

ROMAN CATHOLIC BISHOP OF FALL RIVER,
A CORPORATION SOLE
OFFICE OF DIOCESAN HEALTH FACILITIES

FALL RIVER, MASSACHUSETTS

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022



LIVINGSTON & HAYNES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Established 1936

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the Office of Diocesan Health Facilities of the Roman Catholic Bishop of Fall River, a Corporation Sole, ("the Facility") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office of Diocesan Health Facilities of the Roman Catholic Bishop of Fall River, a Corporation Sole, as of December 31, 2023 and 2022, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Facility and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Facility's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Facility'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 Facility'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.

Livingston + Hayne, P.C.

Wellesley, Massachusetts

April 29, 2024

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
OFFICE OF DIOCESAN HEALTH FACILITIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,793	\$ 23,602
Other receivables	43	-
Due from affiliates	190,781	87,730
Prepaid expenses	<u>3,900</u>	<u>3,428</u>
TOTAL CURRENT ASSETS	203,517	114,760
Property and equipment:		
Land improvements	23,180	23,180
Leasehold improvements	284,536	284,536
Equipment	<u>183,847</u>	<u>183,847</u>
	491,563	491,563
Less allowances for depreciation and amortization	<u>454,574</u>	<u>441,150</u>
	36,989	50,413
Operating lease right-of-use assets	<u>12,863</u>	<u>19,424</u>
TOTAL ASSETS	<u>\$ 253,369</u>	<u>\$ 184,597</u>

LIABILITIES AND NET ASSETS (DEFICIT)

Accounts payable	\$ 29,947	\$ 58,333
Due to affiliates	1,429,500	1,593,581
Other current liabilities	135,777	166,072
Current portion of operating lease liabilities	6,827	6,561
Current portion of long-term debt	<u>8,806</u>	<u>9,295</u>
TOTAL CURRENT LIABILITIES	1,610,857	1,833,842
Operating lease liabilities, less current portion	6,036	12,863
Long-term debt, less current portion	<u>239,941</u>	<u>248,747</u>
TOTAL LIABILITIES	1,856,834	2,095,452
Net assets (deficit) without donor restrictions	<u>(1,603,465)</u>	<u>(1,910,855)</u>
TOTAL NET ASSETS (DEFICIT)	<u>(1,603,465)</u>	<u>(1,910,855)</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 253,369</u>	<u>\$ 184,597</u>

See accompanying notes to financial statements.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
OFFICE OF DIOCESAN HEALTH FACILITIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Revenue and other support:		
Management fees	\$ 1,770,400	\$ 1,736,556
Interest	23	65
Other	<u>112,996</u>	<u>47,484</u>
 TOTAL REVENUE AND OTHER SUPPORT	 1,883,419	 1,784,105
 Expenses:		
Program services: nursing home management	1,446,123	1,520,824
Supporting services: management and general	<u>129,906</u>	<u>137,146</u>
 TOTAL EXPENSES	 <u>1,576,029</u>	 <u>1,657,970</u>
 CHANGE IN NET ASSETS	 307,390	 126,135
 Net assets (deficit) at beginning of year	 <u>(1,910,855)</u>	 <u>(2,036,990)</u>
 NET ASSETS (DEFICIT) AT END OF YEAR	 <u>\$ (1,603,465)</u>	 <u>\$ (1,910,855)</u>

See accompanying notes to financial statements.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
OFFICE OF DIOCESAN HEALTH FACILITIES
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		
	PROGRAM SERVICES	SUPPORTING SERVICES	
	Nursing Home Management	Management and General	Total
Salaries	\$ 1,025,551	\$ 72,345	\$ 1,097,896
Payroll taxes	75,128	5,300	80,428
Employee benefits	243,726	17,193	260,919
Office expenses	51,578	21,636	73,214
Travel	1,794	-	1,794
Professional fees	634	10,185	10,819
Insurance	5,583	596	6,179
Depreciation and amortization	13,424	-	13,424
Interest	6,317	-	6,317
Advertising	-	163	163
Occupancy	22,388	2,488	24,876
Licenses and dues	-	-	-
Miscellaneous	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES AS PRESENTED ON THE STATEMENTS OF ACTIVITIES	<u>\$ 1,446,123</u>	<u>\$ 129,906</u>	<u>\$ 1,576,029</u>

