

Financial Statements  
June 30, 2025 and 2024

**The Chancery Office of The Roman  
Catholic Bishop of San Bernardino  
(A Corporation Sole)**

The Chancery Office of The Roman Catholic Bishop of San Bernardino

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June 30, 2025 and 2024

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## Independent Auditor's Report

To His Excellency the Most Reverend Alberto Rojas  
The Chancery Office of The Roman Catholic Bishop of San Bernardino, a Corporation Sole  
San Bernardino, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of The Chancery Office of The Roman Catholic Bishop of San Bernardino (the Diocese) (a Corporation Sole), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of The Chancery Office of The Roman Catholic Bishop of San Bernardino as of June 30, 2025 and 2024, 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 of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Diocese and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Diocese's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Ontario, California  
April 10, 2026

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 12,016,966	\$ 7,371,359
Investments (Note 3)	85,961,176	74,369,263
Investments held in trust for others (Note 9)	46,823,970	36,157,904
Receivables (Note 5)		
Accounts receivable, net	2,559,718	3,902,624
Notes receivable	1,107,031	181,834
Deposits and prepaid expenses (Note 6)	769,545	211,522
Land, property, and equipment, net of accumulated depreciation (Note 7)	13,555,563	13,767,017
Total assets	\$ 162,793,969	\$ 135,961,523
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,564,099	\$ 964,962
Notes payable (Note 8)	713,370	1,216,264
Funds held in trust for others (Note 9)	46,823,970	36,157,904
Accrued net pension liability (Note 10)	16,188,811	16,977,189
Insurance reserves (Note 12)	250,000	250,000
Total liabilities	65,540,250	55,566,319
<b>Net Assets (Note 13)</b>		
Net assets without donor restrictions	66,109,103	51,300,630
Net assets without donor restrictions - designated	2,279,843	3,132,351
Net assets with donor restrictions	28,864,773	25,962,223
Total net assets	97,253,719	80,395,204
Total Liabilities and Net Assets	\$ 162,793,969	\$ 135,961,523

The Chancery Office of The Roman Catholic Bishop of San Bernardino  
Statements of Activities  
Years Ended June 30, 2025 and 2024

	2025			2024		
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Net assets without donor restrictions	Net assets with donor restrictions	Total
<b>Revenues</b>						
Gifts, bequests, and collections	\$ 1,221,598	\$ 1,545,864	\$ 2,767,462	\$ 1,172,479	\$ 1,378,908	\$ 2,551,387
Assessments	10,440,100	-	10,440,100	10,116,151	-	10,116,151
Diocesan development fund subsidy	5,170,000	-	5,170,000	4,320,000	-	4,320,000
Fees and expense reimbursements	1,908,140	106,145	2,014,285	1,814,144	-	1,814,144
Insurance premiums	7,887,974	74,000	7,961,974	9,015,708	-	9,015,708
Interest/dividend income	225,847	268,790	494,637	321,569	-	321,569
Endowment payout	395,755	-	395,755	369,829	-	369,829
Grant income	427,308	126,810	554,118	479,111	281,887	760,998
Other income	236,004	4,689	240,693	546,336	-	546,336
Net assets released from restrictions	1,965,858	(1,965,858)	-	1,339,479	(1,339,479)	-
Total revenues	<u>29,878,584</u>	<u>160,440</u>	<u>30,039,024</u>	<u>29,494,806</u>	<u>321,316</u>	<u>29,816,122</u>
<b>Expenses</b>						
Program services						
Pastoral services	5,254,041	-	5,254,041	5,103,355	-	5,103,355
Education	2,686,236	-	2,686,236	2,733,388	-	2,733,388
Religious personnel development	1,890,793	-	1,890,793	2,230,005	-	2,230,005
Ministries and social services	5,036,537	-	5,036,537	4,438,295	-	4,438,295
Grants and donations	283,337	-	283,337	237,424	-	237,424
General and administrative services						
Diocesan administration	8,015,108	-	8,015,108	8,704,329	-	8,704,329
Insurance premiums and benefits	7,466,340	-	7,466,340	9,134,723	-	9,134,723
Fundraising	952,542	-	952,542	897,029	-	897,029
Total expenses	<u>31,584,934</u>	<u>-</u>	<u>31,584,934</u>	<u>33,478,548</u>	<u>-</u>	<u>33,478,548</u>
Excess (Deficiency) of Revenues over Expenses	<u>(1,706,350)</u>	<u>160,440</u>	<u>(1,545,910)</u>	<u>(3,983,742)</u>	<u>321,316</u>	<u>(3,662,426)</u>
<b>Other Changes in Net Assets</b>						
Investment income not used in operations	12,034,610	2,742,110	14,776,720	11,576,972	1,670,154	13,247,126
Gain on disposal of property, net of proceeds	-	-	-	329,603	-	329,603
Loss on legal settlements	(111,006)	-	(111,006)	(60,092)	-	(60,092)
Pension related changes other than net periodic pension cost	3,738,711	-	3,738,711	10,153,138	-	10,153,138
Total other changes in net assets	<u>15,662,315</u>	<u>2,742,110</u>	<u>18,404,425</u>	<u>21,999,621</u>	<u>1,670,154</u>	<u>23,669,775</u>
Change in Net Assets	13,955,965	2,902,550	16,858,515	18,015,879	1,991,470	20,007,349
Net Assets, Beginning of Year	<u>54,432,981</u>	<u>25,962,223</u>	<u>80,395,204</u>	<u>36,417,102</u>	<u>23,970,753</u>	<u>60,387,855</u>
Net Assets, End of Year	<u>\$ 68,388,946</u>	<u>\$ 28,864,773</u>	<u>\$ 97,253,719</u>	<u>\$ 54,432,981</u>	<u>\$ 25,962,223</u>	<u>\$ 80,395,204</u>

