

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND  
HIS SUCCESSORS, A CORPORATION SOLE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

The logo consists of a dark blue square with a white border. Inside the square, the letters "HRC" are written in a white, bold, sans-serif font.

**HRC**

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND  
HIS SUCCESSORS, A CORPORATION SOLE**

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YEARS ENDED JUNE 30, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Roman Catholic Bishop of Las Vegas and His Successors, a Corporation Sole and Finance Council of The Administrative Office of the Roman Catholic Bishop of Las Vegas and His Successors, a Corporation Sole Las Vegas, Nevada

We have audited the accompanying financial statements of The Administrative Office of the Roman Catholic Bishop of Las Vegas and His Successors, a Corporation Sole (commonly referred to as "the Diocese"), a program of the Roman Catholic Bishop of Las Vegas and His Successors, a Corporation Sole, (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Administrative Office of the Diocese of Las Vegas, a program of the Roman Catholic Bishop of Las Vegas and His Successors, a Corporation Sole, as of June 30, 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



***Report on Summarized Comparative Information***

We have previously audited The Administrative Office of the Diocese of Las Vegas, a program of the Roman Catholic Bishop of Las Vegas and His Successors, a Corporation Sole's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Houldsworth, Russo & Company, P.C.*

Las Vegas, Nevada  
October 30, 2020

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP  
OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 12,211,261	\$ 3,670,953
Cash and cash equivalents, restricted	54,300	77,784
Funds held by related party	23,176,311	22,029,774
Funds held by related party, restricted	4,364,657	3,176,193
Investments	15,658,430	20,104,663
Investments, restricted, current	1,581,316	1,615,389
Accounts receivable, net	2,618,897	664,589
Parish loans receivable, current	216,839	230,207
Prepaid expenses	16,757	34,462
	<u>59,898,768</u>	<u>51,604,014</u>
<b>Noncurrent assets:</b>		
Parish loans receivable, net of current and discount	7,066,036	7,323,920
Investments, restricted	721,471	721,471
Property and equipment, net	14,019,019	11,761,871
	<u>21,806,526</u>	<u>19,807,262</u>
	<u>\$ 81,705,294</u>	<u>\$ 71,411,276</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 365,185	\$ 367,621
Related party payable, current	96,913	1,083,333
Deferred revenue	2,040,033	1,986,673
Paycheck Protection Program loan payable	7,332,000	-
	<u>9,834,131</u>	<u>3,437,627</u>
<b>Long-term liabilities:</b>		
Pension liabilities	4,088,000	1,114,000
Related party payable	3,426,145	3,321,987
	<u>7,514,145</u>	<u>4,435,987</u>
<b>Total liabilities</b>	<u>17,348,276</u>	<u>7,873,614</u>
<b>Net assets:</b>		
Without donor restrictions	57,635,274	57,946,825
With donor restrictions	6,721,744	5,590,837
	<u>64,357,018</u>	<u>63,537,662</u>
	<u>\$ 81,705,294</u>	<u>\$ 71,411,276</u>

See accompanying notes to financial statements

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP  
OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, gains, and other support:</b>			
Catholic Stewardship Appeal	\$ 2,705,502	\$ -	\$ 2,705,502
Diocesan Assessment	3,198,475	-	3,198,475
Administrative income	2,744,331	-	2,744,331
Contributions	920,900	1,321,088	2,241,988
Investment return, net	736,064	7,494	743,558
Investment return on endowments, net	-	(57,557)	(57,557)
Other income	111,080	-	111,080
Gain on disposal of property and equipment	169,291	-	169,291
Net assets released from restriction	140,118	(140,118)	-
<b>Total revenue, gains, and other support</b>	<u>10,725,761</u>	<u>1,130,907</u>	<u>11,856,668</u>
<b>Expenses and losses:</b>			
Program services:			
Clergy formation and support	859,091	-	859,091
Communication Apostolate	243,259	-	243,259
Pastoral services	1,230,432	-	1,230,432
Adult/youth education and development	1,315,017	-	1,315,017
Support services:			
Diocesan support	2,767,387	-	2,767,387
Property and building management	1,182,195	-	1,182,195
	<u>7,597,381</u>	<u>-</u>	<u>7,597,381</u>
Pension related changes other than net periodic pension cost	3,179,000	-	3,179,000
Bad debt expense	260,931	-	260,931
<b>Total expenses and losses</b>	<u>11,037,312</u>	<u>-</u>	<u>11,037,312</u>
<b>Change in net assets</b>	(311,551)	1,130,907	819,356
<b>Net assets, beginning of year</b>	<u>57,946,825</u>	<u>5,590,837</u>	<u>63,537,662</u>
<b>Net assets, end of year</b>	<u>\$ 57,635,274</u>	<u>\$ 6,721,744</u>	<u>\$ 64,357,018</u>