See accompanying notes to financial statements.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
OFFICE OF DIOCESAN HEALTH FACILITIES
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2022		
	PROGRAM SERVICES	SUPPORTING SERVICES	
	Nursing Home Management	Management and General	Total
Salaries	\$ 1,059,837	\$ 78,145	\$ 1,137,982
Payroll taxes	75,046	5,533	80,579
Employee benefits	266,039	19,616	285,655
Office expenses	54,827	22,276	77,103
Travel	626	-	626
Professional fees	9,663	7,092	16,755
Insurance	5,045	541	5,586
Depreciation and amortization	15,763	-	15,763
Interest	6,530	-	6,530
Advertising	-	956	956
Occupancy	26,881	2,987	29,868
Licenses and dues	369	-	369
Miscellaneous	198	-	198
TOTAL EXPENSES AS PRESENTED ON THE STATEMENTS OF ACTIVITIES	<u>\$ 1,520,824</u>	<u>\$ 137,146</u>	<u>\$ 1,657,970</u>

See accompanying notes to financial statements.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
OFFICE OF DIOCESAN HEALTH FACILITIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 307,390	\$ 126,135
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,424	15,763
Noncash lease expense	6,561	5,509
(Increase) decrease in:		
Due from affiliates	(103,051)	(8,856)
Other receivable	(43)	-
Prepaid expenses	(472)	599
Increase (decrease) in:		
Accounts payable	(28,386)	23,344
Operating lease liabilities	(6,561)	(5,509)
Due to affiliates	20,919	(25,557)
Other current liabilities	(30,295)	27,647
TOTAL ADJUSTMENTS	<u>(127,904)</u>	<u>32,940</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	179,486	159,075
Cash flows from investing activities:		
Funds received from affiliates	25,000	40,000
Funds advanced to affiliates	<u>-</u>	<u>(55,000)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>25,000</u>	<u>(15,000)</u>
Cash flows from financing activities:		
Principal payments of long-term debt	(9,295)	(7,670)
Funds paid back to affiliates	<u>(210,000)</u>	<u>(160,000)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(219,295)</u>	<u>(167,670)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,809)	(23,595)
Cash and cash equivalents at beginning of year	<u>23,602</u>	<u>47,197</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,793</u>	<u>\$ 23,602</u>
Supplemental disclosures of cash flow information:		
Noncash investing and financing transactions:		
Operating lease assets obtained in exchange for lease obligations	\$ -	\$ 24,933
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	\$ 6,873	\$ 6,010

See accompanying notes to financial statements.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
OFFICE OF DIOCESAN HEALTH FACILITIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation

The Office of Diocesan Health Facilities (“the Facility”) is an organizational division of the Roman Catholic Bishop of Fall River, a Corporation Sole (“the Diocese”), which provides management services to the five, separately incorporated, related Diocesan Nursing Homes (Catholic Memorial Home, Inc., Our Lady's Haven of Fairhaven, Inc., Madonna Manor, Inc., Marian Manor, Inc. and Sacred Heart Home), the Cardinal Medeiros Residence, and the Priest's Hostel. The Facility is located in Fall River, Massachusetts. The financial statements represent the financial activity of the Facility only and do not include any financial information with respect to the five Diocesan Nursing Homes or the Diocese as a whole. All of the Facility's revenue comes from affiliated entities.

Land and buildings used by the Facility are held in the name of the Diocese; consequently, the cost of the property is recorded on the financial statements of the Diocese. Certain other assets such as equipment and improvements paid for by the Facility are recorded as assets in the Facility's statements of financial position.

New Accounting Pronouncement

Allowance for Credit Losses

On January 1, 2023, the Facility adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost. ASC 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities that management does not intend to sell or believes that it is more likely than not they will be required to sell. The Facility adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and the adoption did not have an effect on reported assets, liabilities, or net assets. There are additional disclosures that are required under the ASU and are included in Note C.

Accrual Basis

The financial statements of the Facility have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Net assets (deficit), revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets (deficit) without donor restrictions - Net assets (deficit) available for use in general operations and not subject to donor-imposed stipulations.