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Statements of Cash Flows  
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	\$ 16,858,515	\$ 20,007,349
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation expense	557,631	484,690
Gain on sale of land, property, and equipment	-	(329,603)
Unrealized gain on investments	(10,161,569)	(12,409,456)
Realized gain on investments	(1,854,104)	(107,603)
Contributions restricted for long-term purposes	(374,000)	(493,357)
Pension expense	(788,378)	(6,534,500)
Change in assets and liabilities		
Accounts receivable	1,342,906	1,028,951
Deposits and prepaid expenses	(558,023)	302,544
Accounts payable and accrued expenses	599,137	(354,696)
Funds held for others	10,666,066	1,925,205
Net Cash from Operating Activities	16,288,181	3,519,524
Investing Activities		
Purchase of land, property, and equipment	(346,177)	(143,984)
Proceeds from disposal of land, property, and equipment	-	445,751
Disbursement of notes receivable	(940,612)	-
Collections on notes receivable	15,415	61,830
Purchase of investments	(23,444,733)	(15,935,126)
Proceeds from sale of investments	13,202,427	14,050,871
Net Cash used for Investing Activities	(11,513,680)	(1,520,658)
Financing Activities		
Collection of contributions restricted for long-term purposes	374,000	493,357
Payments on notes payable	(502,894)	(445,509)
Net Cash from (used for) Financing Activities	(128,894)	47,848
Net Change in Cash and Cash Equivalents	4,645,607	2,046,714
Cash and Cash Equivalents, Beginning of Year	7,371,359	5,324,645
Cash and Cash Equivalents, End of Year	\$ 12,016,966	\$ 7,371,359
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 3,306	\$ 94,102

**Note 1 - Nature of Organization and Summary of Significant Accounting Policies**

**Organization**

The Chancery Office of The Roman Catholic Bishop of San Bernardino, also known as the Diocese of San Bernardino (the Diocese), is a nonprofit corporation established under the laws of the State of California, and operates as a religious organization. The Diocese is exempt from Federal and State income tax under provisions of Section 501(c) of the *Internal Revenue Code* as a member of group exemption number 928 and Section 23701d of the *California Revenue and Taxation Code* as a religious organization. The primary purpose of the accounting and reporting of financial information is for resources received and applied rather than the determination of net income.

The Chancery Office of The Roman Catholic Bishop (RCB) of San Bernardino, a Corporation Sole, is supported primarily through assessments to parishes under the direction of the Bishop and contributions.

**Financial Statement Presentation**

The financial statements have been prepared on the accrual basis of accounting in accordance with Accounting Principles and Reporting Practices for Churches and Church-Related Organizations, adopted by the National Conferences of Catholic Bishops, and in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements include the assets, liabilities, and operations of departments for which the Chancery Office, also called the Diocesan Pastoral Center (DPC or Diocese) of The Roman Catholic Bishop of San Bernardino, maintains direct operational control. The financial statements do not include the assets, liabilities, and operations of the parishes or any other affiliated organization under the jurisdiction of the Bishop, except for transactions with the DPC as reflected in the records of the DPC.

**Net Asset Categories**

The accompanying financial statements present information regarding the Diocese's financial position and results of activities according to the following net asset categories:

- Net assets without donor restrictions include all support that is not subject to donor-imposed restrictions. Property and equipment include all long-lived assets and renewal and replacement funds net of related liabilities. The board has designated, from net assets without donor restrictions, net assets for specific programs and events.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

- Net assets with donor restrictions include gifts and income subject to donor (or certain grantor) restrictions. Some donor-imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Diocese reports contributions restricted by donors as increases in net assets 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. It is also the Diocese's policy to release the restrictions on gifts of cash or other assets received for the acquisitions of long-lived assets when the long-lived assets are placed into service.

## Revenue Recognition

Parish assessments are assessments levied to the parishes and are calculated based on their assessable income each year. The Diocese's performance obligation for the assessment is for administrative services provided to the parishes. Insurance premiums are billed to the parishes and are calculated based on the insurance policy for the specific parish. The Diocese's performance obligation for the assessment is cost efficient insurance policies for parishes. The Diocese bills the parishes each month on the first of the month. Fees for other services are billed to the parishes and are calculated based on the individual contract agreements. The Diocese's performance obligation is other services provided to the parishes. The Diocese bills the parishes each month or quarterly depending on the specific contract. The Diocese's contracts do not contain variable consideration and contract modifications are generally minimal. These revenues are recognized when parishes are billed; therefore, there are no unbilled or deferred revenues. Additionally, parish assessments, insurance premiums, and other service revenues are recognized proportionately over time as services are simultaneously received and consumed by the parishes.

The beginning and ending balances for receivables from contracts with parishes were as follows for the year ended June 30, 2025:

	<u>2025</u>	<u>2024</u>
Accounts receivable	<u>\$ 3,564,485</u>	<u>\$ 3,146,855</u>

The beginning and ending balances for receivables from contracts with parishes were as follows for the year ended June 30, 2024:

	<u>2024</u>	<u>2023</u>
Accounts receivable	<u>\$ 3,146,855</u>	<u>\$ 3,401,079</u>

Contributions, including unconditional promises to give and the annual Diocesan Development Fund subsidy, are recognized as revenues in the period the contribution or unconditional promise is received. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift. Contributions are reported as net assets 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 released from restrictions.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

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When a donor's restriction is met within the same year as the donation, the donation is reported as net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Diocese did not have any conditional promises to give for the years ending June 30, 2025 and 2024.

A portion of the Diocese's revenues is derived from contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue, the Diocese has incurred expenditures in compliance with specific contract or grant provisions.

## Accounts Receivable and Allowance for Credit Losses

Accounts receivable represent amounts due from various parishes and other institutions within the Diocese for parish assessments, services fees, insurance, property taxes, and other fees, which are believed to be fully collectible unless an entity experiences a material adverse change in its ability to meet its financial obligations to the Diocese. The Diocese has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due).

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at June 30, 2025 and June 30, 2024 because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time).

Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at June 30, 2025 and 2024 totaled \$1,658,099 and \$1,477,823, respectively.

Changes in the allowance for credit losses for receivables are as follows for the years ended June 30:

	2025	2024
Allowance for Credit Losses, Beginning of Year	\$ 1,477,823	\$ 1,380,242
Provisions for credit losses	323,892	1,018,007
Charge-offs	(143,616)	(920,426)
Allowance for Credit Losses, End of Year	<u>\$ 1,658,099</u>	<u>\$ 1,477,823</u>

## Investment Return

Investment income and realized and unrealized gains and losses are recorded and reported as increases or decreases to the appropriate net asset category.