See accompanying notes to financial statements

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP  
OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**STATEMENTS OF ACTIVITIES (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, gains, and other support:</b>			
Catholic Stewardship Appeal	\$ 2,703,603	\$ -	\$ 2,703,603
Diocesan Assessment	3,145,416	-	3,145,416
Administrative income	2,336,721	-	2,336,721
Contributions	1,278,875	812,946	2,091,821
Investment return, net	1,248,937	8,812	1,257,749
Investment return on endowments, net	-	157,018	157,018
Other income	62,238	-	62,238
Gain on disposal of property and equipment	-	-	-
Net assets released from restriction	575,829	(575,829)	-
<b>Total revenue, gains, and other support</b>	<u>11,351,619</u>	<u>402,947</u>	<u>11,754,566</u>
<b>Expenses and losses:</b>			
Program services:			
Clergy formation and support	753,268	-	753,268
Communication Apostolate	240,645	-	240,645
Pastoral services	1,393,273	-	1,393,273
Adult/Youth education and development	958,202	-	958,202
Support services:			
Diocesan support	2,984,448	-	2,984,448
Property and building management	1,062,134	-	1,062,134
	<u>7,391,970</u>	<u>-</u>	<u>7,391,970</u>
Pension related changes other than net periodic pension cost	673,000	-	673,000
<b>Total expenses and losses</b>	<u>8,064,970</u>	<u>-</u>	<u>8,064,970</u>
<b>Change in net assets</b>	3,286,649	402,947	3,689,596
<b>Change in net assets from combination (see Note 12)</b>	8,417,363	-	8,417,363
<b>Net assets, beginning of year</b>	<u>46,242,813</u>	<u>5,187,890</u>	<u>51,430,703</u>
<b>Net assets, end of year</b>	<u>\$ 57,946,825</u>	<u>\$ 5,590,837</u>	<u>\$ 63,537,662</u>

See accompanying notes to financial statements

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP  
OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	Program Services				Supporting Services		Total 2020	Total 2019
	Clergy Formation and Support	Communication Apostolate	Pastoral Services	Adult/Youth Education and Development	Diocesan Support	Property and Building Management		
Bank fees	\$ -	\$ 997	\$ 1,765	\$ 2,850	\$ 377,718	\$ -	\$ 383,330	\$ 180,756
Conferences and meetings	17,264	-	7,456	5,568	44,024	1,120	75,432	99,072
Depreciation	-	-	-	-	-	439,921	439,921	471,364
Dues and subscriptions	7,916	10,530	275	19,828	77,098	207	115,854	90,520
Employee benefits	329,824	10,941	80,327	85,663	160,397	31,731	698,883	690,191
Insurance	5,103	-	14,309	3,037	-	56,526	78,975	73,311
Interest	-	-	-	-	165,097	-	165,097	230,202
Occupancy	1,475	-	10,791	231,251	5,054	133,259	381,830	56,098
Office supplies	6,153	2,773	5,904	17,424	40,282	13,482	86,018	83,289
Parish subsidies and donations	-	-	177,000	-	-	-	177,000	235,465
Payroll taxes	4,183	3,115	15,178	38,840	95,120	10,178	166,614	153,692
Pension	62,186	3,352	45,387	-	153,142	6,642	270,709	238,714
Printing and postage	809	-	15,142	7,135	63,782	838	87,706	74,401
Professional fees	1,649	-	19,057	-	204,243	2,088	227,037	665,065
Program services	301,954	98,122	456,981	332,927	30,111	-	1,220,095	1,255,857
Public relations	-	70,333	-	419	-	-	70,752	71,134
Repairs and maintenance	7,535	-	21,029	7,852	9,389	236,656	282,461	241,085
Salaries	96,634	43,096	263,014	538,438	1,280,908	123,998	2,346,088	2,157,926
Telephone, internet, cell phone	-	-	6,942	4,681	4,502	34,352	50,477	49,139
Travel and transportation	12,237	-	57,583	3,557	56,520	8,092	137,989	133,630
Utilities	4,169	-	32,292	15,547	-	83,105	135,113	141,059
	<u>\$ 859,091</u>	<u>\$ 243,259</u>	<u>\$ 1,230,432</u>	<u>\$ 1,315,017</u>	<u>\$ 2,767,387</u>	<u>\$ 1,182,195</u>	<u>\$ 7,597,381</u>	<u>\$ 7,391,970</u>

See accompanying notes to financial statements



**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP  
OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 819,356	\$ 3,689,596
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Net unrealized loss (gain) on investments	5,141	(491,944)
Depreciation	439,921	471,364
Change in allowance for doubtful accounts receivable	260,931	-
Change in discount on parish loans receivable	(323,716)	(194,782)
Gain on disposal of property and equipment	(169,291)	-
Changes in operating assets and liabilities:		
Funds held by related party	(2,335,001)	(1,249,743)
Accounts receivable	(2,215,239)	181,118
Parish loans receivable	594,968	277,411
Prepaid expenses	17,705	8,591
Accounts payable and accrued expenses	(2,436)	3,231
Deferred revenue	53,360	(87,971)
Pension liabilities	2,974,000	380,000
Related party payable	(882,262)	(1,556,166)
<b>Net cash provided by (used in) operating activities</b>	<b>(762,563)</b>	<b>1,430,705</b>
<b>Cash flows from investing activities:</b>		
Net sale (purchase) of securities	4,475,165	(4,359,712)
Proceeds from the sale of property and equipment	600,900	-
Purchases of property and equipment	(3,128,678)	(37,730)
<b>Net cash provided by (used in) investing activities</b>	<b>1,947,387</b>	<b>(4,397,442)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from Paycheck Protection Program loan	7,332,000	-
Payments on long-term debt	-	(792,145)
<b>Net cash provided by (used in) financing activities</b>	<b>7,332,000</b>	<b>(792,145)</b>
<b>Net change in cash and cash equivalents</b>	<b>8,516,824</b>	<b>(3,758,882)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,748,737</b>	<b>7,278,245</b>
<b>Increase in cash from combination (see Note 12)</b>	<b>-</b>	<b>229,374</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,265,561</b>	<b>\$ 3,748,737</b>