Net assets (deficit) with donor restrictions - Net assets (deficit) subject to donor-imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Facility had no net assets (deficit) with donor restrictions at December 31, 2023 and 2022.

Revenues are reported as increases in net assets (deficit) without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets (deficit) without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets (deficit) without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of time restrictions on net assets (deficit) (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets (deficit) as net assets (deficit) released from restrictions.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition and Operations

Under accounting standards, revenue may be earned under exchange transactions or contributions transactions as follows:

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Operations (Continued)

Earned Support

Exchange transactions are measured via a principles-based process that requires entities: 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction prices; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied. Exchange transaction revenues are under arrangements that are one year or less in length.

The Facility charges management fees to the five Diocesan Nursing Homes. At the beginning of each year, the Facility determines what fees will be charged to these entities based on the budgeting needs of the Facility's operations.

In order to recognize the management fees revenue, the Facility identifies the related entity's contract, identifies the performance obligations in the contract, determines the transaction price, allocates the transaction price to the performance obligations in the contract, and recognizes revenue when (or as) the Facility satisfies a performance obligation. The management fees are usually recognized over the performance period which is usually monthly. All management fees are recognized over time, rather than at a point in time.

At December 31, 2023 and 2022, there are \$140,933 and \$-0-, respectively, in contract receivables related to management fees.

Contributed Support

Grants and contributions are considered contributed support. In connection with conditional grants and other conditional funding for which the funding source has a right of return or right of release, the Facility recognizes the related revenue after it has overcome any applicable barriers thereby entitling the Facility to the assets transferred or promised. Amounts received prior to overcoming the applicable barriers are reported as deferred revenues in the statements of financial position.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions to be used to acquire property and equipment are reported as revenue of the net assets (deficit) with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets. Contributions of financial assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable would be provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
OFFICE OF DIOCESAN HEALTH FACILITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Operations (Continued)

Contributed Support (Continued)

The Facility recognizes governmental grants once there is reasonable assurance that any conditions attached to the grant will be met and the grant will be received. Once there is reasonable assurance that the conditions will be met, the grant is recognized on a systematic basis over the periods in which the Facility recognizes as expenses the related costs for which the grants are intended to compensate. Thus, the Facility would initially record the governmental grant as a deferred income liability and then reduce the liability and recognize revenue as the Facility recognized the related cost to which the grant relates.

Contributions of Nonfinancial Assets

Contributions of property and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenue of the net assets (deficit) without donor restrictions. Contributions of other nonfinancial assets are recorded at their estimated fair value.

During the years ended December 31, 2023 and 2022, the Facility did not receive any contributions of nonfinancial assets.

The Facility's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow the Facility to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, insurance, and occupancy which are allocated on a square footage basis, as well as salaries, payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank, cash on hand, and short-term highly liquid investments, with maturities at purchase of less than three months.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost at date of acquisition or, if donated, at the market value on the date of the gift less accumulated depreciation and amortization. Maintenance repairs and minor renewals are expensed as incurred and renewals and betterments are capitalized. When an asset is retired or disposed of, the related costs and allowances for depreciation and amortization are removed from the accounts and any gain or loss on the disposition is reflected in the statements of activities. Provision for depreciation and amortization is made on the straight-line method by annual charges to the statements of activities calculated to absorb the costs over the estimated useful lives of the assets.

The estimated useful lives of these assets are as follows:

Land improvements	10 years
Leasehold improvements	10-20 years
Equipment	5 years

Income Taxes

As an organizational division of the Diocese, the Facility is exempt from federal and state income taxes due to the Diocese being listed in the Official Roman Catholic Directory as a religious organization. As such, it is not required to file the Federal Form 990, "Return of Organization Exempt from Income Tax" and the Commonwealth of Massachusetts Form PC. Based on these facts, the Facility does not have any uncertain tax positions and, therefore, has not recorded any liabilities for unrecognized tax benefits related to uncertain tax positions.

Financial Instruments and Credit Risk

The Facility manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by them to be creditworthy. At times, amounts on deposit may exceed FDIC insured limits. To date, the Facility has not experienced losses in any of these accounts. Credit risks associated with due from affiliates is considered to be limited due to historical collection rates and all amounts are due from related entities.