### **Expense Recognition**

Expenses are generally reported as decreases in net assets without donor restrictions. The financial statements present expenses by functional classification in accordance with the overall mission of the Diocese.

### **Allocation of Certain Expenses**

The statement of activities presents expenses by functional classification. Depreciation and the cost of operation and maintenance of facilities are allocated to functional categories based on building square footage dedicated to that specific function. Note 15 presents the detail of expenses presented by functional classification.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Diocese considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

### **Concentration of Credit Risk**

The Diocese maintains cash and investment balances at banks in excess of Federal Deposit of Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) limits. As of June 30, 2025, and 2024, the Diocese had approximately \$8.2 million and \$7.4 million, respectively in excess of FDIC limits. As of June 30, 2025, and 2024, the Diocese had approximately \$132.2 million and \$110.0 million, respectively in excess of SIPC limits. Deposit concentration risk is managed by placing cash and investment balances with financial institutions believed by the Diocese to be creditworthy. Management believes credit risk is limited.

### **Investments**

Where permitted by gift agreement and/or applicable Diocesan policies, the Diocese pools investments for management purposes. The remainder of investments is managed as separate investments. Cash equivalents are resources invested in money market funds, including any such investments held by external investment managers. Marketable securities are reported at fair market value, except for real estate investments, trust deed loans, and other miscellaneous assets, which are stated at cost.

The cost of securities sold is determined by the average cost method and is used to compute realized gains and losses. Unrealized gains and losses reflect the changes in the market values of investments from the prior year. Investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. The date of record for investments is the trade date.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets on the statements of activities. Realized gains and losses are also recorded on the statements of activities.

### **Endowment Funds**

The Diocese has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, the Diocese retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The mission of the Diocese and the purpose of the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and/or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Diocese
7. The investment policy of the Diocese

### **Management of Catholic Foundation Pooled Investment Funds**

The investment objectives of the Catholic Foundation endowment funds is to grow the funds over the long run and have earnings through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established for the medium (three years) and long-term (five years).

The endowment fund has a spending policy of appropriating 4.25% of the average of the three previous years ending fair market value.

### **Fair Value Measurement of Investment Assets**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the Diocese's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Diocese's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds, money market funds, and U.S. government and agency instruments with readily determinable fair values based on daily redemption values. The corporate bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The Diocese uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain private real estate funds, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

### **Property and Equipment**

Property and equipment are recorded at cost for purchased assets and appraised fair value for contributed assets. The assets are depreciated over their useful lives. The Diocese capitalizes land at the purchase cost or donated fair value, buildings at the purchase cost or construction cost. Capitalization for other assets includes equipment with an initial value in excess of \$5,000 and building, leasehold or land improvements with an initial value in excess of \$50,000; anything less is expensed in the current period. The straight-line method of depreciation is used for all depreciable assets. The estimated useful lives range from seven years to thirty years.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

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The Diocese reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the way the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at June 30, 2025 and 2024.

## Related Parties

Substantial portions of the Diocesan transactions are with related parishes and other religious organizations. The Diocese receives contributions from the Diocesan Development Fund, an affiliate, as an annual subsidy. At June 30, 2025 and 2024, the annual subsidy totaled \$5,170,000 and \$4,320,000, respectively. The Diocese has a note receivable with a parish, a legally separate but affiliated organization. The note receivable is for the costs of construction of a new building. The outstanding balance owed to the Diocese as of June 30, 2025 and 2024 was \$935,012 and \$0, respectively.

## Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

## Note 2 - Liquidity and Availability

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 sheet date, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,373,606	\$ 3,328,411
Investments	45,457,531	33,534,220
Accounts receivable, net	425,367	1,539,500
Notes receivable	947,484	15,812
	<u>\$ 50,203,988</u>	<u>\$ 38,417,943</u>

The Diocese uses these sources to meet its ongoing obligations with respect to general expenditures, liabilities and other obligations as they become due. Cash in excess of daily requirements is invested in various short-term investments with maturities designed to meet obligations as they come due.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

## Note 3 - Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments at June 30, 2025 and 2024 are as follows:

	2025	2024
Cash and cash equivalents	\$ 12,016,966	\$ 7,371,359
Investments	85,961,176	74,369,263
	\$ 97,978,142	\$ 81,740,622

Cash, cash equivalents, and investments at June 30, 2025 were held for the following purposes:

	2025	2024
<b>Grant Funds</b>		
Black & Indian grant	\$ 112,962	\$ 188,524
Campaign for Human Development grant	135,871	120,233
Catholic Education Foundation - Current year	43,344	47,322
<b>Insurance Funds</b>		
Property insurance fund	30,193	379,477
Auto insurance fund	292,939	456,956
Priests' pension plan	1,486,565	1,020,558
Workers' compensation fund	2,877,180	1,999,918
Priests' health plan	159,355	105,912
State unemployment insurance fund	6,481,445	5,905,064
Earthquake insurance fund	9,150,680	8,690,214
<b>Restricted Funds</b>		
Mission Center restricted donations	1,521,685	1,605,325
Catholic Foundation, for the benefit of Seminarians and Priests	24,554,970	21,937,266
<b>Designated Funds</b>		
Valley Missionary Program	278,319	244,276
Bishop charity and special work	757,402	732,727
Designated donations	1,700,509	1,349,070
<b>Other Funds</b>		
Excess funds	45,698,636	35,002,019
Payroll funds	1,088,488	-
Operating fund	376,369	589,362
Fixed asset funds	1,231,230	1,366,399
	\$ 97,978,142	\$ 81,740,622

