



**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Consolidated Financial Statements, the Schedule of Expenditures of
Federal Awards, and Audit of Federal Awards Performed in Accordance
with Title 2 U.S. Code of Federal Regulations Part 200,
*Uniform Administrative Requirements, Cost Principles,
and Requirements for Federal Awards*

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

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Independent Auditors' Report

The Administrative Committee
United States Conference of Catholic Bishops:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the United States Conference of Catholic Bishops and affiliates (the Conference), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Conference 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 U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Conference and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and *Government 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Conference'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conference'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2024 on our consideration of the Conference's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conference's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conference's internal control over financial reporting and compliance.

KPMG LLP

Washington, District of Columbia
August 16, 2024

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Consolidated Statements of Financial Position

December 31, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 31,268,326	38,961,963
Short-term investments (note 7)	4,456,898	4,301,665
Accounts receivable:		
Resettlement and other programs – government agencies (note 2h)	35,038,332	30,081,416
Other, net (note 2h)	2,973,159	2,699,192
Contributions receivable (note 2h)	36,013,012	34,534,322
Inventories, net, prepaid expenses and other assets	445,941	912,360
Long-term investments (note 7)	267,224,030	228,815,089
Property and equipment, net (note 4)	11,157,512	11,469,630
Total assets	<u>\$ 388,577,210</u>	<u>351,775,637</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 26,994,641	25,310,202
National collections grants payable (note 2i)	24,595,262	21,746,389
Accrued pension liability (note 10)	10,493,076	16,562,272
Accrued postretirement benefit liability (note 11)	21,634,630	19,766,411
Total liabilities	<u>83,717,609</u>	<u>83,385,274</u>
Net assets:		
Net assets without donor restrictions:		
General and current operating funds (note 5)	123,177,430	96,217,389
National collections (note 6)	45,283,619	45,213,221
National Religious Retirement Office (note 6)	52,715,266	44,406,942
Total net assets without donor restrictions	<u>221,176,315</u>	<u>185,837,552</u>
Net assets with donor restrictions:		
Current operating fund (note 5)	915,038	1,011,270
National collections (note 6)	57,856,989	58,567,820
National Religious Retirement Office (note 6)	24,651,400	22,739,283
Villa Stritch endowment fund (note 9)	259,859	234,438
Total net assets with donor restrictions	<u>83,683,286</u>	<u>82,552,811</u>
Total net assets	<u>304,859,601</u>	<u>268,390,363</u>
Commitments and contingencies (notes 12 and 13)		
Total liabilities and net assets	<u>\$ 388,577,210</u>	<u>351,775,637</u>

See accompanying notes to consolidated financial statements.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
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Consolidated Statements of Activities

Year ended December 31, 2023

	Without donor restrictions	With donor restrictions	2023 Total
Operating revenues, gains and other support:			
Contributions:			
Diocesan assessments	\$ 12,353,506	—	12,353,506
National collections	—	84,168,542	84,168,542
Grants, bequests and other	3,545,579	533,454	4,079,033
Government contracts and grants revenue (note 3)	129,626,673	—	129,626,673
Investment income, net (note 8)	2,650,631	39,107	2,689,738
Sale of publications	265,522	—	265,522
Royalty income	2,967,756	—	2,967,756
Collection fees on refugee loans	711,638	—	711,638
Contributed services	825,454	—	825,454
Other	7,377,264	712,748	8,090,012
	<u>160,324,023</u>	<u>85,453,851</u>	<u>245,777,874</u>
Net assets released from restrictions	84,323,376	(84,323,376)	—
Total operating revenues, gains and other support	<u>244,647,399</u>	<u>1,130,475</u>	<u>245,777,874</u>
Operating expenses:			
Program services:			
Pastoral activities	9,024,284	—	9,024,284
Migration and refugee services:			
Subrecipient government contract expense	117,202,900	—	117,202,900
Other	13,344,011	—	13,344,011
Total Migration refugee services	<u>130,546,911</u>	<u>—</u>	<u>130,546,911</u>
Communications, policy and advocacy activities	10,990,901	—	10,990,901
National collections:			
Grants and donations	79,456,445	—	79,456,445
Other	2,581,947	—	2,581,947
Total National collections	<u>82,038,392</u>	<u>—</u>	<u>82,038,392</u>
Total program expenses	<u>232,600,488</u>	<u>—</u>	<u>232,600,488</u>
Supporting services:			
Management and general	12,033,720	—	12,033,720
National collections – fundraising	3,106,098	—	3,106,098
Total supporting services expenses	<u>15,139,818</u>	<u>—</u>	<u>15,139,818</u>
Total operating expenses (note 16)	<u>247,740,306</u>	<u>—</u>	<u>247,740,306</u>
Change in net assets from operations	<u>(3,092,907)</u>	<u>1,130,475</u>	<u>(1,962,432)</u>
Nonoperating activities:			
Unrealized investment gain (note 8)	35,361,979	—	35,361,979
Pension related changes other than net periodic pension cost (notes 10 and 11)	3,069,691	—	3,069,691
Total nonoperating activities	<u>38,431,670</u>	<u>—</u>	<u>38,431,670</u>
Change in net assets	35,338,763	1,130,475	36,469,238
Net assets, beginning of year	185,837,552	82,552,811	268,390,363
Net assets, end of year	<u>\$ 221,176,315</u>	<u>83,683,286</u>	<u>304,859,601</u>

See accompanying notes to consolidated financial statements.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
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Consolidated Statements of Activities

Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	2022 Total
Operating revenues, gains and other support:			
Contributions:			
Diocesan assessments	\$ 12,352,400	—	12,352,400
National collections	—	103,298,730	103,298,730
Grants, bequests and other	4,181,458	733,058	4,914,516
Government contracts and grants revenue (note 3)	122,574,428	—	122,574,428
Investment income, net (note 8)	22,177,599	—	22,177,599
Sale of publications	4,591,134	—	4,591,134
Royalty income	2,220,280	—	2,220,280
Collection fees on refugee loans	751,889	—	751,889
Contributed services	708,528	—	708,528
Other	1,673,150	156,533	1,829,683
	171,230,866	104,188,321	275,419,187
Net assets released from restrictions	72,965,967	(72,965,967)	—
Total operating revenues, gains and other support	244,196,833	31,222,354	275,419,187
Operating expenses:			
Program services:			
Pastoral activities	9,167,123	—	9,167,123
Migration and refugee services:			
Subrecipient government contract expense	109,426,678	—	109,426,678
Other	15,455,162	—	15,455,162
Total Migration refugee services	124,881,840	—	124,881,840
Communications, policy and advocacy activities	17,419,102	—	17,419,102
National collections:			
Grants and donations	78,360,483	—	78,360,483
Other	2,795,774	—	2,795,774
Total National collections	81,156,257	—	81,156,257
Total program expenses	232,624,322	—	232,624,322
Supporting services:			
Management and general	9,984,383	—	9,984,383
National collections – fundraising	2,774,882	—	2,774,882
Total supporting services expenses	12,759,265	—	12,759,265
Total operating expenses (note 16)	245,383,587	—	245,383,587
Change in net assets from operations	(1,186,754)	31,222,354	30,035,600
Nonoperating activities:			
Unrealized investment loss (note 8)	(75,431,742)	—	(75,431,742)
Pension related changes other than net periodic pension cost (notes 10 and 11)	7,643,899	—	7,643,899
Total nonoperating activities	(67,787,843)	—	(67,787,843)
Change in net assets	(68,974,597)	31,222,354	(37,752,243)
Net assets, beginning of year	254,812,149	51,330,457	306,142,606
Net assets, end of year	\$ 185,837,552	82,552,811	268,390,363

See accompanying notes to consolidated financial statements.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
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Consolidated Statements of Cash Flows

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 36,469,238	(37,752,243)
Adjustments to reconcile change in net assets to net cash flows (used in) provided by operating activities:		
Allowance for doubtful accounts and obsolescence	(17,196)	73,269
Depreciation expense	1,274,381	1,341,342
Net realized and unrealized (gains) losses on investments	(34,141,534)	56,461,072
(Increase) decrease in operating assets:		
Accounts receivable:		
Resettlement and other programs – government agencies	(4,956,916)	4,017,996
Other	(256,770)	(128,088)
Contributions receivable	(1,478,690)	1,507,748
Inventories, prepaid expenses and other assets	466,417	525,238
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,684,440	(9,982,406)
National collections grants payable	2,848,873	1,150,320
Accrued pension liability	(6,069,196)	(5,185,018)
Accrued postretirement benefit liability	1,868,219	(5,311,572)
Net cash (used in) provided by operating activities	<u>(2,308,734)</u>	<u>6,717,658</u>
Cash flows from investing activities:		
Purchases of property and equipment	(962,263)	(237,115)
Sales of investments	400,737,785	368,685,329
Purchases of investments	<u>(405,160,425)</u>	<u>(362,292,321)</u>
Net cash (used in) provided by investing activities	<u>(5,384,903)</u>	<u>6,155,893</u>
(Decrease) increase in cash and cash equivalents	<u>(7,693,637)</u>	<u>12,873,551</u>
Cash and cash equivalents, beginning of year	<u>38,961,963</u>	<u>26,088,412</u>
Cash and cash equivalents, end of year	<u><u>\$ 31,268,326</u></u>	<u><u>38,961,963</u></u>

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(1) Organization

The United States Conference of Catholic Bishops (USCCB or the Conference) is an assembly of the hierarchy of the United States and the U.S. Virgin Islands who jointly exercise certain pastoral functions on behalf of the Christian faithful of the United States. The purpose of the Conference is to promote the greater good that the Church offers humankind. This purpose is drawn from the universal law of the Church and applies to the Episcopal conferences which are established all over the world for the same purpose.

All Catholic bishops and eparchs in the United States constitute the membership of the Conference and are served by a staff of lay people, priests, deacons, and religious located at the Conference headquarters in Washington, D.C.

The accompanying consolidated financial statements include the accounts of the General Funds, the Current Operating Fund, which includes the various committees and activities of the Conference, the national collections including the National Religious Retirement Office (NRRO), the Confraternity of Christian Doctrine, Inc. (CCD), the Refugee Travel Assistance Program (RTAP) and St. John's Hall (Staff House), collectively referred to as USCCB. CCD is a District of Columbia nonprofit corporation created in 1939, whose current activity is to hold and manage the copyrights on the New American Bible. RTAP is a single member limited liability company formed in the District of Columbia on November 17, 2016 to service refugee travel loans in jurisdictions which require licensing and/or registration to collect loans from persons therein. USCCB consolidates an entity when it holds a majority voting interest in an entity. All intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

The General Fund is comprised of five funds: General Operating, Building, General Reserve, Catechism and Quasi-Endowment. The General Operating Fund derives revenue from diocesan assessments, investment income and other sources. This revenue is used primarily to finance the current operations of USCCB. The Building Fund includes the land, buildings, furniture and equipment of USCCB offices, the St. John's Hall staff house facility located in Washington D.C., improvements to the Villa Stritch staff house facilities in Rome and reserves for future maintenance and improvements on facilities. The General Reserve Fund was designated in 1993 for sudden, unusual, ad hoc and/or short-term projects. The Catechism Fund was established in 1995 to account for operations related to the publishing, sale, promotion and distribution of the United States release of the *Catechism of the Catholic Church*. The Quasi-Endowment Fund was established in 1997 to supplement the diocesan assessments by applying an annual spending rate to use for current operations.

The Current Operating Fund represents the accumulated income or deficit from operations of USCCB's activities, after transfers from the General Operating Fund. The principal activities included in the Current Operating Fund are pastoral activities, management and general activities, communications, and policy and advocacy.

Communications, policy and advocacy activities broadly categorized include, but are not limited to, the production of news, educational and catechetical content; the sharing of the teachings of the Church that have some bearing on public policy; and advocacy which is realized through the staff of the Government Relations Office.

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National collections are summarized as follows:

- The Catholic Relief Services Collection (CRSC) is an annual appeal, which provides funding for Catholic Relief Services (CRS) and other identifiable overseas aid programs such as the relief works of the Holy Father, Migration and Refugee Services (MRS), Justice Peace and Human Development (JPHD), and the Catholic Legal Immigration Network, Inc. (CLINIC).
- Catholic Campaign for Human Development (CCHD) is the domestic anti-poverty social justice program of USCCB. Its mission is to address the root causes of poverty in the United States through promotion and support of community-controlled self-help organizations, and through transformative education. Seventy-five percent of the receipts from the CCHD national collection are remitted to USCCB. The remaining 25% of the collection is retained by the dioceses for use in local human development programs.
- Collection for the Church in Latin America (CLA) provides assistance to the Catholic Church within the countries of Latin America and the Caribbean.
- Catholic Communication Campaign (CCC) contributes to the process of evangelization by fostering activities related to television, radio, print, internet, and other media. CCC uses 50% for priority projects of the bishops for national and international distribution, following recommendations by the USCCB Communications Committee's Subcommittee on the Catholic Communication Campaign. The remaining portion of the collection is retained by dioceses for use in local communications projects.
- Catholic Home Missions Appeal (CHM) offers financial support to missionary activities that strengthen and extend the presence of the Church in the United States and its dependencies.
- Church in Central and Eastern Europe (CCEE) helps restore pastoral capacity in that area.