NOTE B - PENSION PLAN

The Facility participates with other related and affiliated non-profit organizations in a multiemployer, contributory, defined-benefit plan.

Effective December 31, 2015, the Diocese froze the Plan to new entrants and froze future benefit accruals for all current participants under the Plan. The Plan covered substantially all lay employees who were eligible to participate in the Plan prior to the Plan freeze. As of January 1, 2018, the Plan is requiring that the Facility make a monthly contribution that is billed by the Plan.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE B - PENSION PLAN (Continued)

The risks of participating in multiemployer plans are different from single-employer plans in the following aspects:

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

The plan that the Facility participates in is the Retirement Plan for Full-Time Lay Employees of Roman Catholic Bishop of Fall River, Corporation Sole ("the Plan"). Benefits under the Plan are provided through a pension plan administered by the Diocese. For the years ended December 31, 2023 and 2022, the Facility made pension contributions to the Plan of approximately \$45,500 and \$44,300, respectively. The Facility has determined that its contributions do not represent more than 5% of total contributions to the Plan during the years ended December 31, 2023 and 2022. The Facility owes \$3,794 and \$7,588 for these contributions at December 31, 2023 and 2022, respectively, which are included in accounts payable on the statements of financial position. Accumulated plan benefit information, as provided by consulting actuaries, has not been distinguished from the benefits of the other organizations participating in the Plan and is not reflected in the accompanying statements of financial position.

The Plan provides retirement payments to employees on the basis of the credits earned by those participating employees. To the extent that the Plan is underfunded, if at all, future contributions by the Facility to the Plan may or may not be affected depending upon how the Plan decides to handle the underfunding. At this time, based on the Facility's understanding of the Plan, the Facility is not responsible for the underfunded status of the Plan because, presently, the Plan does not require withdrawing participants to pay a withdrawal liability or other penalty. As of January 1, 2017, the Plan included assets equal to 58.1% of the present value of accumulated benefits.

In replacement of the Plan, the Facility employees can contribute to a 403(b) Plan (refer to Note G.)

NOTE C - RELATED PARTY BALANCES AND TRANSACTIONS

During the years ended December 31, 2023 and 2022, the Facility recognized income for performing management services for the Diocesan Nursing Homes, the Cardinal Medeiros Residence and the Priest's Hostel totaling \$1,770,400 and \$1,736,556, respectively, which are included in management fees income in the statements of activities. The amount due from these entities for these services at December 31, 2023 and 2022 is \$140,933 and \$0-, respectively, and is netted with other transactions with the affiliates and included in due from affiliates and due to affiliates on the statements of financial position.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE C - RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

During the years ended December 31, 2023 and 2022, the Facility purchased various property, workers' compensation, and malpractice insurance and medical coverage for its employees in the aggregate amounts of approximately \$204,300 and \$231,600, respectively, through the Diocese. Included in accounts payable and other current liabilities on the statements of financial position are amounts due relating to these insurance policies of approximately \$21,800 and \$43,900 for the years ended December 31, 2023 and 2022, respectively.

During 2020, \$277,228 of the amounts owed to the Diocese related to these insurance policies at that time was converted into a loan from the Diocese. See Note H for more information on this loan. During 2023 and 2022, the Facility made principal payments on this loan of \$9,295 and \$7,670, respectively, and incurred interest expense of \$6,318 and \$6,530, respectively. At December 31, 2023 and 2022, the Facility had accrued interest expense related to this loan of \$518 and \$1,074, respectively. These amounts are included in other current liabilities on the statements of financial position.

During the years ended December 31, 2023 and 2022, employees of the Facility provided other services to the Diocesan Nursing Homes and several other entities related through common control of approximately \$98,600 and \$44,200, respectively. These amounts are included in the statements of activities as other revenue. At December 31, 2023 and 2022, the Facility was owed \$20,536 and \$8,533, respectively, for providing these services and these amounts are included in due from affiliates and due to affiliates on the statements of financial position. In addition, the Facility purchased certain services from one of the Diocesan Nursing Homes in the approximate amount of \$1,700 and \$1,600, respectively, for the years ended December 31, 2023 and 2022. The Facility owed \$109 and \$19, respectively, to the Nursing Home for these services at December 31, 2023 and 2022 and these amounts are included in due to affiliates on the statements of financial position.