See accompanying notes to financial statements

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP  
OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**STATEMENTS OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Summary of cash accounts</b>		
Cash and cash equivalents	\$ 12,211,261	\$ 3,670,953
Cash and cash equivalents, restricted	54,300	77,784
	<u>\$ 12,265,561</u>	<u>\$ 3,748,737</u>
 <b>Cash paid for interest</b>	 <u>\$ 165,097</u>	 <u>\$ 230,202</u>

See accompanying notes to financial statements

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**1. HISTORY, BACKGROUND, AND NATURE OF THE ENTITY**

The Roman Catholic Bishop of Las Vegas and His Successors, a Corporation Sole (“RCBLV”), is comprised of five counties, Clark, Esmeralda, Lincoln, Nye and White Pine, and covers 39,683 square miles. The Administrative Office of the Roman Catholic Bishop of Las Vegas and His Successors, a Corporation Sole (“the Diocese”), is a program of the RCBLV, reported in these financial statements and includes the Office of the Bishop, his staff, programs, and other services and support offered at the Diocesan level. These statements exclude the financial position and transactions of the parishes and missions, schools, cemeteries, individual campus ministries, day care centers, homes for the elderly, and other organizations that may fall under the RCBLV. These organizations may or may not be separate corporations under civil law; however, each is an operating entity distinct from the Diocese and maintains separate accounts and carries on its own services and programs. In the event of the dissolution of one of these entities, the Diocese may or may not be the beneficiary of remaining net assets at the discretion of the Bishop. The Diocese is supported primarily by the assessments and appeals of the parishes to which it provides administrative services within its jurisdiction.

Clergy formation and support programs are responsible for the continuing education programs for both priests and deacons of the RCBLV, administration of the formation process for deacon candidates, and supervision of administrative support staff for these programs. Communications apostolate programs disseminate spiritual and material support for the RCBLV. Pastoral services provide support and aid in the community in the form of services, service projects, and counseling. Adult/youth education and development provides Catholic learning centers to our community.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting*** – The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenue is recognized in the period that it is earned. Expenses are recognized during the period in which they are incurred.

***Basis of Presentation*** – The Diocese is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

***Net Assets Without Donor Restrictions*** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Diocese. These net assets may be used at the discretion of the Diocese’s management and the Finance Council.

***Net Assets With Donor Restrictions*** – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Diocese or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Use of Estimates*** – Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect certain reported amounts, which may require revision in future periods.

***Reclassifications*** – Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation.

***Cash and Cash Equivalents*** – Cash and cash equivalents include all cash balances in banks and highly-liquid investments with maturity dates of less than three months. The accounts are maintained in institutions insured by the Federal Deposit Insurance Corporation (FDIC). At various times the Diocese maintains cash in financial institutions in excess of amounts insured by the federal government. The Diocese has not experienced any losses in these accounts.

***Funds Held by Related Party*** – The Diocese utilizes the deposit program of the Catholic Diocese of Las Vegas Capital Management Corporation (CDLV CMC) to hold some of its restricted and designated funds. These funds bear interest at 0.3% and may be utilized at any time for any purpose of the Diocese. The funds are held by CDLV CMC in a variety of assets, including cash and cash equivalents, investments, and parish and clergy loans receivable.

***Investments*** – Marketable equity securities and other investments are stated at their fair value, which is determined by quoted market prices. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on these investments, net of related investment fees, is included in investment return in the statement of activities.

***Receivables*** – Accounts receivable at June 30, 2020 and 2019 represent current amounts due from various parishes that are affiliated with the Diocese. Receivables are stated at the amount management expects to collect from outstanding balances. It is the Diocese's policy to charge off uncollectible receivables when management determines the receivable will not be collected. At June 30, 2020 and 2019, the allowance for doubtful accounts receivable was \$260,931 and \$0, respectively.

Parish loans are considered programmatic investments and represent amounts lent to parishes that fall under the umbrella of the RCBLV. These loans carry payment terms that range from 10 to 15 years and are presented at present value calculated at the Prime rate plus 1% at the origination of the loan and the length of the loans. It is the Diocese's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

***Property and Equipment*** – Property acquired is presented at cost, if purchased, or fair market value at date of donation, if acquired by gift or bequest. Depreciation is provided on the straight-line method over the estimated useful life of the asset, ranging from 3 to 40 years, depending on the nature of the asset. Acquisitions of property and equipment in excess of \$5,000 with a useful life of over one year are capitalized.

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Property and Equipment (continued)*** – The Diocese periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of fixed assets or whether the remaining balance of fixed assets should be evaluated for possible impairment. The Diocese uses an estimate of the related undiscounted cash flows over the remaining life of the fixed assets in measuring their recoverability. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets. No assets were considered impaired at June 30, 2020 and 2019.

