

# The Diocese of Trenton

Financial Statements

Years Ended June 30, 2019 and 2018



## **Independent Auditor's Report**

Most Reverend David M. O'Connell, C.M., J.C.D.  
Bishop of The Diocese of Trenton  
Trenton, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Diocese of Trenton (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, and cash flows for the years 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; 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 misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 Diocese of Trenton as of June 30, 2019 and 2018, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, the Diocese of Trenton adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The ASU has been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Wipfli LLP".

Philadelphia, Pennsylvania  
December 3, 2019

# The Diocese of Trenton

## Statements of Financial Position

<i>As of June 30, 2019 and 2018</i>	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 17,480,147	\$ 14,294,001
Assessments, notes and other receivables, net	25,237,676	27,694,784
Pledges receivable, net	16,324,596	22,942,304
Prepaid expenses	2,358,230	1,344,298
Investments	13,023,611	15,460,453
Property and equipment, net	20,640,786	20,094,287
<b>TOTAL ASSETS</b>	<b>\$ 95,065,046</b>	<b>\$ 101,830,127</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and other accrued liabilities	\$ 2,612,687	\$ 1,796,807
Claims payable	22,245,164	11,643,410
Funds held for others	18,162,908	25,401,290
Postretirement benefits obligation	17,622,063	16,637,541
<b>Total Liabilities</b>	<b>60,642,822</b>	<b>55,479,048</b>
<b>NET ASSETS</b>		
Without donor restrictions:		
Property and equipment, net	19,880,132	20,134,644
Designated for insurance funds	(24,448,491)	(13,544,546)
Designated for capital and financing expenditures	1,348,000	350,000
Undesignated	26,022,727	27,137,687
	22,802,368	34,077,785
<b>With donor restrictions</b>	<b>11,619,856</b>	<b>12,273,294</b>
<b>Total Net Assets</b>	<b>34,422,224</b>	<b>46,351,079</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 95,065,046</b>	<b>\$ 101,830,127</b>

See accompanying notes to financial statements.

# The Diocese of Trenton

## Statements of Activities

Years Ended June 30, 2019 and 2018	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating activities:</b>						
Operating revenues, gains and other support:						
Assessments	\$ 9,228,373	\$ -	\$ 9,228,373	\$ 9,247,992	\$ -	\$ 9,247,992
Insurance and employee benefit programs	42,846,572	-	42,846,572	41,407,939	-	41,407,939
Interest and dividend income	235,612	264,641	500,253	295,950	170,627	466,577
Donations and pledges	1,952,834	5,008,758	6,961,592	981,709	5,756,346	6,738,055
Other	2,192,414	-	2,192,414	3,509,217	-	3,509,217
	56,455,805	5,273,399	61,729,204	55,442,807	5,926,973	61,369,780
Net Assets released from restrictions						
Satisfaction of program restrictions	6,171,083	(6,171,083)	-	5,264,948	(5,264,948)	-
<b>Total operating revenues, gains and other support</b>	<b>62,626,888</b>	<b>(897,684)</b>	<b>61,729,204</b>	<b>60,707,755</b>	<b>662,025</b>	<b>61,369,780</b>
Operating expenses:						
Grants and subsidies	3,157,652	-	3,157,652	3,365,835	-	3,365,835
Seminary tuition and support	784,232	-	784,232	776,670	-	776,670
Claims incurred	43,808,050	-	43,808,050	35,468,065	-	35,468,065
Insurance premiums	4,963,787	-	4,963,787	5,545,036	-	5,545,036
Legal and professional	2,163,556	-	2,163,556	1,744,743	-	1,744,743
Provision for doubtful accounts	5,214,735	-	5,214,735	4,410,757	-	4,410,757
Personnel	8,098,218	-	8,098,218	8,070,385	-	8,070,385
Facilities	2,255,081	-	2,255,081	2,143,044	-	2,143,044
Depreciation	1,000,421	-	1,000,421	1,079,958	-	1,079,958
Administrative and other costs	2,275,208	-	2,275,208	2,261,951	-	2,261,951
<b>Total operating expenses</b>	<b>73,720,940</b>	<b>-</b>	<b>73,720,940</b>	<b>64,866,444</b>	<b>-</b>	<b>64,866,444</b>
<b>Excess (deficiency) of operating revenues, gains and other support over operating expenses</b>	<b>(11,094,052)</b>	<b>(897,684)</b>	<b>(11,991,736)</b>	<b>(4,158,689)</b>	<b>662,025</b>	<b>(3,496,664)</b>
Nonoperating items						
Amortization of discount and change in actuarial assumption on split-interest agreements	(39,856)	-	(39,856)	(5,720)	-	(5,720)
Net gain on sales of properties	-	-	-	76,519	-	76,519
Net realized and unrealized gain (loss) on investments	33,689	244,246	277,935	50,361	(15,647)	34,714
Postretirement benefit changes other than net periodic postretirement benefit cost	(175,198)	-	(175,198)	1,946,380	-	1,946,380
<b>Total nonoperating items</b>	<b>(181,365)</b>	<b>244,246</b>	<b>62,881</b>	<b>2,067,540</b>	<b>(15,647)</b>	<b>2,051,893</b>
<b>Change in net assets</b>	<b>(11,275,417)</b>	<b>(653,438)</b>	<b>(11,928,855)</b>	<b>(2,091,149)</b>	<b>646,378</b>	<b>(1,444,771)</b>
Net assets - beginning of year	34,077,785	12,273,294	46,351,079	36,168,934	11,626,916	47,795,850
<b>Net assets - end of year</b>	<b>\$ 22,802,368</b>	<b>\$ 11,619,856</b>	<b>\$ 34,422,224</b>	<b>\$ 34,077,785</b>	<b>\$ 12,273,294</b>	<b>\$ 46,351,079</b>

See accompanying notes to financial statements.

