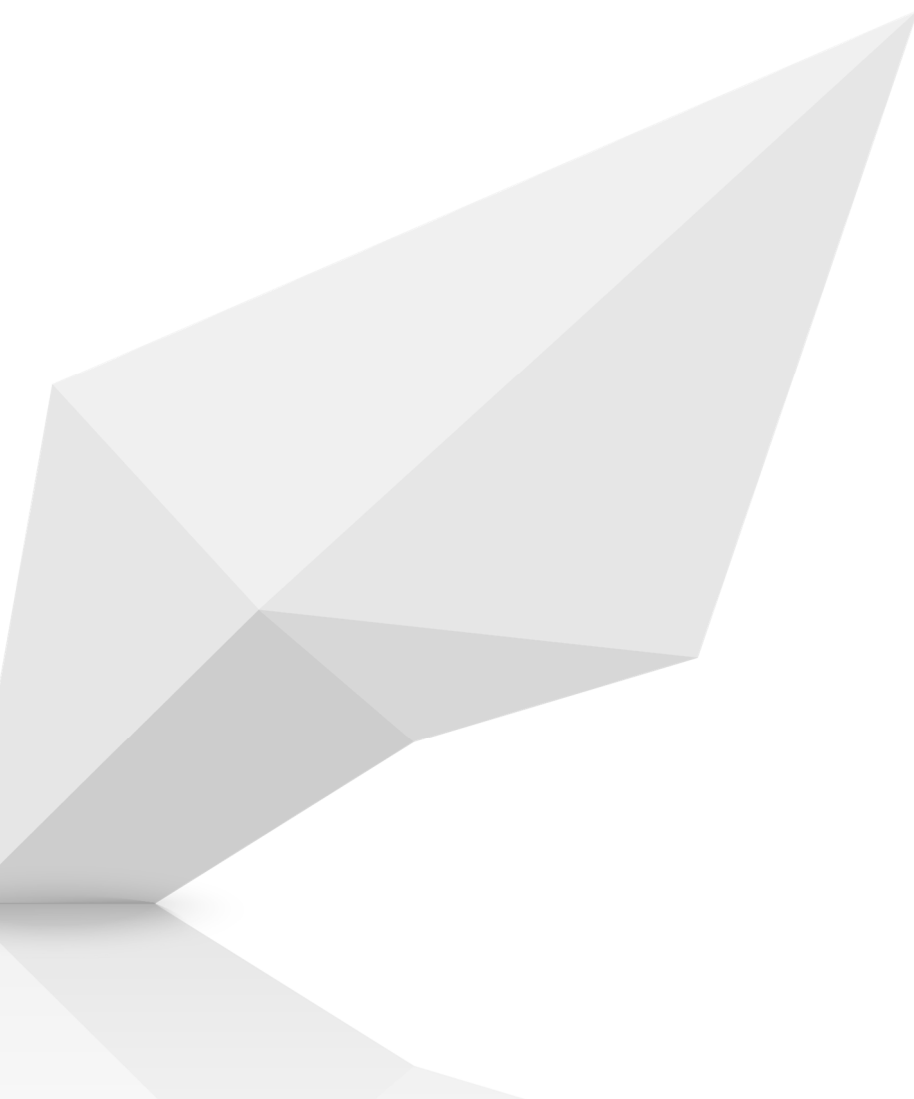


Diocese of Manchester Central Fund Trust

Financial Statements

Years Ended June 30, 2023 and 2022



WIPFLI

Independent Auditor's Report

Roman Catholic Bishop of Manchester a Corporation Sole, Trustee
Diocese of Manchester Central Fund Trust
Manchester, New Hampshire

Opinion

We have audited the accompanying financial statements of Diocese of Manchester Central Fund Trust (the "Trust"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Diocese of Manchester Central Fund Trust as of June 30, 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 ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Diocese of Manchester Central Fund Trust 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 GAAP, 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 Diocese of Manchester Central Fund Trust's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Diocese of Manchester Central Fund Trust'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 Diocese of Manchester Central Fund Trust'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.