The National Religious Retirement Office (NRRO) was established in 1987 by the Conference of Major Superiors of Men, the Leadership Conference of Women Religious and the USCCB. In 1995, the Council of Major Superiors of Women Religious became the fourth sponsoring entity. NRRO is responsible for coordinating the annual Retirement Fund for Religious national collection, as authorized by the Bishops of the United States.

Separate financial records are maintained by other activities not directly under the control of USCCB but related to the mission of the Catholic Church. The following activities are excluded from the accompanying consolidated financial statements and are audited separately:

- Catholic Legal Immigration Network, Inc. (CLINIC)
- Catholic Relief Services, Inc. (CRS)
- Basilica of the National Shrine of the Immaculate Conception

(2) Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and with the provisions of the

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December 31, 2023 and 2022

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

Net assets and related revenues, gains and other support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

(i) Net Assets Without Donor Restrictions

Includes all resources that are expendable for carrying out USCCB's mission that are not subject to donor-imposed restrictions.

(ii) Net Assets With Donor Restrictions

Net assets whose use is limited by donor-imposed restrictions that either expire with the passage of time or, can be fulfilled and removed by the actions of USCCB pursuant to those restrictions or, require such resources to be maintained in perpetuity and the income utilized for operating or other donor-restricted purposes.

(b) Cash and Cash Equivalents

USCCB considers all highly liquid financial instruments having an original maturity of three months or less to be cash equivalents, except for cash or money market accounts held by external managers.

(c) Short-Term and Long-Term Investments

Pooled investments include those of CRSC, CCHD, CLA, CCC, CHM, CCEE, and NRRO and consist of both short-term and long-term investments. The pooled investments are managed by independent investment managers, and the securities are held by bank custodians. The pooled investment fund is comprised of domestic and foreign equity and fixed income securities, fund of funds, mortgage and asset-backed securities and U.S. government and agency securities. Investment income, including realized gains (losses) is included in operating revenues, gains and other support, while net unrealized appreciation (depreciation) is reported as nonoperating activity in the accompanying consolidated statements of activities.

Short-term investments, at fair value, consist of government and corporate obligations with original maturities of one year or less as of December 31, 2023 and 2022.

Long-term investments included in the pooled investments are recorded at fair value.

All investments are exposed to various risks, such as interest rates, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated financial statements.

(d) Contributions

Diocesan assessments represent the current year's assessment to each diocese. National collections represent USCCB's share of the proceeds of the current year's collections. Grants and contributions received, including national collections, which are restricted by the donor for a specific purpose, are

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recorded with donor restrictions and are released to net assets without donor restrictions upon meeting the implicit time restrictions and expenditure of the funds in accordance with the donor's restricted purpose. Grants, bequests and other contributions are recorded as income when an unconditional promise to give is received.

(e) Property and Equipment, Net

USCCB owns its headquarters building and staff house facilities in Washington, D.C. and the Villa Stritch in Rome, Italy, which is used by American priests serving at the Vatican. Property and equipment, net, are stated at cost at date of acquisition or fair value at date of contribution, if donated. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Assets are depreciated over the following useful lives:

Buildings	40 years
Building improvements	10 years
Furniture and equipment	3–10 years

(f) Revenues

In accordance with ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, grants and contracts awarded by federal and other sponsors, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. USCCB has elected the simultaneous release policy available under ASU 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

Diocesan assessments are contributions received from dioceses. There are no donor-imposed restrictions on the revenue and there is no transfer of goods or services.

During the year ended December 31, 2022, the sale of publications under Catholic News Service was discontinued. Revenues from the sale of publications were recognized when USCCB fulfilled the performance obligation and the customer took possession of the product. Revenues from the sale of publications also included subscriptions for news services. Prior to the sale, USCCB had a performance obligation to provide news services and recognized revenue on subscriptions as news service was provided. Subscriptions were billed and paid monthly for service periods of one to three years.

Royalty income is revenue received for the licensing of intellectual property. Revenue is recognized when the performance obligation is fulfilled.

(g) Resettlement Programs

Reimbursements from government grants for USCCB administrative costs and program services provided by MRS are included in the government contracts and grants revenue, and related operating expenses in the accompanying consolidated statements of activities.

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Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(h) Accounts and Contributions Receivable

Accounts receivable consists primarily of diocesan assessments, charter audits, royalties due and government contracts and grants. These amounts are expected to be collected within one year. Accounts receivable, net of allowance for doubtful accounts, not expected to be collected within one year of the statement of financial position date, are recorded at net present value. The estimate of expected credit losses is based on the Conference's historical loss experience, adjusted for current and reasonable and supportable forecasts of economic conditions and other pertinent factors affecting the Conference's donors such as known credit risks or not-for-profit sector trends. The allowance is estimated over the term of the financial asset adjusted for expected prepayments.

At December 31, 2023 and 2022, accounts receivables—other, consisting primarily of amounts due from diocesan assessments, charter audits and royalties due, are reflected in the accompanying consolidated statements of financial position net of an allowance for doubtful accounts of \$296,728 and \$313,927 respectively.

Accounts receivable – resettlement and other programs consists primarily of funding from government agencies. These amounts are expected to be fully collected and management has determined that no reserves are necessary at December 31, 2023 and 2022.

At December 31, 2023 and 2022, accounts receivable-resettlement and other programs consisted of the following:

	2023	2022
U.S. Refugee Admissions Program	\$ 15,601,523	13,928,484
Refugee and Entrant Assistance-Voluntary Agency Program	8,106,701	7,812,128
Refugee and Entrant Assistance-Discretionary Grants	4,752,633	2,804,033
Unaccompanied Alien Children Program	6,387,614	5,470,725
Other	189,861	66,046
	<hr/>	<hr/>
Total accounts receivable-resettlement and other programs	\$ <u>35,038,332</u>	<u>30,081,416</u>

Contributions receivable consists primarily of amounts due from dioceses for national collections. Management has determined that no reserves are necessary at December 31, 2023 and 2022 relating to contributions receivable. Contributions receivable is initially recorded at net realizable value (Level 2 input). These amounts are expected to be collected within one year.

