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

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

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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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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
November 3, 2021

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

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 15,664,461	$ 12,211,261
Cash and cash equivalents, restricted	255,781	54,300
Funds held by related party	22,093,621	23,176,311
Funds held by related party, restricted	4,619,729	4,364,657
Investments	17,895,226	15,658,430
Investments, restricted, current	1,840,262	1,581,316
Accounts receivable, net	299,608	2,618,897
Parish loans receivable, current	220,133	216,839
Prepaid expenses	46,413	16,757
	62,935,234	59,898,768
Noncurrent assets:		
Parish loans receivable, net of current and discount	7,184,374	7,066,036
Investments, restricted	721,471	721,471
Property and equipment, net	13,703,907	14,019,019
	21,609,752	21,806,526
	$ 84,544,986	$ 81,705,294
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 4,623,100	$ 365,185
Related party payable, current	127,751	96,913
Deferred revenue	2,219,121	2,040,033
Paycheck Protection Program loan payable	-	7,332,000
	6,969,972	9,834,131
Long-term liabilities:		
Pension liabilities	2,562,000	4,088,000
Related party payable	2,306,981	3,426,145
	4,868,981	7,514,145
Total liabilities	11,838,953	17,348,276
Net assets:		
Without donor restrictions	65,268,790	57,635,274
With donor restrictions	7,437,243	6,721,744
	72,706,033	64,357,018
	$ 84,544,986	$ 81,705,294

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, 2021 AND 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Catholic Stewardship Appeal	$ 3,154,291	$ -	$ 3,154,291
Diocesan Assessment	3,231,337	-	3,231,337
Administrative income	2,674,707	-	2,674,707
Contributions	976,343	287,373	1,263,716
Investment return, net	2,039,064	7,047	2,046,111
Investment return on endowments, net	-	460,427	460,427
Other income	100,327	-	100,327
Net assets released from restriction	39,348	(39,348)	-
Total revenue, gains, and other support	12,215,417	715,499	12,930,916
Expenses and losses:			
Program services:			
Clergy formation and support	748,827	-	748,827
Communication Apostolate	253,601	-	253,601
Pastoral services	1,154,157	-	1,154,157
Adult/Youth education and development	822,766	-	822,766
Support services:			
Diocesan support	2,359,241	-	2,359,241
Property and building management	1,075,059	-	1,075,059
Total expenses and losses	6,413,651	-	6,413,651
Other gains and (losses):			
Gain on extinguishment of debt	636,725	-	636,725
Pension related changes other than net periodic pension cost	1,605,000	-	1,605,000
Bad debt	(409,975)	-	(409,975)
Total other gains and (losses)	1,831,750	-	1,831,750
Change in net assets	7,633,516	715,499	8,349,015
Net assets, beginning of year	57,635,274	6,721,744	64,357,018
Net assets, end of year	$ 65,268,790	$ 7,437,243	$ 72,706,033

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, 2021 AND 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
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
Net assets released from restriction	140,118	(140,118)	-
Total revenue, gains, and other support	10,556,470	1,130,907	11,687,377
Expenses and losses:			
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
Total expenses and losses	7,597,381	-	7,597,381
Other gains and (losses):			
Gain on disposal of property and equipment	169,291	-	169,291
Pension related changes other than net periodic pension cost	(3,179,000)	-	(3,179,000)
Bad debt	(260,931)	-	(260,931)
Total other gains and (losses)	(3,270,640)	-	(3,270,640)
Change in net assets	(311,551)	1,130,907	819,356
Net assets, beginning of year	57,946,825	5,590,837	63,537,662
Net assets, end of year	$ 57,635,274	$ 6,721,744	$ 64,357,018

