Office has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Chancery Office classifies as net assets restricted in perpetuity: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets restricted by time or purpose until those amounts are appropriated for expenditure by the Chancery Office in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Chancery Office considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds; (2) the purposes of the donor-restricted endowment funds; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Chancery Office; (7) the Chancery Office's investment policies and (8) any expressed wishes of the respective donors.

	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	\$ 5,278,761	\$ 5,278,761
Income	464,396	464,396
Amounts appropriated for expenditure	(112,091)	(112,091)
Endowment net assets, June 30, 2024	5,631,066	5,631,066
Income	590,836	590,836
Amounts appropriated for expenditure	(723,558)	(723,558)
Endowment net assets, June 30, 2025	<u>\$ 5,498,344</u>	<u>\$ 5,498,344</u>

Investment Return Objectives, Risk Parameters and Strategies

The Chancery Office has adopted an investment policy for donor-restricted assets that attempts to provide a predictable stream of funding to programs supported by its funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds any distributions made, with acceptable levels of risk.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Spending Policy

Net assets released from restrictions for the years ended June 30, 2025, and June 30, 2024, included:

	2025	2024
Duchaine	\$ 130,299	\$ 85,237
Catholic Charities Appeal (Monsignor Considine Fund)	11,930	26,413
Guild for the Blind (Regina Collopy Trust)	-	441
Our Lady of Aparacida Project	5,939	-
Serving the Shepherds	286,557	-
Foundation to Advance Catholic Education	6,000	-
Seminarian Support	70,609	-
Cathedral Camp	2,500	-
Total	<u>\$ 723,558</u>	<u>\$ 112,091</u>

NOTE 10 - CONTINGENCIES

The Diocese is involved in various other legal proceedings in the normal course of business that are generally incidental to its business, including claims related to clergy misconduct. The Diocese has recorded an estimate to reserve for loss based on misconduct claims. At June 30, 2025 and 2024 this reserve totaled \$197,500 and \$261,667, respectively. As it relates to any other potential unknown claims, while it is not feasible to predict or determine the outcome of the proceedings at this time, management does not believe that they will result in a material adverse effect on the Chancery's financial position, changes in net assets, or liquidity.

NOTE 11 - PENSION PLANS

Lay Plan

The Chancery Office previously participated with other Diocesan related and affiliated non-profit entities in a contributory, defined-benefit plan covering substantially all full-time lay employees. The risks of participating in multiemployer plans differ from single-employer plans in various ways:

- a. Assets contributed to multiemployer plans by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to a multiemployer plan, generally the unfunded obligations of the multiemployer plan may be borne by the remaining participating employers, on a case-by-case basis.
- c. If a participating entity chooses to stop participating in a multiemployer plan, the participating entity may be required to pay the multiemployer plan an amount based on the underfunded status of the multiemployer plan, referred to as a withdrawal liability.

The plan in which the Chancery Office participates is the Retirement Plan for Full-Time Lay Employees of Roman Catholic Bishop of Fall River, Corporation Sole (the "Lay Plan"). Benefits under the Lay Plan are provided through a pension plan administered by the Chancery Office.

**Roman Catholic Bishop of Fall River
(A Corporation Sole) - Chancery Office**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Effective December 31, 2015, the Diocese froze this Lay Plan. Accordingly, no new participants could be admitted to the plan after this date, and current participants will not earn additional benefits.

The Diocese works with an outside actuarial firm to regularly review if the plan has been appropriately funded to meet future payment obligations. In July 2017, the Chancery Office initiated billing for a "frozen pension" fee to each entity with covered participants. The Diocese applies proceeds from these bills to the unfunded liability. Additionally, the Chancery Office may make additional contributions to the plan each year. No Chancery contributions were made for the 2024 or 2025 plan years.

The following is a summary of the Lay Plan information as of June 30, 2025 and 2024:

	2025	2024
Present value of accumulated benefit obligation	\$ 39,803,180	\$ 69,703,368
Fair value of plan assets	(32,917,988)	(52,311,838)
Accumulated unfunded benefit obligation	<u>\$ 6,885,192</u>	<u>\$ 17,391,530</u>
Funding ratio	82.7%	75.0%

The present value of the accumulated benefit obligation was calculated using the Pri-2012 Total Dataset Mortality with Generational MP-2021 mortality tables, and assuming discount rates of 5.45% and 5.37%, respectively for 2024 and 2025, with no cost-of-living adjustment.