Wipfli LLP
Bedford, New Hampshire
April 11, 2024

Diocese of Manchester Central Fund Trust

Statements of Financial Position

<i>As of June 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 1,939,336	\$ 2,178,441
Interest receivable	17,288	2,444
Notes receivable, net of allowance for losses	8,095,365	8,482,405
Investments	72,795,115	56,324,000
Due from Central Office of the Diocese of Manchester (Note 4)	-	789,182
Total assets	\$ 82,847,104	\$ 67,776,472
Liabilities and Net Assets		
Accounts payable	\$ -	\$ 283,920
Due to Central Office of the Diocese of Manchester (Note 4)	4,704,531	-
Depositors' Fund	29,258,806	26,893,847
Depositors' Fund - Restricted	18,154,001	16,293,375
Pooled Investment Fund	19,620,017	16,250,099
Pooled Investment Fund - Perpetual Care	5,752,277	5,502,012
Total liabilities	77,489,632	65,223,253
Without donor restrictions	169,281	(2,190,247)
With donor restrictions	5,188,191	4,743,466
Total net assets	5,357,472	2,553,219
Total liabilities and net assets	\$ 82,847,104	\$ 67,776,472

See accompanying notes to financial statements.

Diocese of Manchester Central Fund Trust

Statement of Activities

<i>Year Ended June 30,</i>	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Donations and bequests	\$ -	\$ 387,425	\$ 387,425
Net assets released from restriction	241,134	(241,134)	-
Total revenues	241,134	146,291	387,425
Program expenses:			
Grants and donations - Catholic formation	107,560	-	107,560
Grants and donations - Education and scholarships	130,002	-	130,002
Provision for losses on notes receivable - Other	164,000	-	164,000
Supporting expenses - Professional services and bank fees	2,750	-	2,750
Total expenses	404,312	-	404,312
Change in net assets before other activities	(163,178)	146,291	(16,887)
Investment return, net	2,941,642	298,434	3,240,076
Interest expense	(418,936)	-	(418,936)
Change in net assets	2,359,528	444,725	2,804,253
Net assets - beginning of year	(2,190,247)	4,743,466	2,553,219
Net assets - end of year	\$ 169,281	\$ 5,188,191	\$ 5,357,472

See accompanying notes to financial statements.

Diocese of Manchester Central Fund Trust

Statement of Activities

<i>Year Ended June 30,</i>	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues:			
Donations and bequests	\$ -	\$ 105,760	\$ 105,760
Net assets released from restriction	414,887	(414,887)	-
Total revenues	414,887	(309,127)	105,760
Program expenses:			
Grants and donations - Catholic formation	29,014	-	29,014
Grants and donations - Education and scholarships	368,143	-	368,143
Provision for losses on notes receivable - Other	325,000	-	325,000
Supporting expenses - Professional services and bank fees	5,616	-	5,616
Total expenses	727,773	-	727,773
Change in net assets before other activities	(312,886)	(309,127)	(622,013)
Investment return, net	(3,590,637)	(538,761)	(4,129,398)
Interest expense	(417,144)	-	(417,144)
Change in net assets	(4,320,667)	(847,888)	(5,168,555)
Net assets - beginning of year	2,130,420	5,591,354	7,721,774
Net assets - end of year	\$ (2,190,247)	\$ 4,743,466	\$ 2,553,219

See accompanying notes to financial statements.

Diocese of Manchester Central Fund Trust

Statements of Cash Flows

<i>Years Ended June 30,</i>	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 2,804,253	\$ (5,168,555)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized (gains) losses	(2,542,854)	4,582,158
Provision for losses on notes receivable	164,000	325,000
Decrease (increase) in:		
Interest receivable	(14,844)	13,759
Increase (decrease) in:		
Accounts payable	(283,920)	228,496
Net cash from operating activities	126,635	(19,142)
Cash flows from investing activities:		
Purchase of investments	(20,697,344)	(846,481)
Proceeds from sale of investments	11,284,654	1,426,855
Due to Central Office of the Diocese of Manchester (Note 4)	4,598,325	-
Amounts advanced on notes receivable	(967,927)	(3,775,203)
Collections on notes receivable	1,190,967	1,489,745
Net cash from investing activities	(4,591,325)	(1,705,084)
Cash flows from financing activities:		
Change in Depositors' Fund, net	4,225,585	2,596,785
Due from Central Office of the Diocese of Manchester (Note 4)	-	(217,355)
Net cash from financing activities	4,225,585	2,379,430
Net change in cash and cash equivalents	(239,105)	655,204
Cash and cash equivalents - beginning of year	2,178,441	1,523,237
Cash and cash equivalents - end of year	\$ 1,939,336	\$ 2,178,441
 Supplemental Disclosures:		
Interest paid on deposits	\$ 418,936	\$ 417,144

Diocese of Manchester Central Fund Trust

Statements of Cash Flows (Continued)

For the year ended June 30, 2023 net noncash investment activity relating to the due to Central Office of the Diocese of Manchester totaled approximately \$895,000. For the year ended June 30, 2023 net noncash investment activity relating to the pooled investment fund totaled approximately \$3,628,000.