At June 30, 2025 and 2024, funds held for Mission Center restricted donations of \$1,521,685 and \$1,605,325, respectively, and Catholic Foundation for the benefit of Seminarians and Priests of \$24,554,970 and \$21,937,266, respectively, represent funds that are restricted by virtue of the donor and by the canon laws regulating the activities of the Roman Catholic Church. The Diocese has fiduciary oversight over these funds and they are not available for Diocesan operations, as they are held for the charitable purpose for which they were specifically intended and given. Funds for the Catholic Foundation for the benefit of Seminarians and Priests are restricted in perpetuity through the Catholic Foundation Trust and trust agreements.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

The following schedule summarizes the Diocese's investment returns for the year ended June 30, 2025 and 2024:

	2025	2024
Interest and dividends	\$ 4,346,409	\$ 2,106,801
Unrealized gain for the year	10,161,569	12,409,456
Realized gain (loss) for the year	1,854,104	107,603
	16,362,082	14,623,860
Investment expense	(228,890)	(253,474)
Spending policy payout	(861,835)	(801,691)
Net investment returns	\$ 15,271,357	\$ 13,568,695

The following table summarizes the Diocese's investments at June 30, 2025:

	June 30, 2025		
	Adjusted Cost	Fair Market Value	Unrealized Gain (Loss) Cumulative
Money market funds	\$ 13,807,458	\$ 13,807,458	\$ -
Mutual funds	59,545,089	112,641,450	53,096,361
U.S. Government and agency instruments	2,303,890	2,106,410	(197,480)
Corporate bonds	2,456,841	2,333,845	(122,996)
Private real estate funds	1,713,370	1,895,983	182,613
	\$ 79,826,648	\$ 132,785,146	\$ 52,958,498

The following table summarizes the Diocese's investments at June 30, 2024:

	June 30, 2024		
	Adjusted Cost	Fair Market Value	Unrealized Gain (Loss) Cumulative
Money market funds	\$ 7,071,720	\$ 7,071,720	\$ -
Mutual funds	49,321,619	96,102,033	46,780,414
U.S. Government and agency instruments	2,715,600	2,354,601	(360,999)
Corporate bonds	3,304,677	3,148,404	(156,273)
Private real estate funds	1,670,124	1,850,409	180,285
	\$ 64,083,740	\$ 110,527,167	\$ 46,443,427

The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

**Note 4 - Fair Value Measurement of Financial Instruments**

The fair value measurements and level within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient, at June 30, 2025 and 2024 are as follows:

	June 30, 2025			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 13,807,458	\$ -	\$ -	\$ 13,807,458
Mutual funds	112,641,450	-	-	112,641,450
U.S. Government and agency instruments	2,106,410	-	-	2,106,410
Corporate bonds	-	2,333,845	-	2,333,845
At NAV				
Private real estate funds	-	-	-	1,895,983
	<u>\$ 128,555,318</u>	<u>\$ 2,333,845</u>	<u>\$ -</u>	<u>\$ 132,785,146</u>

  

	June 30, 2024			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 7,071,720	\$ -	\$ -	\$ 7,071,720
Mutual funds	96,102,033	-	-	96,102,033
U.S. Government and agency instruments	2,354,601	-	-	2,354,601
Corporate bonds	-	3,148,404	-	3,148,404
At NAV				
Private real estate funds	-	-	-	1,850,409
	<u>\$ 105,528,354</u>	<u>\$ 3,148,404</u>	<u>\$ -</u>	<u>\$ 110,527,167</u>

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2025 and 2024:

	June 30, 2025			Redemption Notice Period
	Number of Investments	Fair Value	Redemption Frequency	
Private real estate funds	15.8009	<u>\$ 1,895,983</u>	Quarterly	90 days

  

	June 30, 2024			Redemption Notice Period
	Number of Investments	Fair Value	Redemption Frequency	
Private real estate funds	15.3519	<u>\$ 1,850,409</u>	Quarterly	90 days

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

Private Real Estate Funds – Funds focused primarily on core real estate products with income and long-term appreciation potential in industrial, residential, office, retail, and specialty sectors in major markets nationwide. These investments are not redeemable. Instead, distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments range from 5 to 10 years.

## Note 5 - Accounts and Notes Receivable

Accounts receivable (net of allowance for credit losses) at June 30, 2025 and 2024 are as follows:

	2025	2024
General receivables	\$ 3,564,485	\$ 3,146,855
Payroll receivables	313,680	2,080,997
Other receivables	339,652	152,595
Total gross receivables	4,217,817	5,380,447
Less allowance for credit losses	(1,658,099)	(1,477,823)
Total accounts receivable, net	\$ 2,559,718	\$ 3,902,624

Notes receivable at June 30, 2025 and 2024 are as follows:

	2025	2024
Clergy receivable	\$ 1,762	\$ 3,762
Seminarian education notes receivable	170,257	178,072
Note receivable from parish	935,012	-
Total notes receivable	\$ 1,107,031	\$ 181,834

The Diocese has a note receivable with a parish, a legally separate but affiliated organization. The outstanding balance owed to the Diocese as of June 30, 2025 and 2024 was \$935,012 and \$0, respectively.

## Note 6 - Deposits and Prepaid Expenses

Deposits and prepaid expenses as of June 30, 2025 and 2024 were comprised of the following:

	2025	2024
Prepaid expenses - operating funds	\$ 46,812	\$ 26,999
Prepaid expenses - insurance funds	444,023	-
Deposit - insurance programs	278,710	184,523
Total deposits and prepaid expenses	\$ 769,545	\$ 211,522

The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

**Note 7 - Land, Property, and Equipment**

The composition of plant assets at June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 6,895,009	\$ 6,820,009
Construction in progress	187,841	141,664
Buildings	17,189,433	16,964,433
Equipment	1,557,837	1,557,837
Furnishings	452,528	452,528
Vehicles	192,432	192,432
	<u>26,475,080</u>	<u>26,128,903</u>
Total land, property, and equipment		
Accumulated depreciation	<u>(12,919,517)</u>	<u>(12,361,886)</u>
Total land, property, and equipment, net	<u>\$ 13,555,563</u>	<u>\$ 13,767,017</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$557,631 and \$484,690, respectively.

Assets with a value of \$217,063 are pledged as collateral for the notes payable referenced in Note 8.