For financial reporting purposes within these combined financial statements, the Lay Plan is accounted for as a multiemployer plan and as such, the accumulated benefit obligation is not reflected in the accompanying combined statement of financial position.

In May of 2024, the Lay Plan was amended to offer a limited time voluntary lump sum payout option to Plan participants. Vested Plan participants were offered a payout at 75% of the present value of their accrued benefit. Eligible participants were given the option to roll over buyout proceeds into the Diocesan 403(b) program. Approximately 45% of Plan participants accepted the buyout offer, and cashouts were processed in August 2024. Those participants that chose not to accept the lump sum offering remain in the Plan with no change to their accrued benefit.

Additionally, in May 2025, the Lay Plan completed an annuity buy-in with Midland Financial for 50% of the monthly benefits for plan participants currently receiving pension payment. Assets and liabilities for this population are included in the table above.

Defined Contribution Plan

The Diocese offers a defined contribution deferred retirement savings option to various Diocesan agencies and other related entities of the Diocese. The Roman Catholic Bishop of Fall River, Corporation Sole Voluntary 403(b) Plan and the Diocesan Separately-Incorporated Entities Voluntary 403(b) Plan (collectively the "Plans") are administered by the Chancery Office. The Plans are based on total compensation and qualify under Section 403(b) of the Internal Revenue Service Code. All lay employees of the participating Diocesan agencies and other related entities are eligible to make contributions immediately upon employment. During the years ended June 30, 2025 and 2024, the Chancery contributed \$136,802 and \$171,676 to these plans, respectively.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Priests Plan

The Diocese has a pension plan (the "Priests' Plan") which is administered by the Chancery Office covering substantially all priests who are incardinated in the Diocese. As of October 31, 2013, accumulated funding was utilized to purchase annuity contracts for the retired clergy of the Diocese receiving benefit payments at that time. Effective November 1, 2013, a new plan was created for future retirees. Funding of the Priests' Plan is assumed by the parishes or the affiliated agency or entity to which a priest is assigned. During the years ended June 30, 2025 and 2024, the Chancery contributed \$0 and \$0, respectively, to the new Priests' Plan.

The following is a summary of Plan information as of June 30, 2025 and 2024:

	2025	2024
Present value of accumulated benefit obligation	\$ 13,191,304	\$ 12,925,661
Fair value of plan assets	(3,251,965)	(3,339,018)
Accumulated unfunded benefit obligation	<u>\$ 9,939,339</u>	<u>\$ 9,586,643</u>
Funding ratio	24.7%	25.8%

The present value of the accumulated benefit obligation was calculated using the Pri-2012 Total Dataset Mortality with Generational MP-2021 mortality tables, and assuming discount rates of 5.45% and 5.39%, respectively for 2024 and 2025, with no cost-of-living adjustment.

For financial reporting purposes within these financial statements, the Priests' Plan is accounted for as multiemployer plans and as such, the accumulated benefit obligation is not reflected in the accompanying combined statement of financial position.

NOTE 12 - EMPLOYEE RETENTION TAX CREDITS

During the year ended June 30, 2025, the Chancery Office received Employee Retention Tax Credits ("ERTC") payments of \$106,550. The ERTC program was established under the Coronavirus Aid, Relief and Economic Security ("CARES") Act of 2020. To be eligible, the Chancery Office must meet certain conditions as described in applicable laws and regulations. Final eligibility for the credit and the credit calculations are subject to review and approval by the Federal government. Accordingly, the Chancery Office has accounted for the ERTCs as conditional grants, with a donor-imposed condition. Revenue from these credits will be recognized as revenue after satisfactory audit by the Internal Revenue Service, or when the statute of limitations for such an audit expires. As such, the Chancery has reflected the ERTC payments received as deferred revenue in the accompanying statements of financial position as of June 30, 2025.

NOTE 13 - LOANS PAYABLE

In 2021, the Diocese entered into a \$1,950,000 term note with a bank. The balance outstanding on the note was \$499,592 and \$1,825,401 at June 30, 2025 and 2024, respectively. The note requires monthly principal and interest payments of approximately \$12,000, and outstanding borrowings bear interest at a fixed rate of 4.25%. The note matures on November 4, 2041. The note is secured by certain Chancery Office cash and investment holdings at this bank.