For the year ended June 30, 2022 net noncash investment activity relating to the due from Central Office of the Diocese of Manchester totaled approximately \$959,000. For the year ended June 30, 2022 net noncash investment activity relating to the pooled investment fund totaled approximately \$2,445,000.

For the year ended June 30, 2023 there were noncash notes receivable restructurings of approximately \$920,000.

For the year ended June 30, 2022 there were noncash notes receivable restructurings of approximately \$1,700,000.

See accompanying notes to financial statements.

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The accompanying financial statements reflect the application of the accounting policies described in this note.

Basis of Presentation

The accompanying financial statements include the assets, liabilities, net assets and financial activities of the Diocese of Manchester Central Fund Trust (CFT). The CFT hold deposits and investments as well as makes loans to various parishes, schools, and cemeteries within the territory of the Diocese of Manchester (the Diocese), which encompasses the State of New Hampshire. Revenues are derived primarily from donations and investment income.

The Trust was established August 19, 2020 by the Roman Catholic Bishop of Manchester, a corporation sole, ("RCBM"), to establish a Pooled Investment Fund and a Depositors' Fund for participants. The Pooled Investment Fund holds deposits of participants. The Depositors' Fund includes all assets not held in the Pooled Investment Fund, and includes assets which were previously held in the "Central Fund," as described below. The powers of control and management of the CFT rest exclusively with RCBM, a corporation sole, acting in its capacity as Trustee of the CFT. RCBM is not permitted to be a participant in the Trust with respect to any funds held for its own benefit, or with respect to any funds in the Trust not being held for the benefit of others.

Participants are defined in the Trust indenture as parishes of the Diocese and their affiliated organizations, organizations of the Diocese, including, but not limited to, schools that are entities of the Diocese and their affiliated organizations, any trust of which the office of the Bishop of Manchester (the Bishop) and/or the RCBM is serving as the Trustee, donor restricted funds which are administered by the Bishop and/or the RCBM, and any other organizations which are Catholic entities within the jurisdiction of the Diocese, which are approved by the Trustee for participation in the Trust.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the 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 changes in net assets during the reporting period. Actual results could differ from those estimates.

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the CFT considers certificates of deposit and other highly liquid debt instruments with a maturity of three months or less from the date of purchase to be cash equivalents, including certain cash equivalents managed by its investment advisors (Note 8). At certain times during the year, cash balances may be in excess of FDIC coverage. The CFT has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

In addition to the above amounts on deposit, the CFT reports certain other cash equivalents managed by its investment advisors as investments and not as cash equivalents in the accompanying statements of financial position, since it is the CFT's intention to invest these funds for long-term purposes.

Notes receivable

Notes receivable from participants are unsecured and are reported at their unpaid principal balances, less an allowance for losses. However, if property of a participant were to be liquidated, proceeds from the sale of the assets would be required to be applied to any outstanding balance on notes receivable due to the CFT.

Interest on notes receivable is recognized over the term of the loan and is calculated using either the simple interest method or the amortization method on principal amounts outstanding. Interest rates are reviewed by the CFT every six months with any changes effective January 1 and July 1 each fiscal year. Interest was charged at the rate of 3.95% for the years ended June 30, 2023 and 2022. Interest income was \$403,015 and \$293,145 for the years ended June 30, 2023 and 2022, respectively. Certain notes are non-interest bearing or are at a reduced rate of interest. These notes generally have been recorded net of applicable discounts to reflect the present value of the notes, based on the interest rates normally charged on other notes. There were no discounts recorded for the years ended June 30, 2023 and 2022.

The CFT has been willing, under appropriate circumstances, to make concessions for borrowers whose payments were not current or to refinance outstanding obligations. At the time of restructuring, the note is evaluated for an allowance for credit losses. The CFT continues to specifically reevaluate the loan in subsequent periods, regardless of the borrower's performance under the modified terms. There were no troubled debt restructurings for the years ended June 30, 2023 and 2022.

Notes receivable are evaluated for impairment annually and are placed on non-accrual status on a case-by-case basis. Interest income on non-accrual loans is recognized only to the extent that cash payments are received. Loans are classified as impaired when they are greater than 60 days past due, on non-accrual status, or additional borrowing is needed due to operational deficits. Generally, loans are restored to performing status when the obligation is brought current, has performed in accordance with contractual terms for a reasonable period of time as determined by the CFT, and the ultimate collectability of the total contractual principal and interest is no longer in doubt.