***Deferred Revenue*** – Deferred revenue consists of prepaid Catholic Stewardship Appeal and Diocesan Assessments revenues (fee for service revenues) received in advance of the year in which services are received by the various parishes.

***Donations*** – Generally, donated equipment and materials, if significant in amount, are recorded at their fair market value, provided the Diocese has a clearly measurable and objective basis for determining the value.

***Contributions*** – The Diocese recognizes all contributed support in the period in which they are received or unconditionally pledged. Contributed support is reported as net assets with donor restrictions or net assets without donor restrictions, depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets without donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

***Functional Allocation of Expenses*** – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. All expenses are directly allocated by function based on the nature of the expense. If an expense is not directly allocable to a program activity, it is considered a support services expense. Total program costs during the years ended June 30, 2020 and 2019 were \$3,647,799 and \$3,345,388, respectively.

***Income Tax Status*** – The Diocese is not a separate legal entity from RCBLV, which is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management of RCBLV and the Diocese have processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; and to identify and evaluate other matters that may be considered uncertain tax positions. The Diocese and RCBLV have determined that there are no uncertain tax positions that require recognition or disclosure in the financial statements.

***Concentrations of Credit Risk*** – Financial instruments that potentially subject the Diocese to significant concentrations of credit risk consist primarily of cash and cash equivalents, United States government securities and corporate stocks and bonds.

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Subsequent Events* – Subsequent events have been evaluated through October 30, 2020, which is the date the financial statements were available to be issued.

*New Accounting Pronouncement* – On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Diocese adopted the provisions of the ASU during the year ended June 30, 2019 and adjusted the presentation of these statements accordingly.

**3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY**

The Diocese receives assessments, appeals income, investment income, and contribution revenues. The Diocese considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Diocese manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Diocese’s financial assets as of June 30, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	As of June 30,	
	2020	2019
Cash and cash equivalents	\$ 12,265,561	\$ 3,748,737
Investments	17,961,217	22,441,523
Funds held by related party	27,540,968	25,205,967
Accounts receivable, net	2,618,897	664,589
Current portion of parish loans receivable	216,839	230,207
	<hr/>	<hr/>
Total financial assets	60,603,482	52,291,023
Donor-imposed restrictions - endowment corpus	(721,471)	(721,471)
Internal designations	(23,176,313)	(22,029,774)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures	<u>\$ 36,705,698</u>	<u>\$ 29,539,778</u>

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

**4. INVESTMENTS AND FAIR VALUE**

All investments are considered trading securities and consist of the following at June 30, 2020 and 2019, respectively:

	As of June 30,	
	2020	2019
Government bonds (treasury bills)	\$ 7,773,578	\$ 13,840,222
Mutual funds	1,107,322	-
Corporate stocks	5,821,557	5,632,251
Corporate bonds	3,258,760	2,969,050
Total investments	<u>\$ 17,961,217</u>	<u>\$ 22,441,523</u>

In accordance with FASB ASC 820-10 and subsections, the following are quantitative disclosures about the fair value measurements of assets. Fair value measurements are categorized on three levels:

Level 1: Quoted prices in active markets for identical assets.

*Trading securities* – these are traded by dealers or brokers in active markets, and valuations are obtained from readily available pricing sources for market transactions involving the assets.

Level 2: Inputs other than quoted prices within Level 1; for example, quoted prices for similar assets.

Level 3: Significant unobservable inputs (including the Diocese’s own assumptions in determining the fair value of investments).

The Diocese’s only assets valued at fair value are its investments. The Diocese holds all its investments in publicly traded equity or debt instruments, as follows:

	2020	Level 1	Level 2	Level 3
Publicly traded investments	<u>\$ 17,961,217</u>	<u>\$ 17,961,217</u>	<u>\$ -</u>	<u>\$ -</u>
	2019	Level 1	Level 2	Level 3
Publicly traded investments	<u>\$ 22,441,523</u>	<u>\$ 22,441,523</u>	<u>\$ -</u>	<u>\$ -</u>

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**5. PARISH LOANS RECEIVABLE**

Parish and clergy loans consist of the following at June 30;

	As of June 30,	
	2020	2019
Gross parish and clergy loans	\$ 8,893,598	\$ 9,488,566
Unamortized discount	(1,610,723)	(1,934,439)
	7,282,875	7,554,128
Less: current portion	(216,839)	(230,207)
Parish and clergy loans, net of current and discount	<u>\$ 7,066,036</u>	<u>\$ 7,323,920</u>

**6. PROPERTY AND EQUIPMENT**

Property and equipment under the direct control of the Diocese consisted of the following on June 30;

	As of June 30,	
	2020	2019
Land	\$ 10,058,448	\$ 7,170,817
Buildings and improvements	6,363,165	6,768,731
Furnishings and equipment	1,967,079	1,967,079
Other property	54,109	54,109
	18,442,801	15,960,736
Less: accumulated depreciation	(4,423,782)	(4,198,865)
Total property and equipment	<u>\$ 14,019,019</u>	<u>\$ 11,761,871</u>



**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

**7. PENSION PLAN**

The Diocese sponsors various defined benefit pension plans (collectively, “the Plan”) for most full-time employees and all priests in good standing who are incardinated in the Diocese of Las Vegas. Although these plans are exempt from the funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA), it has been the policy of the Diocese to make contributions annually that are not less than the pre-ERISA minimum contribution requirement.