# The Diocese of Trenton

## Statements of Cash Flows

<i>Years Ended June 30, 2019 and 2018</i>	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (11,928,855)	\$ (1,444,771)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,000,421	1,079,958
Provision for doubtful accounts	5,214,735	4,410,757
Net gain on sale of property	-	(76,519)
Net gain on investments	(277,935)	(34,714)
Changes in net assets and liabilities		
Assessments and other receivables	(2,376,849)	(2,789,300)
Pledges receivable	6,617,708	7,890,435
Prepaid expenses	(1,013,932)	(52,976)
Accounts payable and other accrued liabilities	815,880	66,081
Claims payable	10,601,754	3,936,611
Funds held for others	(7,238,382)	(9,579,765)
Postretirement benefits obligation	984,522	(857,879)
<b>Net Cash Provided by Operating Activities</b>	<b>2,399,067</b>	<b>2,547,918</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,546,920)	(508,544)
Proceeds from sale of investments	4,850,207	1,961,436
Purchase of investments	(2,135,430)	(3,441,606)
Notes and loans receivable	(380,778)	(39,880)
Proceeds from sale of property	-	1,992,857
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>787,079</b>	<b>(35,737)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>3,186,146</b>	<b>2,512,181</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>14,294,001</b>	<b>11,781,820</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 17,480,147</b>	<b>\$ 14,294,001</b>

See accompanying notes to financial statements.

# The Diocese of Trenton

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### General

The Diocese of Trenton (the "Diocese"), a nonprofit organization, is affiliated with Catholic parishes, schools and various other social service agencies in Burlington, Mercer, Monmouth and Ocean counties - New Jersey, which provide services to the communities located within these counties. Funding to support the Diocese and its programs is primarily received from assessments, insurance and employee benefit program fees, donations and income on investments. The accompanying financial statements include the assets, liabilities, net assets, revenues and expenses of the Diocese of Trenton Operating Fund, Trust Funds, Seminary Funds, Plant Fund, Insurance Funds, Custodial Funds, Annual Catholic Appeal Fund and Endowment Campaign Fund which are not separately incorporated under civil law.

Certain organizations within the Diocese are not included in the accompanying financial statements because they operate independent of the Diocese, maintain separate accounts and operate their own services and programs. Some of these organizations are as follows:

- Priests' and Lay Retirement Funds
- Catholic Charities
- Health Care Facilities
- Cemeteries
- Parish and Diocesan Schools
- Campus Ministries
- Special Catholic Ministries
- Diocesan Parishes
- Diocesan Charitable Trusts

The Diocese has financial transactions with these organizations consisting primarily of grants, subsidies for operations, new equipment, certain receivables and is a guarantor for certain notes and mortgages payable by these organizations (see Note 8).

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Additionally, the Diocese reports information regarding its financial position and activities according to two classes of net assets, based upon the existence or absence of donor-imposed restrictions limiting the use of the contributed assets as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled or otherwise removed by actions of the Diocese; and other net assets subject to donor imposed restrictions that are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

# The Diocese of Trenton

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

All highly liquid investments with maturity dates of three months or less when purchased are considered cash equivalents.

#### Allowance for Doubtful Accounts

The Diocese provides allowances for each type of receivable reported in its financial statements. These allowances are maintained at a level management considers adequate to provide for subsequent adjustments and potential uncollectible accounts. The allowance is increased by provisions charged to the statements of activities and reduced by the amount of receivables written-off. Management has determined the allowance by considering the type of receivables, responsible party, historical collection patterns and comparative aging. These estimates are reviewed periodically and as changes become necessary, they are charged or credited to operations in the periods in which they become known.

#### Investments

The Diocese carries investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the date the dividends are payable.

Investment income earned on certain net assets with donor restrictions is restricted as to use. All other investment income is without donor restrictions as to use.

#### Property and Equipment

Real estate development sites have been purchased for future parishes, schools and similar purposes, and are carried at cost. Carrying costs on such non-operating properties are expensed. When such properties are transferred to recipients, the Diocese treats such transfers as outright grants in cases where such amounts will not be reimbursed by the Diocesan organization. All other property and equipment are also carried at cost.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings and improvements	5 - 74 years
Furniture and equipment	3 - 10 years



# The Diocese of Trenton

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Donations and Pledges**

Donations received, including unconditional promises to give, are recognized as revenue in the period received at fair value. The Diocese reports gifts of cash and other assets as contribution revenue with donor restrictions, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Support, as well as any related investment income, that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

The Diocese reports gifts of land, buildings and equipment as contribution revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as contribution revenue with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Diocese reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### **Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

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

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect management's judgment about the assumptions that market participants would use in pricing the asset or liability.