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Notes to Consolidated Financial Statements

December 31, 2023 and 2022

At December 31, 2023 and 2022, contributions receivable consisted of the following:

	2023	2022
Catholic Campaign for Human Development	\$ 5,477,338	5,613,313
Catholic Communication Campaign	896,478	840,388
Catholic Home Missions Appeal	2,079,565	1,605,256
Catholic Relief Services Collection	2,589,479	2,308,117
Collection for the Church in Latin America	1,182,628	966,675
Church in Central and Eastern Europe	926,283	461,290
National Religious Retirement Office	22,861,241	22,739,283
Total contributions receivable	<u>\$ 36,013,012</u>	<u>34,534,322</u>

(i) National Collections Grants Payable

The Conference receives several funds through the National Collections Office. These funds are granted/disbursed upon approval of the respective subcommittees of bishops for each national collection. Unconditional grants are recorded when approved. Conditional grants are recorded when conditions are substantially met, and the expenditures are approved.

At December 31, 2023 and 2022, grants payable consisted of the following:

	2023	2022
Catholic Campaign for Human Development	\$ 5,376,553	285,638
Catholic Communications Campaign	494,885	1,041,085
Catholic Home Missions Appeal	8,952,794	10,045,447
Collection for the Church in Latin America	1,662,914	1,435,552
Collection to Rebuild Churches hit by Haiti earthquake	4,084,652	4,059,732
Church in Central and Eastern Europe	2,994,569	3,285,083
National Religious Retirement Office	4,612	—
Other	1,024,283	1,593,852
Total grants payable	<u>\$ 24,595,262</u>	<u>21,746,389</u>

(j) Concentration of Credit Risk

Cash and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, USCCB maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits, and in a diversified investment portfolio.

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(k) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and short-term investments approximate fair value due to the short-term maturity of these financial instruments. Cash, cash equivalents, and short-term investments are classified as level one in the fair value hierarchy.

(l) Contributed Services

Contributed services revenue is recognized for staff positions filled by diocesan priests. The value of the contributed services is the difference between the amounts paid to or on behalf of the diocesan priests and the compensation that would be paid to lay persons for comparable positions and is recognized in operating revenues and expenses in the accompanying consolidated statements of activities.

(m) Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(n) Income Taxes

USCCB is exempt from federal income taxes, under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3). USCCB is also exempt from tax in the District of Columbia under the applicable statute. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

(o) Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (ASC 326): Measurement of Credit Losses on Financial Instruments*, which modifies the measurement of expected credit losses of certain financial instruments. The Conference adopted the standard on January 1, 2023, and the adoption of this standard did not have an impact on the consolidated financial statements and related notes to the consolidated financial statements.

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(3) Migration and Refugee Services and Programs

Since 1975, USCCB has entered into various agreements with the United States government to assist in the resettlement of refugees immigrating to the United States and to provide specialized services to particularly vulnerable migrants, such as unaccompanied minors and victims of human trafficking. The resettlement activities are financed by government agencies, principally the U.S. Department of Health and Human Services and the U.S. Department of State under the authority of the Immigration and Nationality Act, as amended. Government funds received must generally be paid for the designated contractual purposes no later than three months following the end of the contract period. Unless an extension is approved by the government agencies, the funds are subject to reversion after the three-month period. However, for the majority of programs, funds are drawn down after expenditures have been incurred and paid, thereby limiting exposure to the reversion requirements.

For the years ended December 31, 2023 and 2022, government contracts and grants revenue consisted of the following:

	<u>2023</u>	<u>2022</u>
U.S. Refugee Admissions Program	\$ 40,787,413	21,519,132
Refugee and Entrant Assistance-Voluntary Agency Programs	31,496,239	25,991,718
Refugee and Entrant Assistance-Discretionary Grants	26,091,027	13,602,714
Unaccompanied Alien Children Program	30,020,576	25,563,358
SIV EVAC/Afghan Resettlement	1,231,418	35,897,185
Anti-Trafficking and other	—	321
Total government contract and grants revenue	<u>\$ 129,626,673</u>	<u>122,574,428</u>

(4) Property and Equipment, Net

At December 31, 2023 and 2022, property and equipment, net, consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,448,535	1,448,535
Buildings and improvements	40,671,153	39,887,252
Furniture and equipment	4,051,262	3,872,900
Fine artwork and paintings	512,025	512,025
Total property and equipment	46,682,975	45,720,712
Less accumulated depreciation and amortization	<u>(35,525,463)</u>	<u>(34,251,082)</u>
Total property and equipment, net	<u>\$ 11,157,512</u>	<u>11,469,630</u>

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(5) General and Current Operating Funds Net Assets

At December 31, 2023 and 2022, general and current operating funds consisted of the following:

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions:		
Building fund	\$ 55,778,585	49,164,144
Quasi-endowment fund (note 9)	30,859,357	27,955,917
General reserve fund	5,020,016	5,000,000
Catechism fund	1,760,218	1,513,792
General and current operating funds	<u>29,759,254</u>	<u>12,583,536</u>
Total general and current operating funds without donor restrictions	123,177,430	96,217,389
Net assets with donor restrictions:		
Current operating funds	<u>915,038</u>	<u>1,011,270</u>
Total general and current operating funds	<u>\$ 124,092,468</u>	<u>97,228,659</u>

(6) National Collections and National Religious Retirement Office Net Assets

At December 31, 2023 and 2022, net assets for National Collections and National Religious Retirement Office include both donor restricted and without donor restricted funds. Donor restricted funds are only available for program activities, or supporting services designated for future years. Net assets with donor restrictions were released from restriction during the years ended December 31, 2023 and 2022, due to time restriction ending or the purpose restriction being accomplished.