The Diocese uses a June 30 measurement date for the defined benefit pension plans. The amounts disclosed in this footnote for the lay employees’ pension plan reflect the Diocesan allocated share of the overall plan liability. The Diocesan allocated share for the years ended June 30, 2020 and 2019 was 7.54% and 6.90%, respectively.

The funded status of the Plan and the net amount recognized in the Diocesan statements of financial position at June 30, 2020 and 2019 are as follows:

	As of June 30,	
	2020	2019
Projected/accumulated benefit obligations	\$ (11,885,000)	\$ (8,788,000)
Plan assets at fair value	7,797,000	7,674,000
	-	
Funded status of the Plan - underfunded	<u>\$ (4,088,000)</u>	<u>\$ (1,114,000)</u>
Net amount recognized	<u>\$ (4,088,000)</u>	<u>\$ (1,114,000)</u>

Under FASB Codification, the funded status is recognized in the statements of financial position. Unrecognized prior service costs and unrecognized actuarial losses are recognized pension related changes other than net periodic pension cost.

Amounts recognized in the statements of financial position consist of:

	As of June 30,	
	2020	2019
Noncurrent assets	\$ 221,000	\$ 549,000
Current liabilities	-	-
Noncurrent liabilities	<u>(4,309,000)</u>	<u>(1,663,000)</u>
Net noncurrent liability	<u>\$ (4,088,000)</u>	<u>\$ (1,114,000)</u>

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

**7. PENSION PLAN (Continued)**

Total changes since inception of the plans in pension net assets are as follows:

	As of June 30,	
	2020	2019
Net loss (gain)	\$ 4,441,000	\$ 1,159,000
Net transition obligation	-	-
Prior service cost (credit)	575,000	690,000
	<u>\$ 5,016,000</u>	<u>\$ 1,849,000</u>

The Diocese's net pension expense, pension benefits paid, and employer contributions for the years ended June 30, 2020 and 2019 are as follows:

	As of June 30,	
	2020	2019
Net pension expense	\$ 389,000	\$ 270,000
Pension benefits paid	\$ 569,000	\$ 450,000
Employer contributions	\$ 594,000	\$ 563,000

Pension related changes other than net periodic pension cost consist of the following at June 30;

	As of June 30,	
	2020	2019
Net loss (gain)	\$ 3,346,000	\$ 282,000
Prior service cost (credit)	-	480,000
Amortization of loss (gain)	(52,000)	(27,000)
Amortization of prior service cost (credit)	(115,000)	(62,000)
Amortization of transition obligation	-	-
Total recognized in net assets without donor restrictions	<u>\$ 3,179,000</u>	<u>\$ 673,000</u>
Total recognized in net periodic benefit cost and net pension expense	<u>\$ 3,568,000</u>	<u>\$ 943,000</u>

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

**7. PENSION PLAN (Continued)**

Assumptions used to determine net pension expense at June 30, 2020 and 2019:

	As of June 30,	
	2020	2019
Discount rate	3.35%	4.04%
Expected long-term rate of return on assets	5.44%	5.59%
Salary scale	5.00%	5.00%

Assumptions used to determine benefit obligation at year-end:

	As of June 30,	
	2020	2019
Discount rate	2.52%	3.35%
Expected long-term rate of return on assets	2.00%	5.00%
Future benefit increase assumption (priest plans)	2.00%	0.00%

***Expected Long-Term Asset Return Assumptions*** – The Diocese employs a methodical process to determine the estimates of expected long-term rate of return on assets. These estimates are primarily driven by actual historical asset-class returns and advice from external actuarial consulting firms while incorporating specific asset-class risk factors.

The Diocese holds all of its plan assets in publicly traded equity or debt instruments as follows:

	2020	Level 1	Level 2	Level 3
Publicly traded investments	<u>\$ 7,797,000</u>	<u>\$ 7,797,000</u>	<u>\$ -</u>	<u>\$ -</u>
	2019	Level 1	Level 2	Level 3
Publicly traded investments	<u>\$ 7,674,000</u>	<u>\$ 7,674,000</u>	<u>\$ -</u>	<u>\$ -</u>

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

**7. PENSION PLAN (Continued)**

*Plan Asset Investment Strategy and Allocation* – The asset allocation for the Plan as of June 30, 2020 and the target allocation, by asset category, are:

Lay Employees' Pension Plan			
(i)	(ii)	(iii)	(iv)
Asset Category	Diocesan Approved Asset Allocation Range	Policy Benchmark Asset Allocation	Actual Percentage of Plan Assets at Year-End
Equities	30-70%	60%	59%
Fixed income	28-68%	30%	34%
Cash	0-20%	10%	7%

Priest Basic Pension Plan			
(i)	(ii)	(iii)	(iv)
Asset Category	Diocesan Approved Asset Allocation Range	Policy Benchmark Asset Allocation	Actual Percentage of Plan Assets at Year-End
Equities	30-70%	60%	55%
Fixed income	28-68%	30%	32%
Cash	0-20%	10%	13%