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Notes receivable (Continued)

The CFT reviews each outstanding note receivable and has provided an allowance for losses at a level that the CFT believes to be representative of inherent losses estimated on the basis of factors, such as the risk characteristics of the borrower, average historical bad debt write-offs, and current economic conditions that may affect the borrower's ability to pay. Delinquency status is determined based on contractual terms. It is the CFT's policy to charge off uncollectible notes receivable when management determines the receivable will not be collected. Additionally, on the aggregate remaining balance of notes receivable the CFT estimates an additional allowance covering those amounts not specifically identified (see Note 3).

Investments

Investments represent marketable securities and alternative investments. Investments in marketable securities are valued at their fair values in the statements of financial position. The measurement of fair value is made using the fair value hierarchy established under current accounting standards (Note 8). Net asset value ("NAV") is used as a practical expedient to estimate fair value of the alternative investments (Note 8).

Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses and management fees. For purposes of determining realized gains and losses, the cost of securities sold is based on average cost.

Restricted Support

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor- or certain grantor-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. Restricted contributions that are received and utilized in accordance with donor stipulations in the same year are reported as contributions without donor restrictions. The CFT follows a similar policy for investment return on these funds.

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Support (Continued)

Net assets with donor restrictions as of June 30, 2023 and 2022 are restricted for the following purposes:

	2023	2022
Education	\$ 998,916	\$ 851,194
Other various purposes	193,715	187,881
Total	\$ 1,192,631	\$ 1,039,075

Net assets released from restrictions in 2023 and 2022 were used primarily for education and catholic formation support.

Endowments restricted in perpetuity (including amounts above the original gift amount of \$2,829,410 as of June 30, 2023 and \$2,586,345 as of June 30, 2022):

	2023	2022
Seminarians	\$ 136,701	\$ 128,506
Care of gravesites	48,953	48,010
Scholarships, education and tuition	2,580,441	2,323,669
Care of needy	17,217	16,932
General purposes for specific parishes	1,117,398	1,095,751
Other various purposes	94,850	91,523
Total	\$ 3,995,560	\$ 3,704,391
Total net assets with donor restrictions	\$ 5,188,191	\$ 4,743,466

Federal and State Income Taxes

The CFT is an irrevocable charitable trust exempt from Federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The CFT recognizes the tax benefit of an uncertain tax position only if management determines that it is more likely than not that the tax position would be sustained upon examination by taxing authorities based on the technical merit of the position. Management has determined for the year ended June 30, 2023, the CFT did not take any material tax positions which do not meet the criteria for recognition.

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Donations received, including unconditional promises to give, are recognized as revenue in the period received at fair value. Conditional donations, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Any funding received prior to overcoming the barrier is recorded as a refundable advance on the statement of financial position. The CFT reports gifts of cash and other assets as contribution revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Support, as well as any related investment income, that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

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

Note 2: Investments

The CFT's policy is to invest in a manner consistent with teachings of the Roman Catholic Church, as expressed in guidelines published by the US Conference of Catholic Bishops, in order to preserve capital and realize a sufficient return with minimal risk. In general, the CFT's current policy is to maintain the following allocations:

Equity securities - domestic	10% - 40%
Equity securities - international and emerging markets	10% - 30%
Fixed income securities	30% - 40%
Alternative investments	5% - 25%
Private equities	0% - 10%
Cash and cash equivalents	.5% - 5%

Net investment return in the statement of activities is comprised of the following:

<i>For the year ended June 30,</i>	2023	2022
Dividends, interest and other income	\$ 1,300,729	\$ 1,042,038
Investment expenses	(174,907)	(201,368)
Management fees	(428,600)	(387,910)
Net realized and unrealized gains (losses)	2,542,854	(4,582,158)
Total	\$ 3,240,076	\$ (4,129,398)

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 2: Investments (Continued)

See Note 8 for fair value measurements and the fair value of investments classified by major type.

Investment income earned on certain net assets with donor restrictions is restricted as to use. All other investment income is without donor restrictions as to use. The CFT follows the guidance established by the Financial Accounting Standards Board when accounting for losses in donor-restricted endowment funds (see Note 9).