**Note 8 - Notes Payable**

Notes payable at June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Citizens Business Bank note payable, interest rate of 3.50%, due September 6, 2026	\$ 658,370	\$ 1,161,264
Note payable to Wilfrid Lemann, successor trustee for property bequest, interest only payments at 6.00% annual interest	<u>55,000</u>	<u>55,000</u>
Total notes payable	<u>\$ 713,370</u>	<u>\$ 1,216,264</u>

Interest expense was \$3,306 and \$94,102 for the years ended June 30, 2025 and 2024, respectively.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

## Note 9 - Funds Held in Trust for Others

Funds held in trust for others totaled \$46,823,970 and \$36,157,904 at June 30, 2025 and 2024, respectively. These amounts represent other parish and school funds held in trust by the Diocese, and are detailed at June 30, 2025 and 2024 as follows:

	2025	2024
National collections (Religious retirement, combined collections)	\$ 968,402	\$ 294,723
State use tax and other tax withholdings	30,253	14,329
Parish funds - Insurance	195,690	195,690
Payroll funds - Employee health, pension, and other deductions	163,467	1,956,124
Catholic Foundation and Education		
Foundation funds (schools and parishes)	36,582,423	33,612,717
ERC and other grant funds reserved for parishes and schools	8,882,735	-
Other	1,000	84,321
	\$ 46,823,970	\$ 36,157,904

## Note 10 - Pension Plans

### Pension Plans for Priests

The Diocese adopted a pension plan for priests in conjunction with the Diocese of San Diego. All priests under the authority of the Diocese shall be eligible to participate in the plan provided they make the required contributions. Priest contributions are \$33.33 per month, payable in semi-annual or annual payments.

Pension expense for the years ended June 30, 2025 and 2024, was \$1,524,973 and \$1,261,167, respectively, allocable to the Diocese of San Bernardino. These amounts include normal cost plus amortization of unfunded past service cost and reflect the required contribution for the plan year ended June 30, 2025. The plan uses a projected method that takes into account future service and, therefore, produces a measure of plan liabilities that exceed plan assets. This amount will be funded over the entire working lifetime of the current group of priests in the valuation.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

The changes in the pension benefit obligation and fair value of plan assets for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Benefit obligations, beginning of year	\$ 18,257,163	\$ 16,523,806
Service cost	560,754	388,960
Expected employee contributions	26,900	33,109
Interest cost	974,226	834,823
Actuarial loss	54,870	75,140
Change in assumptions	(256,686)	1,585,375
Benefit payments	(1,160,021)	(1,184,050)
	18,457,206	18,257,163
Fair value of plan assets, beginning of year	13,870,859	12,995,748
Actual return on plan assets	1,672,238	1,318,752
Actual employee contributions	26,900	33,109
Benefit payments	(1,160,021)	(1,184,050)
Employer contribution	768,000	707,300
	15,177,976	13,870,859
Unfunded	\$ (3,279,230)	\$ (4,386,304)
Accumulated benefit obligation, end of year	\$ 15,646,308	\$ 15,618,576

Net periodic pension costs for the years ended June 30, 2025 and 2024 was:

	2025	2024
Net periodic pension cost		
Service cost	\$ 560,754	\$ 388,960
Interest cost	974,226	834,823
Expected return on plan assets	(821,298)	(766,436)
Amortization of net loss	433,784	426,307
Amortization of transition obligation	358,903	358,909
Amortization of prior service costs	18,604	18,604
	\$ 1,524,973	\$ 1,261,167

Items not recognized as a component of net periodic pension cost for the years ended June 30, 2025 and 2024 was:

	2025	2024
Items not yet recognized as a component of net periodic pension cost		
Transition obligation	\$ -	\$ 358,903
Prior year service costs	78,881	97,485
Net loss	5,110,804	6,597,344
	\$ 5,189,685	\$ 7,053,732

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

The following are weighted-average assumptions used to determine benefit obligations at June 30, 2025 and 2024:

	2025	2024
Discount rate	5.61%	5.49%
Rate of compensation increase	3.00%	3.00%

The following are weighted-average assumptions used to determine net periodic pension cost for the years ended June 30, 2025 and 2024:

	2025	2024
Discount rate	5.61%	5.49%
Rate of compensation increase	3.00%	3.00%
Expected long-term rate of return on plan assets	6.00%	6.00%

The Diocese's expected long-term rate of return on plan assets assumption was derived from an analysis conducted by the Diocese's actuaries. The analysis included a review of the asset allocation strategy, anticipated future long-term performance of individual asset classes, and risks and correlations for each of the asset classes that comprise the asset allocation. While the analysis gives appropriate consideration to recent performance and historical returns, the assumption is primarily a long-term prospective rate.

The following table sets forth by level, within the fair value hierarchy, the pension plan's assets at fair value as of June 30, 2025 and 2024:

June 30, 2025	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 506,824	\$ 506,824	\$ -	\$ -
Real estate investment fund	700,000	-	700,000	-
Equity mutual funds	10,607,278	10,607,278	-	-
Fixed income mutual funds	3,363,874	3,363,874	-	-
Total assets at fair value	\$ 15,177,976	\$ 14,477,976	\$ 700,000	\$ -
<b>June 30, 2024</b>				
Cash and cash equivalents	\$ 510,741	\$ 510,741	\$ -	\$ -
Equity securities	139	139	-	-
Equity mutual funds	10,190,793	10,190,793	-	-
Fixed income mutual funds	3,169,186	3,169,186	-	-
Total assets at fair value	\$ 13,870,859	\$ 13,870,859	\$ -	\$ -

The pension benefit plan assets are carried at fair value in accordance with the fair value hierarchy as discussed in Note 1.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

In setting investment policies and strategies, the ability of the selected investment allocation to fund the pension plan liabilities effectively, meet the long-term return target, and align the selected allocation with the risk tolerance of the plan’s fiduciaries was taken into account. The strategic allocation has reduced exposure to market risk and increased allocation to asset classes which are not highly correlated, as well as asset classes where management has historically generated excess returns, and places greater emphasis on manager skills to produce excess return while employing various risk mitigation strategies to reduce volatility.