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

**7. PENSION PLAN (Continued)**

The asset allocation for the Plan as of June 30, 2019 and the target allocation, by asset category are:

Lay Employees' Pension Plan			
(i)	(ii)	(iii)	(iv)
Asset Category	Diocesan Approved Asset Allocation Range	Policy Benchmark Asset Allocation	Actual Percentage of Plan Assets at Year-End
Equities	30-70%	60%	61%
Fixed income	28-68%	30%	33%
Cash	0-20%	10%	6%

Priest Basic Pension Plan			
(i)	(ii)	(iii)	(iv)
Asset Category	Diocesan Approved Asset Allocation Range	Policy Benchmark Asset Allocation	Actual Percentage of Plan Assets at Year-End
Equities	30-70%	60%	56%
Fixed income	28-68%	30%	31%
Cash	0-20%	10%	13%

**Investment Policy in Writing** – The Diocese has adopted an official Statement of Investment Policy for the Plan. Pension plan assets are invested by an independent professional investment manager, with the objective of achieving long-term growth in assets with reasonable risk as compared to established benchmarks. The investment policy requires high quality investments and adequate diversification. Prohibited investments include options, short sale contracts, and derivatives. The Diocese regularly monitors the investment manager’s performance relative to short-term and long-term objectives as set forth in the official policy. A compliance audit of the manager’s adherence to policy guidelines is conducted as a component of each performance evaluation. The Statement of Investment Policy includes consideration for social responsibility and Roman Catholic social teaching. Plan assets for the supplemental plan are insufficient to necessitate an independent investment policy. Assets are currently held in fixed income mutual funds and cash equivalents to meet near term benefit payments.

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**7. PENSION PLAN (Continued)**

*Contributions* – The Diocese expects to contribute approximately \$440,000 to the pension plans for the fiscal year ending June 30, 2021. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2021	\$ 669,000
2022	689,000
2023	667,000
2024	647,000
2025	675,000
2026-2030	<u>3,538,000</u>
	<u>\$ 6,885,000</u>

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30;

	As of June 30,	
	<u>2020</u>	<u>2019</u>
St. Therese Center	\$ 429,074	\$ 511,636
Newman Center	1,801,711	1,581,154
Scholarships	2,133,871	1,083,403
Seminarian education	2,261,020	2,316,230
Laliberte education	<u>96,068</u>	<u>98,414</u>
	<u>\$ 6,721,744</u>	<u>\$ 5,590,837</u>

Net assets with donor restrictions are held in the following assets:

	As of June 30,	
	<u>2020</u>	<u>2019</u>
Cash	\$ 54,300	\$ 77,784
Investments	2,302,787	2,336,860
Funds held by related party	<u>4,364,657</u>	<u>3,176,193</u>
	<u>\$ 6,721,744</u>	<u>\$ 5,590,837</u>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

**8. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets were released from donor restrictions during the years ended June 30, 2019 and 2020 by incurring expenses satisfying the restricted purposes as follows:

	As of June 30,	
	2020	2019
St. Therese Center	\$ (82,562)	\$ (409,609)
Newman Center	-	(1,280)
Scholarships	-	(164,940)
Seminarian education	(55,210)	-
Laliberte education	(2,346)	-
	<u>\$ (140,118)</u>	<u>\$ (575,829)</u>

**9. BOARD DESIGNATED NET ASSETS**

Net assets with board designations consist of the following at June 30;

	As of June 30,	
	2020	2019
Diocesan reserve	\$ 10,604,169	\$ 11,170,651
New Bishop installation	245,000	245,000
Lay pension expenses	400,025	400,025
Priest and seminarian special accounts	728,330	728,330
Special attorney	566,000	566,000
Quinquennial	82,489	82,489
Asbestos inspections	62,462	62,462
Franzinelli fund	100,000	100,000
Caesar Caviglia fund	110,152	110,152
Parking lot rental	45,824	-
Insurance reserves	7,575,254	5,957,333
General programs and special funds	2,656,608	2,607,332
	<u>\$ 23,176,313</u>	<u>\$ 22,029,774</u>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

**10. ENDOWMENT FUNDS**

The Diocese maintains a permanent endowment, of which the corpus to be maintained in perpetuity is \$721,471. The earnings on the endowment can be used for clergy and seminarian education and the corpus and earnings were held in cash of \$54,300 and \$77,784 and investments of \$2,302,787 and \$2,336,860 during the years ended June 30, 2020 and 2019, respectively. As required by accounting standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law* – The Diocese has interpreted Nevada state laws as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment

*Interpretation of Relevant Law (continued)* – funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as endowment net assets with donor restrictions (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted 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 as net assets with donor restrictions is classified as net assets without donor restrictions. There are no board designations of endowment funds. The Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (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 organization
- (7) The investment policies of the organization

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 2,414,644	\$ 2,414,644
Investment return, net	-	(57,557)	(57,557)
Endowment net assets, end of year	\$ -	\$ 2,357,087	\$ 2,357,087



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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**10. ENDOWMENT FUNDS (Continued)**

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 2,257,626	\$ 2,257,626
Investment return, net	-	157,018	157,018
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,414,644</u>	<u>\$ 2,414,644</u>

***Return Objectives and Risk Parameters*** – The Diocese has adopted investment and spending policies for endowment assets, the primary emphasis of which is on capital growth. Endowment assets include those assets of donor-restricted funds that the Diocese must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Finance Council, the endowment assets are invested in a manner that is intended to produce results attainable over a more than ten-year time frame.