#### **Tax Status**

The Diocese qualifies as an organization described in Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal taxes on income. The Diocese is also exempt from state income taxes.

#### **Funds Held For Others**

The Diocese receives assets from donors and agrees to use the assets on behalf of or to transfer the assets, the return from investment of those assets, or both to a specified beneficiary. Resources received under those types of agreements are measured at fair value and reported as Funds held for others in the statements of financial position.

# The Diocese of Trenton

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Insurance Funds**

The Diocese maintains Insurance Funds and account for the financial activity of its two insurance programs (see Note 9). The activity in these funds consists primarily of insurance and employee benefit program fees from affiliated organizations, investment income, cost of insurance, claims incurred and administrative fees. The assets of the Insurance Funds are currently internally designated to the insurance programs and are currently not available for any other Diocesan purposes. Claims are recognized in the accompanying financial statements at the time the loss is incurred. The provision for claims is based on the best estimate of the ultimate cost of the claims which includes a provision for claims incurred but not recorded (IBNR).

#### **Functional Allocation of Expenses**

The costs of providing the Diocese's programs and activities have been summarized by natural classification and by function in Note 16. Certain categories of expenses that are attributed to more than one program or supporting function have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, facilities, and depreciation which are allocated based on square footage.

#### **Change in Accounting Policy**

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 has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented, with the exception of certain omissions of prior year data as allowed under the standard. There was no impact from the application of this standard.

#### **Recently Issued Accounting Standards**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for the Diocese's year ending June 30, 2020. The Diocese is currently evaluating the impact of the provisions of ASC 606.

# The Diocese of Trenton

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Recently Issued Accounting Standards (Continued)

On June 21, 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Amendments in this Update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and determining whether a transaction is conditional. The amendments in this Update are effective for the Diocese's year ending June 30, 2020 for transactions in which the entity serves as the resource recipient. Early application of the amendments in this Update is permitted. The Diocese is currently in the process of determining the impact of the new standard, and has not elected to early implement the amendments.

#### Reclassifications

Certain items reported in the prior year's financial statements have been reclassified to confirm to the current year's classification. The reclassifications relate to the classification of certain expenses from insurance premiums to claims incurred.

### Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2019:

Financial assets:	
Cash and cash equivalents	\$ 17,480,147
Assessments, notes and other receivables, net	10,658,919
Pledges receivable, net	16,324,596
Investments	13,023,611
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Financial assets before adjustment	57,487,273
Add: Approved draw from donor-restricted endowment for use in next 12 months	11,810
Less: Restricted contributions included in cash, receivables, and investments	(29,782,764)
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Total financial assets available within one year	\$ 27,716,319

The Diocese strives to maintain liquid financial assets sufficient to cover approximately six months of general expenditures. The Diocese manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures and to meet its liabilities and other obligations as they become due.

# The Diocese of Trenton

## Notes to Financial Statements

### Note 3: Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Diocese's financial instruments carried at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds				
Equity	\$ 1,532,769	\$ -	\$ -	\$ 1,532,769
International equity	650,625	-	-	650,625
Fixed income	8,608,070	-	-	8,608,070
Certificates of deposit	-	1,876,856	-	1,876,856
<b>Total investments in the fair value hierarchy</b>	<b>10,791,464</b>	<b>1,876,856</b>	<b>-</b>	<b>12,668,320</b>
Investments measured at NAV				<u>355,291</u>
<b>Total investments at fair value</b>				<u><b>\$ 13,023,611</b></u>

The following table sets forth by level, within the fair value hierarchy, the Diocese's financial instruments carried at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds				
Equity	\$ 2,520,912	\$ -	\$ -	\$ 2,520,912
International equity	528,328	-	-	528,328
Fixed income	8,776,848	-	-	8,776,848
Certificates of deposit	-	2,748,037	-	2,748,037
<b>Total investments in the fair value hierarchy</b>	<b>11,826,088</b>	<b>2,748,037</b>	<b>-</b>	<b>14,574,125</b>
Investments measured at NAV				<u>886,328</u>
<b>Total investments at fair value</b>				<u><b>\$ 15,460,453</b></u>

# The Diocese of Trenton

## Notes to Financial Statements

### Note 3: Fair Value Measurements (Continued)

The following table sets forth additional disclosures for the investments whose fair value is estimated using net asset value (NAV) as of June 30, 2019 and 2018:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>2019</u>				
Blackrock Equity Index Non-lendable Fund	\$ 355,291	\$ -	Daily	1 day
<u>2018</u>				
Blackrock Equity Index Non-lendable Fund	\$ 886,328	\$ -	Daily	1 day

The Blackrock Equity Index Non-lendable Fund ("Fund") is a privately-held commingled vehicle consisting of US large cap equities. It is passively-managed with the goal of replicating the performance of the S&P 500 Index. The Fund has daily liquidity with a one-day notice period and has a T+3 settlement process before releasing funds to the client.