At December 31, 2023 and 2022, the Facility owed \$1,418,500 and \$1,603,500 to its affiliates, respectively. Currently, there are no repayment terms and the affiliates are not charging interest on the loans. During 2023 and 2022, the Facility borrowed additional funds of \$25,000 and \$40,000, respectively, from its affiliates. During 2023 and 2022, the Facility paid back these affiliates \$210,000 and \$160,000, respectively. The short-term loans are included in due to affiliates and due from affiliates on the statements of financial position.

At December 31, 2023 and 2022, the affiliates owed the Facility \$75,000 for short-term loans to allow the affiliates to meet their cash needs. Currently, there are no repayment terms and the Facility is not charging interest on the loans. During 2023 and 2022, the Facility gave out additional loans of \$-0- and \$55,000, respectively, to its affiliates. During 2023 and 2022, the affiliates repaid the Facility \$-0- related to these loans. The short-term loans are included in due from affiliates on the statements of financial position.

The Facility records its due from affiliates at estimated net realizable value when there is an unconditional right to consideration.

ROMAN CATHOLIC BISHOP OF FALL RIVER, A CORPORATION SOLE
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE C - RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Management provides reserves for credit losses for its due from affiliates. These reserves are based on an analysis of historical trends of collection activity adjusted for current conditions and forecasts. These estimates are impacted by a number of factors, including changes in the economy and demographic or competitive changes in the Facility's areas of operation. Due from affiliates are written off when deemed uncollectible. Recoveries of due from affiliates previously written off are recorded when received. An account is considered uncollectible when all efforts to collect the account have been exhausted. Interest is not charged on due from affiliates. For the years ended December 31, 2023 and 2022, the Facility did not record any reserves for credit losses.

The balances in due from affiliates at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Our Lady's Haven of Fairhaven, Inc.:		
Services and other	\$ 64,656	\$ 953
Funds advanced from the Facility	-	-
Sacred Heart Home:		
Services and other	-	1,776
Funds advanced from the Facility	-	-
Madonna Manor, Inc:		
Services and other	328	-
Funds advanced from the Facility	-	-
Marian Manor, Inc.:		
Services and other	48,334	588
Funds advanced from the Facility	75,000	75,000
Other related entities:		
Services and other	2,463	9,413
Funds advanced from the Facility	<u>-</u>	<u>-</u>
	190,781	87,730
Less an allowance for credit losses	<u>-</u>	<u>-</u>
	<u>\$ 190,781</u>	<u>\$ 87,730</u>

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NOTE C - RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

The balances in due to affiliates at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Madonna Manor, Inc.:		
Services and other	\$ -	\$ (2,764)
Funds advanced to the Facility	-	185,000
Catholic Memorial Home, Inc.:		
Services and other	(636)	(7,155)
Funds advanced to the Facility	1,418,500	1,418,500
Sacred Heart Home:		
Services and other	11,636	-
Funds advanced to the Facility	<u>-</u>	<u>-</u>
	<u>\$ 1,429,500</u>	<u>\$ 1,593,581</u>

NOTE D - OPERATING LEASES

The Facility leases equipment under noncancelable operating leases which expire at various dates through September 2027. The leases have remaining lease terms of one to four years.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of December 31:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use assets	<u>\$ 12,863</u>	<u>\$ 19,424</u>
Current portion of operating lease liabilities	\$ 6,827	\$ 6,561
Operating lease liabilities, less current portion	<u>6,036</u>	<u>12,863</u>
Total operating lease liabilities	<u>\$ 12,863</u>	<u>\$ 19,424</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term	2.5 years	3 years
Weighted Average Discount Rate	3.98%	3.98%

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NOTE D - OPERATING LEASES (Continued)

The maturities of lease liabilities as of December 31, 2023 were as follows:

<u>Year ending December 31,</u>	
2024	\$ 7,216
2025	2,859
2026	1,988
2027	<u>1,491</u>
Total lease payments	13,554
Less: interest	<u>(691)</u>
Present value of lease liabilities	<u>\$ 12,863</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease expense included in program expenses	<u>\$ 7,216</u>	<u>\$ 6,222</u>