The Diocese expects its endowment funds, over time, to provide an average rate of return comparable to the market rate. Actual returns in any given year may vary from this amount.

***Strategies Employed for Achieving Objectives*** – To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

***Spending Policy and How the Investment Objectives Relate to Spending Policy*** – The Diocese has a current policy of retaining the earnings within the endowment fund until such time that the Council has determined specific expenditures in which to use the earnings not restricted by the donor.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**11. PRIOR PERIOD ADJUSTMENTS**

During the year ended June 30, 2019, the Diocese determined that parish loans with repayment terms below market were not previously reported at their present value, which is required by generally accepted accounting principles and two investment accounts owned by the Diocese were not previously reported on the statement of financial position. Additionally, certain changes in estimates resulting in an overstatement of net assets with donor restrictions were discovered.

The adjustments and their related effects are as follows:

As originally stated at June 30, 2018:	
Unrestricted	\$ 26,284,252
Temporarily restricted	19,852,778
Permanently restricted	<u>721,471</u>
	46,858,501
Adjustment to record parish loans at present value	(2,129,222)
Adjustment to record additional investments	<u>6,701,424</u>
Total net assets at June 30, 2018 as adjusted	<u><u>\$ 51,430,703</u></u>

Total net assets at June 30, 2019 with reclassifications to net assets with and without donor restrictions:

Net assets with donor restrictions	\$ 5,187,890
Net assets without donor restrictions	<u>46,242,813</u>
Total net assets at June 30, 2018, with reclassifications	<u><u>\$ 51,430,703</u></u>

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**12. RELATED PARTY TRANSACTIONS**

The Diocese is related to the Bishop Gorman Assistance Corporation (“BGAC”), Bishop Gorman High School (the “School”), Capital Management Corporation (“CDLV CMC”), and Capital Funding Corporation (“CDLV CFC”) through common control from the RCBLV.

In November 2011, Catholic Diocese of Las Vegas Capital Funding Corporation (“CDLV CFC”), a separate supporting organization of the RCBLV, the Diocese, and CDLV CMC entered into a non-revolving line of credit agreement not to exceed \$13 million. The interest rate on the note was the London Inter-Bank Offered Rate (LIBOR) plus two hundred basis points (2.00%) per year. CDLV CFC carried the note payable on its books and principal payments were required in equal installments of \$90,278 and interest was calculated on the remaining unpaid principal balance and added to the equal principal payments. Any remaining unpaid principal was due in full on November 28, 2023. The note was collateralized by vacant land owned by the RCBLV and first priority security interest in all the of the assets and gross revenues of CDLV CFC, the Diocese, and CDLV CMC.

On June 4, 2020, CDLV CFC, RCBLV, and CDLV CMC entered into a loan agreement with Nevada State Bank for an original principal amount of \$4.1 million. The proceeds of this loan were used to pay the outstanding balance on the loan with Bank of America. The interest rate on the note is 2.85%. The rate is fixed for the first ten years of the loan after which it will be repriced at the greater of 2.85% or 1.85% plus the 10-year LIBOR rate per year. CDLV CFC carries the note payable on its books and equal payments of \$17,043 are required to be made on the loan which includes principal and interest. Any remaining unpaid principal is due in full on June 4, 2035. The note is collateralized by the RCBLV administrative office building and Guardian Angel Cathedral as well as a first priority security interest in all the of the assets and gross revenues of CDLV CFC, RCBLV, and CDLV CMC.

As part of the note payable with Nevada State Bank, CDLV CFC, RCBLV, and CDLV CMC are subject to certain covenants, including requirements to provide financial statements at certain intervals after quarter and fiscal year-end; combined debt service coverage ratio of 1.25:1.00; maintain combined net unencumbered liquid assets of not less than \$15,000,000; and not to encumber certain debts or additional liens. As of June 30, 2020, the combined entities were in compliance with the debt covenants.

During the year ended June 30, 2019, the Diocese combined its financial reporting with Service Campaign Corporation (“SCC”), a nonprofit organization related to the Diocese through common control from RCBLV. Assets and liabilities held by SCC were transferred into the Diocese during the year ended June 30, 2019 at their carrying amounts at the time of their respective transfers and recorded as an increase in net assets without donor restrictions as follows:

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**12. RELATED PARTY TRANSACTIONS (Continued)**

	<u>2019</u>
Cash and cash equivalents	\$ 229,374
Investments	1,781,361
Related party receivable	760,931
Land - converted to parish loan	1,416,925
Land	<u>4,228,772</u>
Increase in net assets without donor restrictions at June 30	 <u>\$ 8,417,363</u>

The Diocese is also related to Bishop Gorman Development Corporation (“BGDC”) through common control from the RCBLV. BGDC owns the land on which the School resides. RCBLV is a guarantor on BGDC’s letter of credit, and the combined assets and liabilities of the School and BGDC are required for certain bond covenant calculations.