The following is a description of the valuation methodologies used for investments measured at fair value:

Mutual funds - Valued at the net asset value of shares held by the Diocese at year-end. Mutual funds held by the Diocese are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. These mutual funds held by the Diocese are deemed to be actively traded.

Mutual fund - Blackrock Equity Index fund is a mutual fund that is not actively traded; valued at the net asset value of shares held by the Diocese at year-end.

Certificates of deposit - Fair value of fixed-maturity certificates of deposit are estimated using rates currently offered for deposits of similar remaining maturities.

# The Diocese of Trenton

## Notes to Financial Statements

### Note 4: Assessments, Notes and Other Receivables

Assessments, notes and other receivables consist of the following as of June 30, 2019 and 2018:

	2019	2018
Assessments	\$ 17,876,347	\$ 18,069,253
Due from participating organizations for insurance	31,057,560	29,616,815
Notes	11,612,742	11,936,986
Loans	7,314,461	6,609,439
Seminary tuition	1,505,964	1,518,463
Due from charitable funds	1,999,599	1,140,260
Accrued Interest	1,386	14,313
Other	799,162	1,363,830
	<u>72,167,221</u>	<u>70,269,359</u>
Less allowance for doubtful accounts	<u>(46,929,545)</u>	<u>(42,574,575)</u>
<b>Total</b>	<b><u>\$ 25,237,676</u></b>	<b><u>\$ 27,694,784</u></b>

As of June 30, 2019, notes totaling approximately \$155,000 are collectible in the next year and the remainder are collectible in 2 - 7 years; loans are collectible in 2 - 4 years. As of June 30, 2018, notes totaling approximately \$200,000 are collectible in the next year and the remainder are collectible in 2 - 5 years; loans are collectible in 2 - 5 years.

Notes and loans receivable are funds advanced to parishes and other affiliates for various purposes. Interest on interest-bearing notes and loans is recognized over the term of the note or loan and is calculated monthly using the simple-interest method on principal amounts outstanding. Generally, the notes and loans are not considered past due or delinquent. Management considers the notes and loans to be impaired when the note or loan, or a portion of the note or loan, is deemed uncollectible based on: the Diocese's historical collection patterns, the borrower's failure to repay the note or loan, adverse situations that may affect the borrower's ability to repay, the estimated value of underlying or potential collateral, and current economic conditions.

Activity in the allowance for doubtful accounts for notes and loans is as follows as of June 30, 2019 and 2018:

	2019	2018
Balance - beginning of year	\$ 3,272,928	\$ 3,272,928
Increase in allowance for specific notes and loans	102,542	-
<b>Balance - end of year</b>	<b><u>\$ 3,375,470</u></b>	<b><u>\$ 3,272,928</u></b>

# The Diocese of Trenton

## Notes to Financial Statements

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### Note 5: Pledges Receivables, net

Pledges receivable consist of the following at June 30, 2019 and 2018:

#### Faith to Move Mountains Endowment Campaign

In 2015, the Diocese embarked on a Diocesan-wide campaign, "Faith to Move Mountains", seeking to raise contributions to secure sustainable endowments needed to support the following needs: Diocesan Parish Assistance, Catechesis and Evangelization, Ordained Ministry, Catholic Schools, and Social Services. Additionally, Parishes will receive 30% of the cash raised from their parishioners up to their goal amount, and 70% will be transferred to charitable trusts to establish endowments for the aforementioned purposes. Once their goal has been reached, parishes will receive 70% of the amount over their goal, with the trusts receiving the remaining 30%.

As of June 30, 2019 and 2018, there are unpaid pledges of approximately \$16,587,000 and \$23,511,000, respectively. As of June 30, 2019 and 2018 approximately \$17 million and \$24 million, respectively, of cash and pledges receivable not yet transferred to parishes and charitable trusts is included in Funds held for others in the statements of financial position.

#### Annual Catholic Appeal Fund

The Diocese conducts its Annual Catholic Appeal each year beginning in January and ending in December. The proceeds of the Appeal are used to support various social service and other programs administered by the Diocese and affiliated organizations. The goal of the 2019 and 2018 Appeals was to raise \$7,000,000 each year. Each parish receives 15% of its goal if its goal is reached, and an additional 50% of the amount realized in excess of its target goal.

As of June 30, 2019, the Diocese raised 2019 Appeal pledges of approximately \$4,700,000 of which approximately \$525,000 remained unpaid at that date. As of June 30, 2018, the Diocese raised 2018 Appeal pledges of approximately \$5,400,000 of which approximately \$553,000 remained unpaid at that date. As of June 30, 2019 and 2018, approximately \$38,000 and \$220,000, respectively, of cash and pledges receivable not yet transferred to parishes is included in Funds held for others in the statements of financial position.