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, 2021 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Program Services				Supporting Services			
	Clergy Formation and Support	Communication Apostolate	Pastoral Services	Adult/Youth Education and Development	Diocesan Support	Property and Building Management	Total 2021	Total 2020
Bank fees	$ -	$ 1,424	$ 1,389	$ 340	$ 192,023	$ -	$ 195,176	$ 383,330
Conferences and meetings	989	-	913	1,176	9,791	-	12,869	75,432
Depreciation	-	-	-	-	-	387,902	387,902	439,921
Dues and subscriptions	5,402	21,617	1,017	3,696	67,526	830	100,088	115,854
Employee benefits	339,451	10,474	84,727	82,738	163,893	54,572	735,855	698,883
Insurance	-	-	13,893	2,096	-	68,869	84,858	78,975
Interest	-	-	-	-	101,142	-	101,142	165,097
Occupancy	-	-	10,876	2,248	5,631	42,717	61,472	381,830
Office supplies	567	2,726	11,520	6,389	34,007	12,217	67,426	86,018
Parish subsidies and donations	-	-	177,000	-	-	-	177,000	177,000
Payroll taxes	4,326	2,839	14,876	33,429	86,873	9,819	152,162	166,614
Pension	75,301	3,366	60,816	10,275	154,435	6,782	310,975	270,709
Printing and postage	96	-	11,093	768	48,888	436	61,281	87,706
Professional fees	31,164	-	7,565	-	258,649	1,265	298,643	227,037
Program services	215,551	101,516	398,009	213,345	20,209	-	948,630	1,220,095
Public relations	-	70,000	-	516	-	-	70,516	70,752
Repairs and maintenance	-	-	10,857	7,505	7,610	240,096	266,068	282,461
Salaries	71,229	39,639	254,824	441,017	1,192,387	119,944	2,119,040	2,346,088
Telephone, internet, cell phone	-	-	4,279	5,001	3,436	34,319	47,035	50,477
Travel and transportation	4,751	-	62,661	649	12,741	4,859	85,661	137,989
Utilities	-	-	27,842	11,578	-	90,432	129,852	135,113
	$ 748,827	$ 253,601	$ 1,154,157	$ 822,766	$ 2,359,241	$ 1,075,059	$ 6,413,651	$ 7,597,381

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, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 8,349,015	$ 819,356
Adjustments to reconcile change in net assets		
to cash provided by (used in) operating activities:		
Net unrealized loss (gain) on investments	(2,044,886)	5,141
Depreciation	387,902	439,921
Change in allowance for doubtful accounts receivable	409,975	260,931
Change in discount on parish loans receivable	(277,826)	(323,716)
Gain on disposal of property and equipment	-	(169,291)
Gain on extinguishment of Paycheck Protection Program Loan forgiveness	(636,725)	-
Changes in operating assets and liabilities:		
Funds held by related party	827,618	(2,335,001)
Accounts receivable	(724,457)	(2,215,239)
Parish loans receivable	156,194	594,968
Prepaid expenses	(29,656)	17,705
Accounts payable and accrued expenses	196,412	(2,436)
Deferred revenue	179,088	53,360
Pension liabilities	(1,526,000)	2,974,000
Related party payable	(1,088,327)	(882,262)
Net cash provided by (used in) operating activities	4,178,327	(762,563)
Cash flows from investing activities:		
Net sale (purchase) of securities	(450,856)	4,475,165
Proceeds from the sale of property and equipment	-	600,900
Purchases of property and equipment	(72,790)	(3,128,678)
Net cash provided by (used in) investing activities	(523,646)	1,947,387
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	-	7,332,000
Net cash provided by (used in) financing activities	-	7,332,000
Net change in cash and cash equivalents	3,654,681	8,516,824
Cash and cash equivalents, beginning of year	12,265,561	3,748,737
Cash and cash equivalents, end of year	$ 15,920,242	$ 12,265,561

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, 2021 AND 2020

	2021	2020
Summary of cash accounts		
Cash and cash equivalents	$ 15,664,461	$ 12,211,261
Cash and cash equivalents, restricted	255,781	54,300
	$ 15,920,242	$ 12,265,561
Supplemental cash disclosures		
Cash paid for interest	$ 101,142	$ 165,097
Supplemental non-cash disclosures		
Accounts receivable forgiven from Paycheck Protection Program Loan extinguishment	$ 2,633,771	$ -
Accounts payable for Paycheck Protection Program Loan forgiveness amounts	4,061,504	-
	$ 6,695,275	$ -

See accompanying notes to financial statements

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.