On September 11, 2018, a Settlement and Restructuring Agreement (“Settlement”) was reached regarding BGDC’s bankruptcy proceedings. As a result of the Settlement, BGDC was required to pay their construction contractor \$8.6 million. Additionally, the BGDC and the Diocese agreed to transfer 55 acres of real property owned by the Diocese, with an agreed upon value of \$18.4 million, to the contractor. This land was previously used as collateral to secure the line of credit associated with the CDLV CMC, CDLV CFC, and Diocese line of credit. The land transferred from SCC during the year ended June 30, 2019 replaced the land used in the settlement as partial collateral for the line of credit. BGDC made the payment of \$8.6 million on September 12, 2018. The land was re-zoned and transferred in July 2019 per the terms of the Settlement.

During the bankruptcy proceedings, BGDC borrowed money from SCC to pay for ongoing operations and legal fees related to the bankruptcy. These debts transferred to the Diocese during the combination with SCC with a \$500,000 note that accrues interest only at 4.25% until January 1, 2020, and then the full balance plus interest begins payment terms over a 5-year period and a current receivable for \$260,931.

CDLV CMC had loaned the School \$8.6 million. In turn, the School paid the \$8.6 million to BGDC partially as a contribution to BGDC and partially as repayment of an intercompany loan. The \$8.6 million was payable to CDLV CMC by the School over a 15-year term at 3.5% interest. The letter of credit with Bank of America for which CDLV CMC, CDLV CFC, and the Diocese are co-borrowers was amended in December 2018 to allow for this loan to be made to the School.

On June 4, 2020, BGDC entered into a loan agreement with Nevada State Bank to refinance all its outstanding debt with Bank of America. Pursuant to the refinance, BGDC provided \$8.0 million of the loan proceeds to BGHS so the School could pay the outstanding balance of its loan with CDLV CMC. The related party note between BGDC and the School is paid on terms consistent with the outstanding

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**12. RELATED PARTY TRANSACTIONS (Continued)**

note between BGDC and Nevada State Bank which includes a 15-year term and interest rate of 2.85% for the first ten years after which it will be repriced at the greater of 2.85% or 1.85% plus the 10-year LIBOR rate per year.

The related party note payable represents the accumulation of debt transferred from the Diocese to CDLV CFC since 2011. The note is paid consistent with the terms of CDLV CFC's outstanding notes payable at June 30, 2020 and 2019. As of June 30, 2020, the interest rate on the note was 2.85%. The rate is fixed for the first ten years of the loan after which it will be repriced at the greater of 2.85% or 1.85% plus the 10-year LIBOR rate per year, consistent with the note payable to Nevada State Bank which CDLV CFC entered into on June 4, 2020. As of June 30, 2019, the interest rate on the note was LIBOR plus two hundred basis points (2.00%) per year, consistent with the note payable to Bank of America. The monthly principal and interest payment on the loan is \$17,043. Prior to entering into the loan with Nevada State Bank, principal payments on the loan were required in equal monthly installments of \$90,278 and interest was calculated on the outstanding balance each month and was added to the principal amount due. The remaining unpaid principal balance is due in full on June 4, 2035, the maturity date of the Nevada State Bank note payable.

	As of June 30,	
	2020	2019
Related party payable	\$ 3,523,058	\$ 4,405,320
Less: current portion	96,913	1,083,333
Long-term related party payable	<u>\$ 3,426,145</u>	<u>\$ 3,321,987</u>

Maturities of the related party payable are as follows:

2021	\$ 96,913
2022	89,766
2023	92,394
2024	94,799
2025	97,875
Thereafter	<u>3,051,311</u>
	<u>\$ 3,523,058</u>

**THE ADMINISTRATIVE OFFICE OF THE ROMAN CATHOLIC BISHOP OF LAS VEGAS AND HIS SUCCESSORS, A CORPORATION SOLE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

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**13. PAYCHECK PROTECTION PROGRAM LOAN**

On April 19, 2020, the Diocese (the “Borrower”) qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from Nevada State Bank (the “PPP Lender”), for an aggregate principal amount of approximately \$7,332,000 (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal and accrued interest of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Diocese’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Diocese. The Diocese intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Diocese will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing the earlier of (1) the date that SBA remits the Borrower’s loan forgiveness amount to the Lender or (2) 10 months after the end of the Borrower’s loan forgiveness covered period of 24-weeks, principal and interest payments will be required through the maturity date of April 19, 2025. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

The Diocese has accounted for the PPP loan as a financial liability in accordance with FASB ASC 470 and accrued interest in accordance with the interest method under FASB ASC 835-30. The loan will be recognized as revenue when loan forgiveness is provided by the SBA.

**14. SUBSEQUENT EVENTS**

On September 17, 2020, the Diocese completed and filed their application for forgiveness on their PPP loan.

As of October 30, 2020, the date these financial statements were available to be issued, in connection with the Coronavirus (COVID-19) pandemic, there have been significant global, federal, state, and local developments. As a result of this worldwide pandemic, which is driving economic uncertainty, the Diocese may experience volatility that may impact results and/or impede general operations. The Diocese continues to monitor this unprecedented situation and evaluate the impact of this pandemic on their results.