NOTE E - OTHER CURRENT LIABILITIES

Other current liabilities at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Accrued salaries	\$ 46,580	\$ 60,984
Accrued paid time-off	83,568	94,765
Accrued payroll taxes	3,433	4,545
Accrued insurance	550	951
Other accrued expenses	<u>1,646</u>	<u>4,827</u>
	<u>\$ 135,777</u>	<u>\$ 166,072</u>

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NOTE F - ADVERTISING EXPENSE

The Facility expenses advertising costs as incurred. At December 31, 2023 and 2022, the Facility incurred advertising costs as follows:

	<u>2023</u>	<u>2022</u>
Help wanted advertising	\$ -	\$ 956
Advertising - promotional	<u>163</u>	<u>-</u>
	<u>\$ 163</u>	<u>\$ 956</u>

NOTE G - 403(b) PLAN

The Facility has joined the Roman Catholic Bishop of Fall River 403(b) Retirement Plan (the "Plan"). The Facility participates with other related and affiliated non-profit organizations in this defined contribution deferred savings plan. The Plan is being administered by the Diocese. The Plan is based on total compensation and qualifies under Section 403(b) of the Internal Revenue Service Code. All employees are eligible to participate immediately upon employment at the Facility. The Facility is not making matching contributions to the Plan.

NOTE H - LONG-TERM DEBT

At December 31, 2023 and 2022, long-term term debt consists of a revolving line of credit and a loan payable to the Diocese.

Revolving Line of Credit

On April 10, 2017, the Facility obtained a \$1,500,000 unsecured revolving line of credit with a bank. Under the line of credit, each loan would bear interest at a fixed rate of 1.60% over the five-year Federal Home Loan Bank Regular Classic Advance Rate set five days prior to the closing of the line of credit or 3.98%. The line of credit was for a five-year term and was subject to annual reviews. In May 2023, it was extended for another three-year term. However, now each loan will bear interest at the Wall Street Journal Prime Rate minus 0.75% floating, with an interest rate floor of 5.0%. At no time shall the interest rate be less than 5.0%. Interest only payments are due monthly on the outstanding principal balance. All accrued principal and interest are due on April 10, 2025. At December 31, 2023 and 2022, the revolving line of credit's interest rate was 7.75% and 3.98%, respectively. The line of credit is guaranteed by the five related Diocesan Nursing Homes. The Facility is required to maintain its primary deposit account with the bank. The principal amount of the line will have to be reduced to a zero balance for 30 consecutive days annually. At December 31, 2023 and 2022, the outstanding balance on the line of credit was \$-0-.

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NOTE H - LONG-TERM DEBT (Continued)

Loan Payable to the Diocese

On July 1, 2020, the Facility obtained a loan from the Diocese in exchange for paying off old outstanding invoices that were owed to the Diocese. The loan payable consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
2.5% unsecured loan payable to the Diocese in monthly payments of \$1,244, including interest, through June 2045	\$ 248,747	\$ 258,042
Less current portion	<u>8,806</u>	<u>9,295</u>
	<u>\$ 239,941</u>	<u>\$ 248,747</u>

The amount of aggregate annual principal installments of long-term debt for each of the five years succeeding December 31, 2023 are as follows:

Year Ending December 31,

2024	\$ 8,806
2025	9,029
2026	9,257
2027	9,491
2028	9,731

NOTE I - LIQUIDITY AND AVAILABILITY

The Facility regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Facility has various sources of liquidity at its disposal including cash and cash equivalents and the revolving line of credit. See Note H for information about the Facility's revolving line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Facility considers all expenditures related to its ongoing activities of management services as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Facility operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE I - LIQUIDITY AND AVAILABILITY (Continued)

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,793	\$ 23,602
Other receivables	43	-
Due from affiliates	<u>190,781</u>	<u>87,730</u>
	<u>\$ 199,617</u>	<u>\$ 111,332</u>

NOTE J - COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Facility is, from time to time, involved in various legal matters. It is the Facility's opinion that any potential settlements would not be material to the accompanying financial statements.

NOTE K - SUBSEQUENT EVENTS

The Facility has evaluated the impact of all subsequent events through April 29, 2024, the date the financial statements were available to be issued and has determined that there were no subsequent events requiring adjustment or disclosure in the financial statements.