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 2020 financial statements to conform to the 2021 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, 2021 and 2020 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, 2021 and 2020, the allowance for doubtful accounts receivable was $670,906 and $260,931, 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 $10,000 with a useful life of over one year are capitalized.

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, 2021 and 2020.

***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, 2021 and 2020 were $2,979,351 and $3,647,799, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events – Subsequent events have been evaluated through November 3, 2021, which is the date the financial statements were available to be issued.

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, 2021 and 2020, 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,	
	2021	2020
Cash and cash equivalents	$ 15,920,242	$ 12,265,561
Investments	20,456,959	17,961,217
Funds held by related party	26,713,350	27,540,968
Accounts receivable, net	299,608	2,618,897
Current portion of parish loans receivable	220,133	216,839
Total financial assets	63,610,292	60,603,482
Donor-imposed restrictions - endowment corpus	(721,471)	(721,471)
Internal designations	(22,093,621)	(23,176,313)
Financial assets available to meet cash needs for general expenditures	$ 40,795,200	$ 36,705,698

4. INVESTMENTS AND FAIR VALUE

All investments are considered trading securities and consist of the following at June 30, 2021 and 2020, respectively:

	As of June 30, 2021	As of June 30, 2020
Government bonds (treasury bills)	$ 9,297,853	$ 7,773,578
Mutual funds	167,406	1,107,322
Corporate stocks	7,817,372	5,821,557
Corporate bonds	3,174,328	3,258,760
Total investments	$ 20,456,959	$ 17,961,217

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:

	2021	Level 1	Level 2	Level 3
Publicly traded investments	$ 20,456,959	$ 20,456,959	$ -	$ -

	2020	Level 1	Level 2	Level 3
Publicly traded investments	$ 17,961,217	$ 17,961,217	$ -	$ -

5. PARISH LOANS RECEIVABLE

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

	As of June 30, 2021	As of June 30, 2020
Gross parish and clergy loans	$ 8,737,404	$ 8,893,598
Unamortized discount	(1,332,897)	(1,610,723)
	7,404,507	7,282,875
Less: current portion	(220,133)	(216,839)
Parish and clergy loans, net of current and discount	$ 7,184,374	$ 7,066,036

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, 2021	As of June 30, 2020
Land	$ 10,058,448	$ 10,058,448
Buildings and improvements	6,403,714	6,363,165
Furnishings and equipment	1,965,298	1,967,079
Other property	54,109	54,109
	18,481,569	18,442,801
Less: accumulated depreciation	(4,777,662)	(4,423,782)
Total property and equipment	$ 13,703,907	$ 14,019,019

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.

7. PENSION PLAN (CONTINUED)

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, 2021 and 2020 was 6.98% and 7.54%, respectively.

The funded status of the Plan and the net amount recognized in the Diocesan statements of financial position at June 30, 2021 and 2020 are as follows:

	As of June 30, 2021	As of June 30, 2020
Projected/accumulated benefit obligations	$ (12,155,000)	$ (11,885,000)
Plan assets at fair value	9,593,000	7,797,000
Funded status of the Plan - underfunded	$ (2,562,000)	$ (4,088,000)
Net amount recognized	$ (2,562,000)	$ (4,088,000)

Under FASB Codification, the funded status is recognized in the statements of financial position. A portion of the above assets are in trust that is not irrevocable. 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, 2021	As of June 30, 2020
Noncurrent assets	$ 515,000	$ 221,000
Current liabilities	-	-
Noncurrent liabilities	(3,077,000)	(4,309,000)
Net noncurrent liability	$ (2,562,000)	$ (4,088,000)

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

	As of June 30, 2021	As of June 30, 2020
Net loss (gain)	$ 2,951,000	$ 4,441,000
Prior service cost (credit)	460,000	575,000
	$ 3,411,000	$ 5,016,000