Amounts to be received under the Faith to Move Mountains Endowment Campaign and the Annual Catholic Appeal Fund as of June 30, 2019 and 2018 are as follows:

	2019	2018
Receivable in less than one year	\$ 11,547,958	\$ 12,521,370
Receivable in one year to five years	5,563,802	11,543,598
Total unconditional promises to give	17,111,760	24,064,968
Less: Effect of discount to net present value	(787,164)	(1,122,664)
<u>Unconditional Promises to Give - Net</u>	<u>\$ 16,324,596</u>	<u>\$ 22,942,304</u>

# The Diocese of Trenton

## Notes to Financial Statements

### Note 5: Pledges Receivables, net (Continued)

Pledges that are due beyond one year are discounted using a discount rate of 2.9%. Pledges receivable at June 30, 2019 and 2018 are reported at net realizable value which is the amount the Diocese expects to collect.

### Note 6: Investments

A summary of investments by type is as follows as of June 30, 2019 and 2018:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Mutual funds:				
Equity	\$ 1,480,448	\$ 1,888,060	\$ 2,329,554	\$ 3,407,240
International equity	595,364	650,625	424,072	528,328
Fixed income	8,594,870	8,608,070	8,876,451	8,776,848
Certificates of deposit	1,876,856	1,876,856	2,748,037	2,748,037
	<u>\$ 12,547,538</u>	<u>\$ 13,023,611</u>	<u>\$ 14,378,114</u>	<u>\$ 15,460,453</u>

Net unrealized gain on investments of \$606,266 in 2019 and \$544,028 in 2018 are included in net realized and unrealized gain (loss) on investments in the statements of activities.

These investments are exposed to various risks such as market volatility, interest rate and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the values of these securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

### Note 7: Property and Equipment

A summary of property and equipment is as follows as of June 30, 2019 and 2018:

	2019	2018
Real estate development sites	\$ 10,898,327	\$ 10,627,710
Land, buildings and improvements	19,479,384	18,747,761
Furniture and equipment	6,587,751	6,062,308
	<u>36,965,462</u>	<u>35,437,779</u>
Less accumulated depreciation	<u>(16,324,676)</u>	<u>(15,343,492)</u>
Property and Equipment, net	<u>\$ 20,640,786</u>	<u>\$ 20,094,287</u>



# The Diocese of Trenton

## Notes to Financial Statements

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### Note 8: Commitments and Contingencies

The Diocese is a guarantor of debt represented by certain bonds, notes, mortgages and letters of credit of parishes and other Catholic agencies and institutions with various financial institutions with maturities up to 20 years. The Diocese would be obligated to perform under these guarantees if the parishes and other Catholic agencies failed to pay principal and interest payments to the financial institutions when due, meet debt service coverage ratios or, in the case of construction projects, would fail to have sufficient funds to complete the projects. As of June 30, 2019, the Diocese has not been required to perform under these guarantees. Such guarantees approximated \$65,000,000 in principal at June 30, 2019. These amounts are not included in the accompanying financial statements.

### Note 9: Insurance Funds

The Diocese's Insurance Funds consist of the following:

*Loss Payment Fund:* The Diocese has a modified protected liability and casualty, workers' compensation and property self-insurance program for affiliated organizations described as a "loss payment fund." Under this program, the Diocese has obtained insurance coverage of \$35,000,000 for most liability and casualty claims with a deductible of \$250,000 per occurrence during the policy period. The Diocese has insurance coverage for property claims to a blanket limit of \$75,000,000 per occurrence, with a deductible of \$500,000 per occurrence. Actual claims not covered by insurance are funded by the affiliated organizations' contributions and the assets of the loss payment fund.

During fiscal 2019 the New Jersey Independent Victim Compensation Fund (IVCP) was established to administer claims related to the sexual abuse of minors by diocesan priests of the Roman Catholic dioceses of Newark, Paterson, Metuchen, Trenton and Camden. The IVCP will accept claims from June 15, 2019 through December 31, 2019 provided the claim is registered prior to or on October 31, 2019. The Diocese recorded expenses and reserves related to these claims for incidences prior to June 30, 2019 of approximately \$14,000,000 as of and for the year ended June 30, 2019.

New Jersey has abrogated the civil Statute of Limitations for claims of child sexual abuse effective December 1, 2019. The law extends statute of limitations in civil actions for sexual abuse claims; expands categories of potential defendants in civil actions; and creates a two-year window for parties to bring previously time-barred actions based on sexual abuse. Legal counsel and management of the Diocese are unable to determine the ultimate outcome of potential future claims in connection with this law.

The Diocese is involved in several pending legal matters. In the opinion of the Diocese's management, the final resolution of these matters will not have a material adverse effect on the Diocese's financial position. To the extent a liability has been determined, a reserve has been accrued at June 30, 2019 and 2018.

# The Diocese of Trenton

## Notes to Financial Statements

### Note 9: Insurance Funds (Continued)

*Medical Fund:* The Diocese's medical benefit plan provides reimbursement for the cost of medical expenses, subject to various limits, for Diocesan clergy and lay employees. The Diocese has obtained insurance coverage for these medical costs. The plan also includes a provision for life insurance benefits of \$10,000, plus modest disability and dental benefits for Diocesan clergy. Additionally, the plan provides for Long-Term Disability for lay employees. The benefits paid by these funds and the insurance premiums are funded by assessments to the participating organizations.