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The following illustrates the net assets for National Collections and National Religious Retirement Office:

	2023		2022	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
National Religious Retirement Office	\$ 52,715,266	24,651,400	44,406,942	22,739,283
National collections:				
Catholic Relief Services	6,420,746	23,894,778	2,679,384	23,388,826
Catholic Campaign for Human Development	(8,307,702)	5,477,338	2,837,843	5,613,313
Church in Latin America	9,238,326	1,873,108	7,656,045	966,675
Rebuild Churches hit by Haiti Earthquake	1,012,435	4,178,639	1,012,434	4,782,153
Catholic Communications Campaign	6,682,178	896,478	6,059,463	840,388
Catholic Home Missions Appeal	10,514,575	2,079,565	9,393,918	1,605,256
Church in Africa	3,378,181	361,479	2,866,324	—
Church in Central and Eastern Europe	9,256,604	14,700,343	5,627,462	15,175,987
Special collections – Disaster relief	7,088,276	4,395,261	7,080,348	6,195,222
National collections	<u>45,283,619</u>	<u>57,856,989</u>	<u>45,213,221</u>	<u>58,567,820</u>
Total	<u>\$ 97,998,885</u>	<u>82,508,389</u>	<u>89,620,163</u>	<u>81,307,103</u>

(7) Investments and Fair Value Measurements

Fair value is the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. USCCB uses valuation approaches that maximize the use of observable inputs and minimizes the use of unobservable inputs to the extent possible.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 – Pricing inputs other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments where fair value is determined using other securities, the parameters of which can be directly observed.

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- Level 3 – Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date. The inputs into the determination of fair value require significant management judgment or estimation. USCCB held no assets where fair value was determined using Level 3 inputs during 2023 or 2022.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. The following valuation techniques and inputs were used to determine the fair value of the long-term investments listed below:

Fixed income securities (including the related receivables for securities sold and liabilities for securities purchased) include, but are not limited to, U.S. government and agency securities, corporate bonds, mortgage-backed securities and asset-backed securities. U.S. government and agency securities and certain mortgage-backed securities are valued using quoted prices in principal active markets for identical assets and are classified as Level 1. The remainder of these securities are valued using quoted prices in active markets for similar securities and are classified as Level 2.

Equity securities are valued using quoted prices in principal active markets for identical assets and are classified as Level 1. Cash equivalents consisting of money market accounts and overnight deposits are also classified as Level 1.

Short-term investments, consisting of certificates of deposit, are classified as Level 1.

The following tables present long-term investments measured at fair value at December 31, 2023 and 2022:

	2023		
	Level 1	Level 2	Total
Cash equivalents	\$ 4,204,620	—	4,204,620
Domestic equity securities	109,828,244	108,382	109,936,626
International equity securities	71,886,967	—	71,886,967
Fixed income funds:			
U.S. government portfolio	18,404,168	57,977,599	76,381,767
Corporate debt securities	—	15,269,572	15,269,572
Asset-backed fund	—	351,547	351,547
Receivables for securities sold	—	4,381,021	4,381,021
Liabilities for securities purchased	—	(15,188,090)	(15,188,090)
Total long-term investments	\$ <u>204,323,999</u>	<u>62,900,031</u>	<u>267,224,030</u>

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	2022		
	Level 1	Level 2	Total
Cash equivalents	\$ 5,302,997	—	5,302,997
Domestic equity securities	84,543,852	105,503	84,649,355
International equity securities	63,624,316	—	63,624,316
Fixed income funds:			
U.S. government portfolio	13,902,475	54,420,678	68,323,153
Corporate debt securities	—	17,569,838	17,569,838
Asset-backed fund	—	462,151	462,151
Receivables for securities sold	—	904,587	904,587
Liabilities for securities purchased	—	(12,021,308)	(12,021,308)
Total long-term investments	\$ <u>167,373,640</u>	<u>61,441,449</u>	<u>228,815,089</u>

(8) Investment Income and Unrealized Appreciation

For the years ended December 31, 2023 and 2022, investment income (loss) consisted of the following:

	2023	2022
Investments:		
Interest	\$ 1,878,654	1,273,497
Dividends	2,602,399	2,390,789
Realized (loss) gains	<u>(1,220,445)</u>	<u>18,970,671</u>
Gross investment income	3,260,608	22,634,957
Less investment management fees	<u>(570,870)</u>	<u>(457,358)</u>
Net investment income	2,689,738	22,177,599
Unrealized investment appreciation (loss)	<u>35,361,979</u>	<u>(75,431,742)</u>
Total investment income (loss)	\$ <u>38,051,717</u>	<u>(53,254,143)</u>

(9) Endowments

FASB requires that endowment funds with donor restrictions be classified as donor-restricted endowment funds. USCCB is subject to the District of Columbia enacted version of the Uniform Prudent Management of Institutional Funds Act. Management has interpreted the District of Columbia law as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

In 2010, USCCB established the Villa Stritch Endowment fund as a fund with donor restrictions for the sole purpose of providing support for U.S. diocesan priests serving the Universal Church in various ministries of

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the Holy See. The Quasi-Endowment Fund was established in 1997 to supplement the diocesan assessments by applying an annual spending rate to use for current operations.

Endowments consisted of the following funds for the years ended December 31, 2023 and 2022:

	2023	2022
Donor restricted endowment fund	\$ 259,859	234,438
Board designated quasi-endowment fund	<u>30,859,357</u>	<u>27,955,917</u>
Total endowments	<u>\$ 31,119,216</u>	<u>28,190,355</u>

The following illustrates the changes in the Villa Stritch Endowment fund net assets with donor restrictions for the years ended December 31, 2023 and 2022:

	2023 With donor restrictions	2022 With donor restrictions
Villa Stritch Endowment fund, beginning of year	\$ 234,438	306,369
Investment income (loss)	39,107	(59,591)
Transfer to Building Fund (5%)	<u>(13,686)</u>	<u>(12,340)</u>
Villa Stritch Endowment fund, end of year	<u>\$ 259,859</u>	<u>234,438</u>

The following illustrates the changes in board-designated Quasi-Endowment fund which is included in the general and current operating funds financial statement line within net assets without donor restrictions on the consolidated statement of financial position for the years ended December 31, 2023 and 2022:

	2023 Without donor restrictions	2022 Without donor restrictions
Board-designated Quasi-Endowment funds, beginning of year	\$ 27,955,917	37,050,819
Investment income (loss)	4,700,884	(7,467,654)
Transfer to General Operating Fund (spending rate 5.5%)	<u>(1,797,444)</u>	<u>(1,627,248)</u>
Board-designated Quasi-Endowment funds, end of year	<u>\$ 30,859,357</u>	<u>27,955,917</u>

Realized and unrealized appreciation (depreciation) is allocated to the Quasi-Endowment fund. In 2023 and 2022, USCCB directed a transfer to the General Operating Fund of an amount equal to 5.5% of the Quasi-Endowment fund year-end balance. This amount was established to supplement the annual diocesan assessment.

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(10) Retirement Benefits

Substantially all of the employees participate in a noncontributory, defined benefit retirement plan. The plan also covers some employees of the National Council of Catholic Women and the CLINIC. Benefits under the plan are based on years of service and final average pay.