The target allocation and actual allocation of the plan assets for the year ended June 30, 2025, are summarized in the following table:

Assets by Category	Target Allocation	Actual Allocation
Interest bearing cash	3%	3%
Equity	0%	5%
Equity mutual funds	72%	70%
Debt	25%	22%

The target allocation and actual allocation of the plan assets for the year ended June 30, 2024, are summarized in the following table:

Assets by Category	Target Allocation	Actual Allocation
Interest bearing cash	3%	4%
Equity	0%	0%
Equity mutual funds	72%	73%
Debt	25%	23%

The Diocese expects to contribute \$735,600 to the pension plan in the 2026 fiscal year.

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in following five fiscal years:

2026	\$	1,141,811
2027		1,126,430
2028		1,131,529
2029		1,139,987
2030		1,187,282
2031-2035		6,214,711

## **Restated Pension Plan for Lay Employees**

The Diocese of San Bernardino maintains a defined benefit plan for lay employees. The plan was amended and restated on September 1, 2009. All regular and full-time employees of the Diocese shall be eligible to participate in the plan provided they agree to make the required contributions under the plan. The plan is funded in part by employee contributions of two percent of gross wages. The Diocese contributes 7.5% of payroll.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

Benefits under the plan are determined based on a formula which takes into account years of service and the monthly average of total compensation paid during the five (5) consecutive years of participation when compensation was the highest. Effective with the plan year September 1, 2011, the benefit formula has been changed to take into account years of service and the monthly average total compensation paid during the ten (10) consecutive years of participation when compensation was the highest. Normal retirement is the first day of the month upon attaining age 65. Each year, an actuarial valuation is performed to determine the benefit security of the participants and the sufficiency of the Diocesan contributions on an ongoing plan basis.

As of September 1, 2024, there are 2,002 total lay plan participants; covered payroll for 666 active participants was \$32,370,228.

The changes in the pension benefit obligation and fair value of plan assets for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Benefit obligations, beginning of year	\$ 103,589,636	\$ 104,035,098
Service cost	1,248,222	1,839,502
Expected employee contributions	954,262	711,843
Interest cost	5,562,385	5,333,096
Actuarial loss	1,202,120	87,142
Change in assumptions	4,659,874	(3,307,709)
Benefit payments	(5,701,787)	(5,109,336)
Benefit obligations, end of year	111,514,712	103,589,636
Fair value of plan assets, beginning of year	90,998,751	84,051,467
Actual return on plan assets	10,096,620	8,665,724
Actual employee contributions	974,455	1,017,872
Benefit payments	(5,701,787)	(5,109,336)
Employer contribution	2,237,092	2,373,024
Fair value of plan assets, end of year	98,605,131	90,998,751
Unfunded	\$ (12,909,581)	\$ (12,590,885)
Accumulated benefit obligation, end of year	\$ 101,940,427	\$ 97,408,453

Net periodic pension costs for the years ended June 30, 2025 and 2024 consisted of the following:

	2025	2024
Net periodic pension cost		
Service cost	\$ 1,248,222	\$ 1,839,502
Interest cost	5,562,385	5,333,096
Expected return on plan assets	(5,385,247)	(5,407,496)
Recognition of net loss	-	592,369
Net periodic pension cost	\$ 1,425,360	\$ 2,357,471

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

Items not recognized as a component of net periodic pension cost for the years ended June 30, 2025 and 2024 was:

	2025	2024
Items not yet recognized as a component of net periodic pension cost		
Transition obligation	\$ -	\$ -
Prior year service costs	-	-
Net loss	-	592,369
Items not yet recognized as a component of net periodic pension cost	\$ -	\$ 592,369

The following are weighted-average assumptions used to determine benefit obligations at June 30, 2025 and 2024:

	2025	2024
Discount rate	5.62%	5.48%
Rate of compensation increase	1.00%	3.00%

The following are weighted-average assumptions used to determine net periodic pension cost for the years ended June 30, 2025 and 2024:

	2025	2024
Discount rate	5.62%	5.48%
Rate of compensation increase	1.00%	3.00%
Expected long-term rate of return on plan assets	6.00%	6.00%

The Diocese's expected long-term rate of return on plan assets assumption was derived from an analysis conducted by the Diocese's actuaries. The analysis included a review of the asset allocation strategy, anticipated future long-term performance of individual asset classes, and risks and correlations for each of the asset classes that comprise the asset allocation. While the analysis gives appropriate consideration to recent performance and historical returns, the assumption is primarily a long-term prospective rate.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

The following table sets forth by level, within the fair value hierarchy, the pension plan's assets at fair value as of June 30, 2025 and 2024:

<u>June 30, 2025</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 468,686	\$ 468,686	\$ -	\$ -
Equity mutual funds	62,612,652	62,612,652	-	-
Fixed income mutual funds	31,935,274	31,935,274	-	-
Real estate investment fund	<u>3,588,519</u>	<u>-</u>	<u>3,588,519</u>	<u>-</u>
Total assets at fair value	<u>\$ 98,605,131</u>	<u>\$ 95,016,612</u>	<u>\$ 3,588,519</u>	<u>\$ -</u>
<u>June 30, 2024</u>				
Cash and cash equivalents	\$ 792,337	\$ 792,337	\$ -	\$ -
Equity mutual funds	55,271,923	55,271,923	-	-
Fixed income mutual funds	31,431,583	31,431,583	-	-
Real estate investment fund	<u>3,502,908</u>	<u>-</u>	<u>3,502,908</u>	<u>-</u>
Total assets at fair value	<u>\$ 90,998,751</u>	<u>\$ 87,495,843</u>	<u>\$ 3,502,908</u>	<u>\$ -</u>

The pension benefit plan assets are carried at fair value in accordance with the fair value hierarchy as discussed in Note 1.

In setting investment policies and strategies, the ability of the selected investment allocation to fund the pension plan liabilities effectively, meet the long-term return target, and align the selected allocation with the risk tolerance of the plan's fiduciaries was taken into account. The strategic allocation has reduced exposure to market risk and increased allocation to asset classes which are not highly correlated, as well as asset classes where management has historically generated excess returns, and places greater emphasis on manager skills to produce excess return while employing various risk mitigation strategies to reduce volatility.