The medical and prescription drug benefit programs are self-funded and are administered by Aetna and CVS/Caremark. In addition, the Diocese has purchased stop loss protection for these programs which includes a \$250,000 per individual deductible.

Revenues and expenses for the years ended June 30, 2019 and 2018 and deficit in net assets at June 30, 2019 and 2018 for the loss payment fund and the medical fund, which include the other post-retirement benefit obligation costs (see Note 15), are as follows:

	2019		2018	
	Loss Payment Fund	Medical Fund	Loss Payment Fund	Medical Fund
Operating and nonoperating:				
Revenues	\$ 13,040,898	\$ 29,819,202	\$ 11,880,460	\$ 29,537,136
Expenses	(20,255,980)	(33,508,065)	(10,297,436)	(31,689,557)
Transfers between funds	-	-	(29,235)	-
Deficit in net assets	\$ (10,111,427)	\$ (14,337,064)	\$ (2,896,345)	\$ (10,648,201)

# The Diocese of Trenton

## Notes to Financial Statements

### Note 10: Net Assets with Donor Restriction

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2019 and 2018:

	2019	2018
<u>Subject to expenditure for specified purpose</u>		
Trust Funds:		
Senior citizens	\$ 1,149,325	\$ 1,176,405
Others	711,383	665,921
	1,860,708	1,842,326
Annual Catholic Appeal:		
Apostolic ministry and priestly support	540,395	1,380,000
Evangelization and family life	1,830,000	1,654,000
Catholic education	2,630,000	2,457,000
Charitable works and parish needs	1,122,000	1,445,000
Other	204,805	136,480
	6,327,200	7,072,480
Seminary Funds:		
Education of Diocesan seminarians	119,804	118,873
Operating Funds:		
Priests' retirement	60,791	60,791
Catholic Schools	290,000	290,000
Morris Hall/Villa Neumann	7,426	7,426
	358,217	358,217
<u>Endowments</u>		
Income earned on endowments subject to appropriation and expenditure when a specific event occurs		
Trust Funds:		
Catholic missions	5,867	6,331
Senior citizens	1,438,939	1,394,323
Others	487,142	475,947
	1,931,948	1,876,601
Seminary Funds:		
Education of Diocesan seminarians	209,934	192,752
Permanent funds subject to endowment spending policy and appropriation		
Trust Funds:		
Catholic missions	21,467	21,467
Senior citizens	296,037	296,037
Others	267,668	267,668
	585,172	585,172
Seminary Funds:		
Education of Diocesan seminarians	226,873	226,873
	\$ 11,619,856	\$ 12,273,294

# The Diocese of Trenton

## Notes to Financial Statements

### Note 11: Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses to satisfy the restricted program purposes during the years ended June 30, 2019 and 2018 as follows:

	2019	2018
Trust Funds	\$ 129,920	\$ 129,536
Annual Catholic Appeal	6,041,066	5,135,026
Seminary Funds	97	386
	\$ 6,171,083	\$ 5,264,948

### Note 12: Endowment Fund

Accounting standards for the classification and disclosure of endowments of not-for-profit organizations provide guidance on the net asset classification of donor-restricted endowment funds for a not-for profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and require additional disclosures about an organization's endowment funds. The state of New Jersey has adopted UPMIFA. The following disclosures are made as required by accounting standards. The endowment of the Diocese of Trenton consists of 15 donor-restricted endowment funds established for various purposes.

Management has interpreted New Jersey UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument and prescribed by UPMIFA at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified as permanent funds represents income or losses on endowment funds subject to appropriation or expenditure.

In accordance with New Jersey UPMIFA, 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 Diocese 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 Diocese
- (7) the investment policies of the Diocese

# The Diocese of Trenton

## Notes to Financial Statements

### Note 12: Endowment Fund (Continued)

Endowment net assets composition by type of fund as of June 30, 2019 is as follows:

	With Donor Restrictions
Donor-restricted endowment funds	
Original donor-restricted gifts	\$ 812,045
Income earned on donor-restricted gifts available for appropriation	2,141,882
Total	\$ 2,953,927

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

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 2,881,398
Interest and dividend income	47,109
Net realized and unrealized appreciation (depreciation)	37,230
Amounts appropriated for expenditure	(11,810)
Endowment net assets, end of year	\$ 2,953,927

Endowment net assets composition by type of fund as of June 30, 2018 is as follows:

	With Donor Restrictions
Donor-restricted endowment funds	
Original donor-restricted gifts	\$ 812,045
Income earned on donor-restricted gifts available for appropriation	2,069,353
Total	\$ 2,881,398

Changes in endowment net assets for the year ended June 30, 2018 are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 2,884,624
Interest and dividend income	35,937
Net realized and unrealized depreciation	(26,575)
Amounts appropriated for expenditure	(12,588)
Endowment net assets, end of year	\$ 2,881,398

# The Diocese of Trenton

## Notes to Financial Statements

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### **Note 12: Endowment Fund** (Continued)

#### Funds with Deficiencies

At times, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Diocese to retain as a fund of perpetual duration (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies of this nature as of June 30, 2019 and 2018.