7. PENSION PLAN (CONTINUED)

The Diocese's net pension expense, pension benefits paid, and employer contributions for the years ended June 30, 2021 and 2020 are as follows:

	As of June 30, 2021	As of June 30, 2020
Net pension expense	$ 777,000	$ 389,000
Pension benefits paid	$ 577,000	$ 569,000
Employer contributions	$ 698,000	$ 594,000

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

	As of June 30, 2021	As of June 30, 2020
Net loss (gain)	$ (1,092,000)	$ 3,346,000
Prior service cost (credit)	-	-
Amortization of loss (gain)	(398,000)	(52,000)
Amortization of prior service cost (credit)	(115,000)	(115,000)
Amortization of transition obligation	-	-
Total recognized in net assets without donor restrictions	$ (1,605,000)	$ 3,179,000
Total recognized in net periodic benefit cost and net pension expense	$ (828,000)	$ 3,568,000

Assumptions used to determine net pension expense year-end:

	As of June 30, 2021	As of June 30, 2020
Discount rate	2.52%	3.35%
Expected long-term rate of return on assets	5.44%	5.44%
Salary scale (lay plan)	5.00%	5.00%
Future benefit increase assumption (priest plans)	2.00%	0.00%

Assumptions used to determine benefit obligations at year-end:

	2021	2020
Discount rate	2.62%	2.52%
Salary scale (lay plan)	5.00%	5.00%
Future benefits increase assumption (priest plans)	2.00%	2.00%

7. PENSION PLAN (CONTINUED)

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:

	2021	Level 1	Level 2	Level 3
Publicly traded investments	$ 9,593,000	$ 9,593,000	$ -	$ -

	2020	Level 1	Level 2	Level 3
Publicly traded investments	$ 7,797,000	$ 7,797,000	$ -	$ -

Plan Asset Investment Strategy and Allocation **–** The asset allocation for the Plan as of June 30, 2021 and the target allocation, by asset category, are:

Priest Basic Pension Plan

(i) Asset Category	(ii) Diocesan Approved Asset Allocation Range	(iii) Policy Benchmark Asset Allocation	(iv) Actual Percentage of Plan Assets at Year-End
Equities	30-70%	60%	67%
Fixed Income	28-68%	30%	28%
Cash	0-20%	10%	5%

Priest Basic Pension Plan

(i) Asset Category	(ii) Diocesan Approved Asset Allocation Range	(iii) Policy Benchmark Asset Allocation	(iv) Actual Percentage of Plan Assets at Year-End
Equities	30-70%	60%	63%
Fixed income	28-68%	30%	25%
Cash	0-20%	10%	12%

7. PENSION PLAN (CONTINUED)

The asset allocation for the Plan as of June 30, 2020 and the target allocation, by asset category are:

Lay Employees' Pension Plan

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

Investment Policy in Writing – The Diocese has adopted an official Statement of Investment Policy for the Lay Employees’ Pension Plan and Priest’s Basic Pension 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.

Contributions – The Diocese expects to contribute approximately $601,000 to the pension plans for the fiscal year ending June 30, 2022.

7. PENSION PLAN (CONTINUED)

Estimated Future Benefit Payments – The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2022	$ 737,000
2023	696,000
2024	678,000
2025	708,000
2026	734,000
2027-2031	3,788,000
	$ 7,341,000

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	As of June 30,	
	2021	2020
St. Therese Center	$ 390,981	$ 429,074
Newman Center	1,964,052	1,801,711
Scholarships	2,164,558	2,133,871
Seminarian education	2,802,819	2,261,020
Laliberte education	114,833	96,068
	$ 7,437,243	$ 6,721,744

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

	As of June 30,	
	2021	2020
Cash	$ 255,781	$ 54,300
Investments	2,561,733	2,302,787
Funds held by related party	4,619,729	4,364,657
	$ 7,437,243	$ 6,721,744

8. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions during the years ended June 30, 2021 and 2020 by incurring expenses satisfying the restricted purposes as follows:

	As of June 30, 2021	As of June 30, 2020
St. Therese Center	$ (39,348)	$ (82,562)
Seminarian education	-	(55,210)
Laliberte education	-	(2,346)
	$ (39,348)	$ (140,118)

9. BOARD DESIGNATED NET ASSETS

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

	As of June 30, 2021	As of June 30, 2020
Diocesan reserve	$ 9,516,039	$ 10,604,169
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	38,058	45,824
Insurance reserves	7,597,980	7,575,254
General programs and special funds	2,647,086	2,656,608
	$ 22,093,621	$ 23,176,313

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 $255,782 and $54,300 and investments of $2,561,733 and $2,302,787 during the years ended June 30, 2021 and 2020, 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 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, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 2,357,087	$ 2,357,087
Investment return, net	-	460,427	460,427
Endowment net assets, end of year	$ -	$ 2,817,514	$ 2,817,514

10. ENDOWMENT FUNDS (CONTINUED)

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

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.

11. RELATED PARTY TRANSACTIONS

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

In November 2011, CDLV CFC, the RCBLV, 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, 2021, the combined entities were in compliance with the debt covenants.

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, 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. 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.

11. RELATED PARTY TRANSACTIONS (CONTINUED)

During the bankruptcy proceedings, BGDC borrowed money from the Diocese to pay for ongoing operations and legal fees related to the bankruptcy. The Diocese holds a $500,000 note related to these costs. The note accrues interest at 4.25% until January 1, 2020 at which time the full balance of the note plus interest begins to be paid over a 5-year period.

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.

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 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, 2021 and 2020. As of June 30, 2021, 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. Prior to entering into the loan with Nevada State Bank, 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.

The Diocese made principal payments in excess of the current portion of the note payable of $991,414 for the year ended June 30, 2021. Principal payments were consistent with the current portion of the note receivable for the year ended June 30, 2020.

11. RELATED PARTY TRANSACTIONS (CONTINUED)

	As of June 30,	
	2021	2020
Related party payable	$ 2,434,732	$ 3,523,058
Less: current portion	127,751	96,913
Long-term related party payable	$ 2,306,981	$ 3,426,145

Maturities of the related party payable are as follows:

2022	$ 127,751
2023	124,113
2024	127,697
2025	131,384
2026	135,178
Thereafter	1,788,609
	$ 2,434,732

12. 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.

12. PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

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.

As of June 30, 2021, the loan has been forgiven and recognized as a gain on the forgiveness of the PPP loan. Of the aggregate principal amount, $636,725 was loan forgiveness that related to the Diocese. The Diocese recognized the gain on forgiveness for this amount and reflected the removal of the outstanding loan amount of $7,332,000 from the balance of its long-term debt. An outstanding payable of $4,019,824 has been included in accounts payable and accrued expenses for outstanding payroll and utility costs payable to the School and parishes in the Diocese and removed $2,675,451 of outstanding accounts receivable due from the School and Diocese parishes for payroll costs not made to the Diocese.

13. WORLDWIDE PANDEMIC

As of November 3, 2021, 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.

14. SUBSEQUENT EVENTS

The Diocese paid $4,019,824 from July through October 2021 of the outstanding payable owed to the School and parishes for payroll and utility costs previously paid to the Diocese that were part of the PPP Loan Forgiveness.

On November 3, 2021, CDLV CFC, RCBLV, and CDLV CMC entered into a loan modification agreement related to the $4.1 million note payable with Nevada State Bank carried on the books of CDLV CFC. The amendment modified the debt covenants to require validation of compliance with the debt service coverage ratio on an annual basis as of the Diocese’s fiscal year end compared to quarterly validation prior to the modification. Additionally, the formula for the debt service coverage ratio was modified to include only required principal payments in the calculation where it formerly included all principal payments. This modification allows for principal payments in excess of the minimum payment to be excluded from the ratio as they had previously reduced the value of ratio.