In 2013, the Executive Committee approved an amendment to the plan to freeze benefit accruals as of December 31, 2013 for all current employees.

The actuarial valuation of this retirement plan for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Accumulated benefit obligation	\$ 74,421,421	75,868,153
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 75,868,153	100,154,971
Interest cost	3,569,134	2,555,482
Actuarial loss (gain)	674,004	(21,140,973)
Benefits paid	<u>(5,689,870)</u>	<u>(5,701,327)</u>
Benefit obligation, end of year	<u>74,421,421</u>	<u>75,868,153</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	59,305,881	78,407,681
Actual return on plan assets	9,045,334	(14,358,473)
Employer contributions	1,267,000	958,000
Benefits paid	<u>(5,689,870)</u>	<u>(5,701,327)</u>
Fair value of plan assets, end of year	<u>63,928,345</u>	<u>59,305,881</u>
Funded status – underfunded	<u>\$ 10,493,076</u>	<u>16,562,272</u>
	<u>2023</u>	<u>2022</u>
Items not yet recognized as a component of net periodic pension benefit cost:		
Net actuarial loss	\$ 9,593,893	14,942,056
Net periodic benefit cost:		
Interest cost	\$ 3,569,134	2,555,482
Expected return on plan assets	(3,386,030)	(4,528,566)
Amortization of net actuarial loss	<u>362,863</u>	<u>341,497</u>
Net periodic benefit expense/(income)	<u>\$ 545,967</u>	<u>(1,631,587)</u>

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	<u>2023</u>	<u>2022</u>
Other changes in plan assets and benefit obligation:		
Net actuarial gain	\$ (4,985,300)	(2,253,934)
Amortization of actuarial net gain	<u>(362,863)</u>	<u>(341,497)</u>
Total other changes in plan assets and benefit obligation	\$ <u><u>(5,348,163)</u></u>	<u><u>(2,595,431)</u></u>

The assumptions used to determine the benefit obligation in the actuarial valuations at December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	4.70 %	4.89 %

The expected long-term rate of return on assets assumption is selected by management as a reasonable expectation based on historical performance of both the pension fund and the investment markets in general. The selection of this rate is periodically revisited by USCCB as the administrator of the pension plan.

The assumptions used to determine the net periodic benefit cost in the actuarial valuations at December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	4.89 %	2.64 %
Long-term rate of return on plan assets	6.00	6.00

In October 2020, the Society of Actuaries released data regarding observed mortality rate improvements (the MP-2021 Mortality Improvement Scale). The Conference measured benefit obligations using the most recent mortality tables and mortality improvement scale in selecting mortality assumptions as of December 31, 2023.

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The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

2024	\$ 5,788,000
2025	5,751,000
2026	5,812,000
2027	5,793,000
2028	5,741,000
2029–2033	<u>27,239,000</u>
Total	<u>\$ 56,124,000</u>

The minimum required contribution for 2024 under the current funding policy is \$0. Despite that, USCCB is planning to make a payment in 2024.

Plan Assets

The assets of the plan are invested primarily in a diversified mix of domestic and foreign equities and fixed income securities. The assets are managed by independent investment managers in accordance with stated investment policies and subject to USCCB's socially responsible investment guidelines. The investment objective of the pension fund is to equal or exceed a benchmark rate of return comprised of appropriate market indices and to achieve an above-median ranking in a universe of balanced funds with similar investment policies over reasonable measurement periods.

The following tables present plan assets measured at fair value at December 31, 2023 and 2022 (see note 7):

	2023	
	Level 1	Level 2
	Total	
Cash equivalents	\$ 2,435,779	—
Corporate bonds	24,971,250	—
International equity securities	16,226,608	—
Fixed income funds:		
U.S. government portfolio	4,260,591	15,328,905
Corporate debt securities	—	3,000,666
Asset-backed fund	—	111,140
Receivable for securities sold	—	1,052,232
Liability for securities purchased	—	(3,458,826)
Total plan assets	<u>\$ 47,894,228</u>	<u>16,034,117</u>
	<u>63,928,345</u>	

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	2022		
	Level 1	Level 2	Total
Cash equivalents	\$ 2,704,036	—	2,704,036
Corporate bonds	21,500,860	—	21,500,860
International equity securities	15,299,646	—	15,299,646
Fixed income funds:			
U.S. government portfolio	3,372,508	3,225,082	6,597,590
Corporate debt securities	—	15,512,533	15,512,533
Asset-backed fund	—	133,050	133,050
Receivable for securities sold	—	194,507	194,507
Liability for securities purchased	—	(2,636,341)	(2,636,341)
Total plan assets	\$ 42,877,050	16,428,831	59,305,881

The actual asset allocations for 2023 and 2022 and target allocation ranges by asset category for 2023 and 2022 for the pension plan assets were as follows:

	2023	2022	Target allocation range
Cash and cash equivalents	<1%	1 %	<5%
U.S. equity securities	39	36	29 – 49%
International equity	25	26	15 – 36%
Fixed income securities	36	37	31 – 39%

(11) Postretirement Benefits Other Than Pensions

USCCB provides health care and life insurance benefits to retired employees who have attained certain age and service requirements or age 65. Subsequent to attaining age 65, health care benefits to retired employees are noncontributory and are integrated with Medicare according to the Coordination of Benefits method. The life insurance benefit consists of a \$5,000 level death benefit and is noncontributory. Postretirement benefits are funded on a pay-as-you-go basis.

In 2013, the Executive Committee approved changes to the plan to change the level of benefits available for certain groups of eligible participants effective January 1, 2014. Unless grandfathered, employees retiring from the Conference after January 1, 2014 will be required to pay a percentage of the premiums.