The target allocation and actual allocation of the plan assets for the year ended June 30, 2025, are summarized in the following table:

<u>Assets by Category</u>	<u>Target Allocation</u>	<u>Actual Allocation</u>
Interest bearing cash	0%	0%
Equity securities	0%	0%
Equity common collective trust	0%	0%
Equity mutual funds	60%	64%
Debt mutual funds	35%	32%
Debt securities	0%	0%
Real estate	5%	4%

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

The target allocation and actual allocation of the plan assets for the year ended June 30, 2024, are summarized in the following table:

Assets by Category	Target Allocation	Actual Allocation
Interest bearing cash	0%	0%
Equity securities	0%	0%
Equity common collective trust	0%	0%
Equity mutual funds	60%	61%
Debt mutual funds	35%	35%
Debt securities	0%	0%
Real estate	5%	4%

The Diocese expects to contribute \$3,300,424 to the pension plan in the 2026 fiscal year.

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid in following five fiscal years:

2026	\$ 5,892,719
2027	6,098,346
2028	6,288,399
2029	6,548,582
2030	6,754,338
2031-2035	36,257,003

## **Note 11 - Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the fiscal year.

	2025	2024
Purpose of restrictions accomplished		
Mission and denominational support	\$ 1,109,216	\$ 733,729
Mission office expense	238,799	175,113
Grant expenses	559,443	376,637
Catholic Education Foundation grants	58,400	54,000
	\$ 1,965,858	\$ 1,339,479

## **Note 12 - Insurance Reserve Liability**

The Diocese has established a self-insured reserve for automobile insurance coverage in the amount of \$250,000.

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

## Note 13 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

Net assets subject to donor-imposed restrictions that either lapse through the passage of time or can be satisfied through the actions of the Diocese, and endowment gains available for use under the Diocese's spending policy:

	2025	2024
Mission and denominational support		
Propagation of the Faith	\$ 1,211,710	\$ 939,002
Catholic Relief Services	498,608	534,349
Holy Childhood Association	(60,151)	11,024
National World Apostolates	175,881	203,273
Grant income	1,180,906	1,380,276
Bishop's charity work	757,402	711,727
Catholic Education Foundation	43,344	41,953
Family Trust for Charismatic Renewal	203,353	203,353
	\$ 4,011,053	\$ 4,024,957

Net assets restricted to investment in perpetuity through the Catholic Foundation Trust and trust agreements, the investment returns from which is expendable to support:

	With Donor Restrictions	
	2025	2024
Diocesan activities	\$ 1,225,092	\$ 1,111,812
Seminarian activities and education	11,724,177	9,916,004
Priest relief endowment	11,815,696	10,827,011
Priests ongoing education	88,755	82,439
Total	\$ 24,853,720	\$ 21,937,266

The corpus balance restricted to investment in perpetuity was \$14,069,754 and \$13,444,514 at June 30, 2025 and June 30, 2024, respectively.

The changes in endowment funds for the years then ended are as follows:

	With Donor Restrictions	
	2025	2024
Endowment funds, beginning of year	\$ 21,937,266	\$ 19,884,304
Interest and dividends	911,373	539,767
Gain in value of assets	2,524,761	1,854,006
Contributions	374,000	493,357
Fees	(30,595)	(32,477)
Depreciation	(1,250)	-
Distributions	(861,835)	(801,691)
Endowment funds, end of year	\$ 24,853,720	\$ 21,937,266

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Diocese has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

**Note 14 - Catholic Umbrella Pool**

The Catholic Umbrella Pool (the Pool or CUP) was created as a self-insurance fund for certain (Arch) Dioceses of The Roman Catholic Church in North America. Effective July 1, 1987, the Pool provides excess liability coverage for its membership. The Pool is responsible for the following coverage, as described in their disclosure statement, for:

**Liability (Occurrence Based):**

Pool Members:

July 1, 1987 to July 1, 1988	\$3,700,000 in excess of \$1,300,000
July 1, 1988 to July 1, 1999	\$3,500,000 in excess of \$1,500,000
July 1, 1999 to July 1, 2002	No exposure (reinsurance purchased)
July 1, 2002 to July 1, 2003	46% of \$3,500,000 in excess of \$1,500,000
	10% of \$15,500,000 in excess of \$5,000,000
July 1, 2003 to January 1, 2005	50% of \$3,500,000 in excess of \$1,500,000
	20% of \$15,500,000 in excess of \$5,000,000
January 1, 2005 to January 1, 2007	74.995% of \$3,500,000 in excess of \$1,500,000
	25% of \$15,500,000 in excess of \$5,000,000
January 1, 2007 to January 1, 2013	74.996% of \$3,500,000 in excess of \$1,500,000
	30% of \$15,500,000 in excess of \$5,000,000
January 1, 2013 to January 1, 2014	74.998% of \$3,500,000 in excess of \$1,500,000
	70.831% of \$3,500,000 in excess of \$1,500,000*
	40% of \$5,000,000 in excess of \$5,000,000
	30% of \$10,500,000 in excess of \$10,000,000
January 1, 2014 to January 1, 2019	75% of \$3,500,000 in excess of \$1,500,000
	(Includes Nursing Home Liability)
	40% of \$5,000,000 in excess of \$5,000,000
	30% of \$10,500,000 in excess of \$10,000,000
January 1, 2019 to present	100% of \$3,500,000 in excess of \$1,500,000
	75% of \$3,500,000 in excess of \$1,500,000*
	40% of \$5,000,000 in excess of \$5,000,000
	10% of \$10,500,000 in excess of \$10,000,000

\*Excess Nursing Home Liability

# The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

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All Certificates issued by the Society (after CUP or CUP II retention, if applicable):

July 1, 2002 to July 1, 2003	10% of \$19,000,000 in excess of \$1,500,000
July 1, 2003 to January 1, 2005	20% of \$19,000,000 in excess of \$1,500,000
January 1, 2005 to January 1, 2007	25% of \$19,000,000 in excess of \$1,500,000
January 1, 2007 to January 1, 2013	30% of \$19,000,000 in excess of \$1,500,000
January 1, 2013 to January 1, 2019	40% of \$8,500,000 in excess of \$1,500,000 30% of \$3,500,000 in excess of \$1,500,000*
January 1, 2019 to present	30% of \$10,500,000 in excess of \$10,000,000 40% of \$8,500,000 in excess of \$1,500,000 30% of \$3,500,000 in excess of \$1,500,000* 10% of \$10,500,000 in excess of \$10,000,000

\*Excess Nursing Home Liability

The Pool also participates at five percent for coverages in excess of \$500,000 to a limit of \$1,500,000 for certificates issued from July 1, 2007 to January 2012, and at ten percent for certificates issued from January 1, 2012 to January 1, 2013, and at forty percent for certificates issued after January 1, 2013.