#### Return Objectives and Risk Parameters

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Diocese must hold in perpetuity. The primary long-term management objective is the preservation of principal, both in nominal and real terms.

#### 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). At a minimum, the investment performance of endowment assets should achieve an annual return of at least inflation (as measured by the Consumer Price Index [CPI]) plus four (4) percentage points. This should be averaged over rolling three-year periods.

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Diocese has a spending policy that is primarily demand driven. In determining the amounts appropriated for expenditure, the Diocese considers the accumulated earnings on each of the endowment gifts. In establishing this policy, the Diocese considers the long-term expected return on its endowment.

The target spending rate is that which, as part of total return, satisfies these conditions - (a) permits reinvestment of enough total return to preserve the real purchasing power of current funds, (b) permits a level of consistency and stability in the programs of the Diocese, (c) is sustainable over time regardless of periodic variations in the levels required to satisfy (a), and (d) recognizes that circumstances may preclude achievement of all three objectives in any one year.

### **Note 13: Defined Contribution Plan**

Full-time employees hired after the effective date of October 1, 2005, are eligible to participate in a Section 403(b)(7) Pension Trust and can contribute up to the Internal Revenue Service's dollar limit set by law, which is \$19,000 for the year 2019 and \$18,500 for the year 2018. Participants who have completed one year of employment are eligible for matching contributions by the Diocese of up to 5% of the participant's gross salary. Total employer contributions to the plan was approximately \$97,000 and \$83,000 for the years ended June 30, 2019 and 2018, respectively.

# The Diocese of Trenton

## Notes to Financial Statements

### Note 14: Multiemployer Pension Plans

The Diocese of Trenton is a participating employer in two separate multiemployer defined benefit pension plans providing benefits for lay employees and priest personnel. The Pension Plan of The Diocese of Trenton, Its Churches, Institutions and Agencies (Lay Plan) EIN: 21-0634970 Plan: 001 and The Diocese of Trenton Pension Plan for Priests (Priest Plan) EIN: 21-0634970 Plan: 003 qualify as church institutions under the Internal Revenue Code and are, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), nor are the Plan's benefits guaranteed by the Pension Benefit Guarantee Corporation. Plan information is not publicly available.

The Lay Plan is a defined benefit pension plan covering substantially all lay employees of the Diocese. Prior service costs are amortized over a period of twenty-five years. The Lay Plan provides for 100% vesting of benefits after five years of credited service. The Diocese's policy is to fund pension costs currently. The Lay Plan provides retirement benefits to eligible lay personnel based on employee's compensation and years of service. Effective October 1, 2005, the Lay Plan was frozen for, and excludes, employees hired on or after the effective date.

The Priest Plan provides retirement benefits to priest personnel for life based on age and years of service. Contributions to the Lay and Priest Plans are made by the parish or organization that employs the lay employee or to which the priest is assigned.

The plans are managed by the Diocese. The total pension and retirement plan expense included in these financial statements for these plans was approximately \$491,000 and \$551,000 for the years ended June 30, 2019 and 2018, respectively.

The risks of participating in these multiemployer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the Diocese and the remaining participating employers. There is currently no provision in the plans to recognize an employer withdrawal.

The following table presents information about the Diocese's multiemployer pension plans as of and for the years ended June 30, 2019 and 2018:

Pension Fund	Contributions for the years ended June 30,		Total contributions from all employers in the Plan for the years ended December 31,		Present value of accumulated plan benefits as of January 1,		Total plan assets as of December 31,	
	2019	2018	2018	2017	2019	2018	2018	2017
Lay Plan	\$ 362,405	\$ 403,525	\$ 11,615,840	\$ 10,731,564	\$ 227,802,000	\$ 221,937,207	\$ 210,643,311	\$ 224,676,552
Priest Plan	128,962	147,607	1,501,971	1,471,293	23,382,000	22,805,070	20,619,855	21,731,849

The funding ratio for the Lay Plan as of January 1, 2019 and 2018, was 93% and 100%, respectively. The funding ratio for the Priest Plan as of January 1, 2019 and 2018, was 88% and 95%, respectively. The Diocese was not subject to any surcharges from either plan for the years ended June 30, 2019 and 2018. The Diocese's contributions to the Priest Plan were over 5% of total plan contributions based upon the plan's years ended December 31, 2018 and 2017.

# The Diocese of Trenton

## Notes to Financial Statements

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### Note 15: Other Postretirement Benefit Plans

In addition to the Diocese's defined benefit pension plan, the Diocese sponsors an unfunded defined benefit health care and life insurance benefits plan to retired priests who have been incardinated prior to their 65th birthday and have worked 10 years and attained age 70 while in service with the Diocese and lay people who have worked 20 years and attained age 65. The plan is noncontributory and contains cost-sharing features such as deductibles and coinsurance. The accounting for the plan anticipates future cost-sharing changes to the written plan that are consistent with the Diocese's expressed intent to increase the cost-sharing annually for the expected general inflation rate for that year. The Diocese's policy is to fund the cost of medical benefits in amounts determined at the discretion of management.