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Amounts recognized in the accompanying consolidated financial statements consisted of the following:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 19,766,411	25,077,983
Service cost	135,262	262,355
Interest cost	949,178	705,627
Medicare Part D benefit subsidy	85,742	90,670
Actuarial loss (gain)	2,119,099	(5,044,616)
Benefits paid	<u>(1,421,062)</u>	<u>(1,325,608)</u>
Benefit obligation, end of year – underfunded	<u>\$ 21,634,630</u>	<u>19,766,411</u>
	<u>2023</u>	<u>2022</u>
Net periodic benefit cost:		
Service cost	\$ 135,262	262,355
Interest cost	949,178	705,627
Amortization of actuarial net gain (loss)	<u>(159,371)</u>	<u>3,852</u>
Net periodic benefit cost	<u>\$ 925,069</u>	<u>971,834</u>
	<u>2023</u>	<u>2022</u>
Other changes in plan assets and benefit obligation:		
Net actuarial loss (gain)	\$ 2,119,099	(5,044,616)
Amortization of actuarial net gain (loss)	<u>159,371</u>	<u>(3,852)</u>
Total other changes in plan assets and benefit obligation	<u>\$ 2,278,470</u>	<u>(5,048,468)</u>

(a) Actuarial Assumptions

The following assumptions were used in calculating the actuarial valuations at December 31, 2023:

	<u>Benefit obligation</u>	<u>Net periodic benefit cost</u>
Discount rate	4.73 %	4.94 %
Health care cost trend rate – Post 65	7.86	7.68
Ultimate trend rate	4.50	4.50
Year ultimate trend rate is reached – Pre 65 / Post 65	2034/2034	2032/2032

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The following assumptions were used in calculating the actuarial valuations at December 31, 2022:

	<u>Benefit obligation</u>	<u>Net periodic benefit cost</u>
Discount rate	4.94 %	2.79 %
Health care cost trend rate – Pre 65	7.29	6.62
Health care cost trend rate – Post 65	7.68	6.59
Ultimate trend rate	4.50	4.50
Year ultimate trend rate is reached – Pre 65 / Post 65	2032/2032	2031/2031

In October 2019, the Society of Actuaries released new data regarding observed mortality rate improvements (the Pri-2012 Mortality Tables and the MP-2021 Mortality Improvement Scale). The updated mortality tables and the scale were considered by USCCB and adopted as of December 31, 2019.

(b) Contributions and Benefit Payments

Postretirement benefits are funded on a pay-as-you-go basis. Therefore, employer contributions are equal to benefits paid in each year. For the years ended December 31, 2023 and 2022, the following benefits were paid from plan assets:

	<u>2023</u>	<u>2022</u>
Benefits paid	\$ 1,421,062	1,325,608
Employer contribution	1,335,320	1,234,938
Medicare Part D benefit subsidy	85,742	90,670

Estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	<u>Gross benefit payments</u>	<u>Medicare subsidy receipts</u>	<u>Net benefit payments</u>
2024	\$ 1,382,000	106,000	1,276,000
2025	1,451,000	109,000	1,342,000
2026	1,520,000	112,000	1,408,000
2027	1,569,000	113,000	1,456,000
2028	1,621,000	115,000	1,506,000
2029-2033	8,526,000	582,000	7,944,000
Total	\$ <u>16,069,000</u>	<u>1,137,000</u>	<u>14,932,000</u>

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USCCB is not required to make a contribution to the postretirement benefit plan in 2024.

(12) Legal Contingencies

USCCB has been named in several lawsuits in the normal course of business. In the opinion of management, these claims are not expected to have a material adverse effect on USCCB's consolidated financial position, changes in net assets or cash flows.

(13) Commitments

USCCB has employment contracts with diocesan priests and for the services of religious men and women usually for periods not to exceed three years.

As of December 31, 2023, and 2022, the total aggregate payment of multi-year employment contracts consists of the following:

	<u>2023</u>	<u>2022</u>
Contracts extend through	2026	2025
Approximate aggregate payments	\$ 907,852	1,061,744

(14) Related Parties

As discussed in note 2(i), the Conference grants funds to several organizations upon approval by the respective subcommittees of the Bishops. Two of the organizations that receive grant funds from the Conference, CLINIC and CRS are determined to be related parties. Specifically, the President of the Conference, or his designee, serves as the chairman and the ex-officio chairman of CLINIC's and CRS's board of directors, respectively.

During the year ended December 31, 2022, management changed the methodology and related timing for issuing certain grant awards. As a result, the Conference did not incur expenses related to grant awards in 2022. Granting awards resumed during the year ended December 31, 2023.

	<u>2023</u>	<u>2022</u>
CLINIC	\$ 787,866	—
CRS	6,849,470	—
Total expenses for related parties	<u>\$ 7,637,336</u>	<u>—</u>

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(15) Financial Assets and Liquidity Resources

As of December 31, 2023, and 2022, financial assets and liquidity resources available within one-year for general expenditures, such as operating expenses and internally funded capital improvements were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 31,268,326	38,961,963
Accounts receivable	38,011,491	32,769,595
Short-term investments	4,456,898	4,301,665
Long-term investments available for current use	<u>75,154,487</u>	<u>47,833,711</u>
Total financial assets available within one year	<u>\$ 148,891,202</u>	<u>123,866,934</u>

USCCB long term investments include donor-restricted funds, a donor restricted endowment fund and a quasi-endowment fund. Income from donor-restricted funds are restricted for specific purposes and, therefore, are not available for general expenditure. The quasi-endowment fund has a spending rate of 5.5%. \$1,797,444 appropriations from the quasi-endowment fund will be available within the next 12 months and is included in long-term investments available for current use line item in the above table. The building, general reserve, catechism, and general operating funds of \$58,025,297 are available for general expenditures and the long-term portion \$22,489,563 is included in the long-term investment available for current use line in the above table.

As part of liquidity management, USCCB has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. USCCB has a quasi-endowment balance of \$30,859,357. Although USCCB does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

(16) Functional Classification of Expenses

The USCCB's primary program activities are comprised of pastoral, migration and refugee services, communications, policy and advocacy, national collections and management and general. Certain costs including depreciation expense, utilities, building maintenance, security, building operations and benefit costs are allocated using cost allocation techniques such as square footage, head count, and direct labor costs. Other supporting services that provide general oversight such as executive offices, finance and accounting, human resources administration, information technology, building services, and general counsel are included in management and general and are not allocated for the purpose of this presentation. Information technology and building services costs such as equipment maintenance agreements and software licenses are charged directly to the programs and are not part of administrative overhead.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

The following tables presents functional classification of expenses for December 31, 2023 and 2022:

		2023					Total
		Pastoral	Migration and refugee services	Communications, policy and advocacy activities	National collections without fundraising	National collections fundraising	
Salaries, taxes and benefits	\$	5,210,856	9,719,148	7,197,122	2,016,352	563,857	32,110,905
Grants and donations		58,913	149,848	159,357	79,456,445	—	79,948,103
Sub-recipient government contract		—	117,202,900	—	—	—	117,202,900
Travel and meetings		1,160,278	399,186	637,424	174,688	15,257	3,275,131
Professional and contract services		1,667,529	2,176,954	1,568,706	390,289	400,679	9,009,713
Depreciation		194,348	99,992	228,414	71,820	—	1,274,381
Other program and operating expenses		732,360	798,883	1,199,878	(71,202)	2,126,305	4,919,173
Total operating expenses	\$	<u>9,024,284</u>	<u>130,546,911</u>	<u>10,990,901</u>	<u>82,038,392</u>	<u>3,106,098</u>	<u>247,740,306</u>