Sexual Misconduct (Occurrence Based to July 1, 1990, Claims-Made Basis thereafter):

Pool Members (Occurrence Based):

July 1, 1987 to July 1, 1990	\$150,000 in excess of \$100,000
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All Certificates issued by the Society (Claims-Made Basis):

July 1, 1990 to present	30% of \$3,500,000 in excess of \$1,500,000
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These coverages are placed through the Catholic Mutual Relief Society of America and the Catholic Relief Insurance Company of America (CRIC), and include both Pool and non-Pool members. Member (Arch) Dioceses are liable for any losses beyond the Pool's responsibilities to fund such losses. A member may elect to obtain morality coverage outside the Pool with the approval of the Board of Trustees.

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Notes to Financial Statements

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**Note 15 - Functional Expense**

The following schedule presents the natural classification of expenses by function for the years ended June 30, 2025 and 2024:

	2025											
	Program					Total Program	Management and Administrative			Total Management and Administration	Fundraising	Total
	Pastoral Services	Education	Religious Personnel	Ministries and Social Services	Grants and Donations		Diocesan Administration	Insurances				
Personnel costs	\$3,972,825	\$2,129,051	\$360,553	\$2,538,027	\$-	\$9,000,456	\$4,286,483	\$3,018,527	\$7,305,010	\$345,014	\$16,650,480	
Contract services	24,740	60,281	7,295	31,403	50,925	174,644	1,179,693	630	1,180,323	198,436	1,553,403	
Facility, construction and equipment costs	601,065	28,287	5,333	464,384	10,735	1,109,804	869,371	4,056,990	4,926,361	1,818	6,037,983	
Office, printing, and other expenses	292,565	64,876	29,660	278,738	4,594	670,433	940,709	326,214	1,266,923	376,192	2,313,548	
Education and travel	138,460	144,596	50,735	98,112	25,341	457,244	68,969	57,523	126,492	25,150	608,886	
Special events	217,149	242,862	462,217	103,295	26,235	1,051,758	284,093	6,311	290,404	5,932	1,348,094	
Donations, gifts, charity, and subsidies	7,237	-	975,000	1,521,230	165,507	2,668,974	36,842	145	36,987	-	2,705,961	
Diocesan dues and assessments	-	16,283	-	-	-	16,283	348,948	-	348,948	-	365,231	
Interest expense	-	-	-	1,348	-	1,348	-	-	-	-	1,348	
<b>Total Expenses</b>	<b>\$5,254,041</b>	<b>\$2,686,236</b>	<b>\$1,890,793</b>	<b>\$5,036,537</b>	<b>\$283,337</b>	<b>\$15,150,944</b>	<b>\$8,015,108</b>	<b>\$7,466,340</b>	<b>\$15,481,448</b>	<b>\$952,542</b>	<b>\$31,584,934</b>	

The Chancery Office of The Roman Catholic Bishop of San Bernardino

Notes to Financial Statements

June 30, 2025 and 2024

	2024										
	Program					Management and Administrative			Total Management and		
	Pastoral Services	Education	Religious Personnel	Ministries and Social Services	Grants and Donations	Total Program	Diocesan Administration	Insurances	Administration	Fundraising	Total
Personnel costs	\$3,838,859	\$2,054,365	\$ 257,265	\$ 2,197,562	\$ -	\$ 8,348,051	\$ 3,936,259	\$5,159,270	\$ 9,095,529	\$ 330,139	\$ 17,773,719
Contract services	11,348	34,350	5,900	22,392	5,000	78,990	1,013,706	38,851	1,052,557	144,478	1,276,025
Facility, construction and equipment costs	548,660	39,445	7,508	379,597	8,773	983,983	804,913	3,628,107	4,433,020	1,672	5,418,675
Office, printing, and other expenses	472,526	62,217	18,874	106,715	794	661,126	2,071,147	270,349	2,341,496	356,831	3,359,453
Education and travel	77,008	221,508	85,654	105,562	750	490,482	43,993	35,640	79,633	4,631	574,746
Special events	151,298	321,503	426,354	58,318	392	957,865	328,462	2,506	330,968	10,504	1,299,337
Donations, gifts, charity, and subsidies	3,656	-	1,428,450	1,564,849	221,715	3,218,670	-	-	-	48,774	3,267,444
Diocesan dues and assessments	-	-	-	-	-	-	415,047	-	415,047	-	415,047
Interest expense	-	-	-	3,300	-	3,300	90,802	-	90,802	-	94,102
<b>Total Expenses</b>	<b>\$5,103,355</b>	<b>\$2,733,388</b>	<b>\$2,230,005</b>	<b>\$ 4,438,295</b>	<b>\$ 237,424</b>	<b>\$ 14,742,467</b>	<b>\$ 8,704,329</b>	<b>\$9,134,723</b>	<b>\$ 17,839,052</b>	<b>\$ 897,029</b>	<b>\$ 33,478,548</b>

**Note 16 - Commitments and Contingencies**

**Litigation**

The Diocese is involved in lawsuits arising in the ordinary course of its operations. In the opinion of management, the ultimate resolution of these lawsuits is not expected to have a material effect on the Diocese's financial position or change in net assets.

**Note 17 - Subsequent Events**

The Diocese's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through April 10, 2026, which is the date the financial statements were available to be issued.