The annual measurement date is June 30 for other postretirement benefits. The following tables provide further information about the Diocese's postretirement benefit plans:

#### Obligations and Funded Status

<i>As of June 30, 2019 and 2018</i>	2019	2018
Benefit obligation	\$ 17,622,063	\$ 16,637,541
Fair value of plan assets	-	-
Funded status - reported as postretirement benefits obligation in the statements of financial position	\$ (17,622,063)	\$ (16,637,541)
Employer contributions	\$ 486,029	\$ 341,473
Participant contributions	-	-
Benefits paid	(486,029)	(341,473)

Amounts recognized in the statements of activities for the years ended June 30, consist of:

	2019	2018
Net (gain) loss	\$ 236,869	\$ (1,883,578)
Amortization of prior service cost and net gain	(61,671)	(62,802)
Total postretirement benefit changes other than periodic postretirement benefit cost	175,198	(1,946,380)
Net periodic postretirement benefit cost	1,295,353	1,429,974
	\$ 1,470,551	\$ (516,406)



# The Diocese of Trenton

## Notes to Financial Statements

### Note 15: Other Postretirement Benefit Plans (Continued)

Net loss (gain) and net prior service cost recognized as changes in net assets without donor restrictions but not yet included in net periodic benefit cost:

	2019	2018
Net (gain) loss	\$ 27,512	\$ (209,357)
Prior service cost	27,130	88,801
Amounts previously recognized in net assets without donor restrictions, not yet recognized as periodic postretirement benefit cost	\$ 54,642	(120,556)

The estimated net loss, and prior service cost that will be amortized from changes in net assets without donor restrictions to net periodic benefit cost in 2020 are \$0 and \$61,671, respectively.

#### Assumptions:

The discount rate used to determine the postretirement benefit cost was 4.02% and 3.64% for the years ended June 30, 2019 and 2018, respectively.

The discount rate used to determine the postretirement benefit obligation was 3.32% and 4.02% for the years ended June 30, 2019 and 2018, respectively.

The health care cost trend rates used to measure the expected cost of benefits covered by the plan are as follows: fiscal year 2020 - 5.0%, and 2021 and thereafter - 4.5%.

#### Cash Flows:

The Diocese expects to contribute approximately \$703,000 to the postretirement benefit plans in the next fiscal year.

The following benefits, which reflect expected future service, as appropriate, are expected to be paid for the years ending June 30:

2020	\$	703,000
2021		750,000
2022		817,000
2023		848,000
2024		900,000
2025 to 2029		5,222,000
Total	\$	9,240,000

# The Diocese of Trenton

## Notes to Financial Statements

### Note 16: Analysis of Expenses by Nature and Function

The costs of providing the Diocese's programs and activities have been summarized on a functional basis below. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

<i>For the year ended June 30, 2019</i>	Program	Management and General	Fundraising	Total
Operating expenses:				
Grants and subsidies	\$ 3,157,652	\$ -	\$ -	\$ 3,157,652
Seminary tuition and support	784,232	-	-	784,232
Claims incurred	43,808,050	-	-	43,808,050
Insurance premiums	4,963,787	-	-	4,963,787
Legal and professional	1,317,534	760,175	85,847	2,163,556
Provision for doubtful accounts	5,214,735	-	-	5,214,735
Personnel	3,725,180	3,887,145	485,893	8,098,218
Facilities	1,037,337	1,082,439	135,305	2,255,081
Depreciation	460,194	480,202	60,025	1,000,421
Administrative and other costs	1,086,021	926,326	262,861	2,275,208
<b>Total expenses</b>	<b>\$ 65,554,722</b>	<b>\$ 7,136,287</b>	<b>\$ 1,029,931</b>	<b>\$ 73,720,940</b>

<i>For the year ended June 30, 2018</i>	Program	Management and General	Fundraising	Total
<b>Total expenses</b>	<b>\$ 56,903,504</b>	<b>\$ 6,954,778</b>	<b>\$ 1,008,162</b>	<b>\$ 64,866,444</b>

### Note 17: Related Entities

The Diocese and the Diocese of Trenton Charitable Trusts for Catholic Education and Religious Formation, and Seminary and Diaconate Formation, Parish Assistance and Social Services share a common purpose of supporting the various religious programs of the Diocese. In 2019 and 2018, the Trusts contributed approximately \$1,683,000 and \$506,000, respectively, to the Diocese for various religious programs administered by the Diocese.

### Note 18: Financial Instruments - Concentrations of Credit Risk

As of June 30, 2019, the Diocese held financial instruments, which exceeded federally insured deposits by approximately \$17,350,000. The financial instruments consist primarily of savings and checking accounts which are insured by the Federal Deposit Insurance Corporation and money market accounts that are not federally insured by the Federal Deposit Insurance Corporation. The Diocese has not experienced any losses in such financial instruments. Management believes the Diocese is not exposed to any significant credit risk related to cash and cash equivalents.

# The Diocese of Trenton

## Notes to Financial Statements

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### **Note 19: Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 3, 2019, the date the financial statements were available to be issued.