		2022					Total
		Pastoral	Migration and refugee services	Communications, policy and advocacy activities	National collections without fundraising	National collections fundraising	
Salaries, taxes and benefits	\$	5,129,359	8,386,941	11,046,748	1,939,118	475,156	32,211,346
Grants and donations		68,544	148,043	157,064	78,360,483	8,165	78,967,177
Sub-recipient government contract		—	109,426,678	—	—	—	109,426,678
Travel and meetings		1,027,047	1,566,750	824,525	139,988	17,500	4,404,739
Professional and contract services		1,852,425	4,341,040	2,099,213	414,439	367,229	10,825,633
Depreciation		174,092	177,219	289,308	72,334	—	1,341,341
Other program and operating expenses		915,656	835,169	3,002,244	229,895	1,906,832	8,206,673
Total operating expenses	\$	<u>9,167,123</u>	<u>124,881,840</u>	<u>17,419,102</u>	<u>81,156,257</u>	<u>2,774,882</u>	<u>245,383,587</u>

(17) Subsequent Events

Management has performed an evaluation of subsequent events through August 16, 2024, which is the date that the financials are available to be issued. There were no events which affect the financial statements as of December 31, 2023.

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal grantor/program title	Federal assistance listing number (ALN)	Other Identifying Number	Subrecipient expenditures	Total federal expenditures
Department of State:				
U.S. Refugee Admissions Program	19.510	—	\$ 37,364,554	41,833,042
U.S. Refugee Admissions Program	19.510	SPRMCO23CA0032	—	185,790
Total for Department of State			<u>37,364,554</u>	<u>42,018,832</u>
Department of Health and Human Services:				
Refugee and Entrant Assistance Voluntary Agency Program	93.567	—	29,818,662	31,496,239
Refugee and Entrant Assistance State/Replacement Designee Administered Program	93.566	—	9,262,163	10,614,266
Refugee and Entrant Assistance Discretionary Grants	93.576	—	24,066,024	26,091,027
Unaccompanied Alien Children Program	93.676	—	<u>16,354,137</u>	<u>19,406,309</u>
Total for Department of Health and Human Services			<u>79,500,986</u>	<u>87,607,841</u>
Total Expenditures of Federal Awards			<u>\$ 116,865,540</u>	<u>129,626,673</u>

See accompanying notes to schedule of expenditures of federal awards.

**CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Notes to Schedule of Expenditures of Federal Awards

December 31, 2023

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal expenditures of the United States Conference of Catholic Bishops and affiliates (the Conference) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

(2) Basis of Accounting

The accompanying schedule was prepared using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Conference has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

The Administrative Committee
United States Conference of Catholic Bishops

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the United States Conference of Catholic Bishops and affiliates (the Conference), which comprise the Conference's consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Conference's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conference's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conference's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conference's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, District of Columbia
August 16, 2024



KPMG LLP
Suite 12000
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Washington, DC 20006

**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

The Administrative Committee
United States Conference of Catholic Bishops:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United States Conference of Catholic Bishops and affiliates' (the Conference) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Conference's major federal programs for the year ended December 31, 2023. The Conference's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Conference complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Conference and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Conference's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Conference's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Conference's compliance based on our audit. 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,



Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Conference's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Conference's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Conference's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Conference's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Conference as of and for the year ended December 31, 2023, and have issued our report thereon dated August 16, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Washington, District of Columbia
August 16, 2024

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Schedule of Findings and Questioned Costs

Year ended December 31, 2023

(1) Summary of Auditors' Results

- a. Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- b. Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None Reported**
- c. Noncompliance material to the financial statements: **No**
- d. Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- e. Type of report issued on compliance for major programs: **Unmodified**
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- g. Major programs:
 - Refugee and Entrant Assistance State/Replacement Designee Administered Program –Federal Assistance Listing Number 93.566
 - U.S. Refugee Admissions Program –Federal Assistance Listing Number 19.510
- h. Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- i. Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None



Office of Finance and Accounting Services

3211 FOURTH STREET NE • WASHINGTON DC 20017-1194 • 202-541-3000

August 14, 2024

Federal Audit Clearinghouse

<https://harvester.census.gov/facides>

govs.fac.ides@census.gov

Subject: December 31, 2023, Office of Management and Budget Uniform Guidance, 2CFR 200.511 (b) – Summary Schedule of Prior Audit Findings

Ladies and Gentlemen:

Provided for your information is the United States Conference of Catholic Bishops Summary Schedule of Prior Audit Findings.

Regards,

A handwritten signature in cursive script, appearing to read "Joyce L. Jones".

Joyce L. Jones

Chief Financial Officer

United States Conference of Catholic Bishops

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

Summary Schedule of Prior Audit Findings
Year ended December 31, 2023

Finding 2022-001: Subrecipient Expenses – Significant Deficiency

Federal Program: All Federal Programs

Federal Agency: U.S. Department of State; U.S. Department of Health and Human Services

Federal Award Year: Various years impacted

Compliance Requirement: N/A – relates to Schedule of Expenditures of Federal Awards (SEFA) reporting

Condition and Context

The Conference's Office of Finance & Accounting performs weekly extractions from the MRIS subrecipient system (MRIS) to import subrecipient expenses into the MIP accounting system (MIP) in the correct accounting period. Management uses this information to prepare the SEFA. During the extraction process a detailed report, which includes the expense incurred dates, and summary report, which does not include expense incurred dates, are pulled from MRIS to import expenses into MIP. During our testing of the completeness and accuracy of the SEFA, we noted four subrecipient expenditures relating to 2022 that were incorrectly recorded in 2023 therefore understating the federal expenditures included in the 2022 SEFA. Although the expenses were recorded in the incorrect period, the expenditures were in the correct period of performance.

Corrective Action

At the conclusion of the prior year audit (2022), issued in July 2023, management implemented the use of the detailed reports throughout the year and only used the summary reports in the verification process. Instances of the finding were limited to those which occurred prior to completion of the 2022 audit.

Contact Person

Paul Byus, Associate Accounting Director, MRS
Office of Finance and Accounting
US Conference of Catholic Bishops

Remediation Status:

Remediation completed and corrective action implemented for the year ended December 31, 2023.