Note 3: Notes Receivable

In assessing performance of notes receivables on an annual basis, the CFT considers notes receivable less than 30 days past due to be current and classified as performing. The CFT also classifies loans which have contractual terms that require no payments in a given year as current and performing. Performing notes receivable as of June 30, 2023 and 2022 were \$9,979,349 and \$8,690,959, respectively. Non-performing notes receivables as of June 30, 2023 and 2022 were \$791,016 and \$2,302,446, respectively.

The following reflects the age analysis of notes receivable as of June 30, 2023 and 2022:

	2023	2022
Current	\$ 9,979,349	\$ 8,690,959
30 - 59 days	230,361	1,367,896
60 - 89 days	-	891,619
90+ days	560,655	42,931
Total notes receivable	\$ 10,770,365	\$ 10,993,405
Total notes receivable on non-accrual status	\$ 1,259,199	\$ 1,427,994
Notes receivable 90+ days past due and still accruing	\$ -	\$ 42,931

The following provides informative data at June 30, 2023 and 2022 and for the years then ended, separately presented based on whether or not management has recognized an allowance for credit losses with respect to the impaired loans:

	2023	2022
Impaired loans for which no allowance for credit losses is recognized:	\$ -	\$ -
Impaired loans for which an allowance for credit losses is recognized:		
Recorded investment	\$ 8,578,600	\$ 7,835,043
Unpaid principal balance	8,578,600	7,835,043
Average recorded investment	8,206,822	6,921,263
Interest income recognized while impaired	270,934	178,835

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 3: Notes Receivable (Continued)

The following reflects the allowance for losses and the related recorded investment in notes receivable as of June 30, 2023 and 2022 :

	2023	2022
Allowance for losses:		
Beginning balance	\$ 2,511,000	\$ 2,186,000
Provision (recovery)	164,000	325,000
<hr/>		
Ending balance	\$ 2,675,000	\$ 2,511,000
<hr/>		
Ending balance: Individually evaluated for impairment	2,603,010	2,405,398
Ending balance: Aggregate remaining balance evaluated for impairment	71,990	105,602
<hr/>		
Ending balance	\$ 2,675,000	\$ 2,511,000
<hr/>		
Recorded investment in notes receivable:		
Ending balance: Individually evaluated for impairment	8,578,600	7,835,043
Ending balance: Aggregate remaining balance evaluated for impairment	2,191,765	3,158,362
<hr/>		
Ending balance	\$ 10,770,365	\$ 10,993,405
Less: Allowance for losses	(2,675,000)	(2,511,000)
<hr/>		
Notes receivable, net of allowances for losses	\$ 8,095,365	\$ 8,482,405

There were no changes to the accounting policy for notes receivable for the year ended June 30, 2023 and 2022. There were no purchases, sales, or reclassifications of notes receivables for the year ended June 30, 2023 and 2022.

Note 4: Related Party Transactions

At June 30, 2023, the CFT owed the Central Office \$4,704,531 relating to the allocation of investment activity between the Central Office and the CFT.

Amounts due from the Central Office totaled \$789,182 at June 30, 2022 relating to the allocation of investment activity between the Central Office and the CFT.

Management fees paid to the Central Office totaled \$428,600 for the year ended June 30, 2023, which excludes \$187,815 in management fees paid by participants in the pooled investment funds. Management fees paid to the Central Office totaled \$387,910 for the year ended June 30, 2022, which excludes \$395,062 in management fees paid by participants in the pooled investment funds.

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 4: Related Party Transactions (Continued)

At June 30, 2022, amounts due to participants totaled \$283,920 for withdrawals from the Depositors' Fund and Pooled Investment Fund. At June 30, 2023, no amounts were due to participants.

Investments (Note 2) are held for participants as described in Note 5. The CFT makes loans to participants as described in Note 3.

Note 5: Depositors' Fund and Pooled Investment Fund

The CFT maintains a Depositors' Fund, which holds deposits for participants. Interest is paid on deposits at a rate of 0.50% at June 30, 2022 and June 30, 2023, and on 12-month or 24-month Restricted Withdrawal accounts at a rate of 1.25% and 1.5%, respectively at June 30, 2023 and 2022. For cemeteries with deposits in the Perpetual Care Fund, interest is paid at 2.7% at June 30, 2023 and 2022. Amounts held are payable on demand, however participants may incur a penalty for early withdrawal. Certain deposits in the Depositors' Fund, including deposits in the Perpetual Care Fund, are restricted by the participants and may not be used by the CFT to issue notes receivable as described in Note 3. Depositors' Funds that were restricted totaled \$18,154,001 and \$16,293,375 as of June 30, 2023 and 2022. Interest expense on amounts in the Depositors' Fund totaled \$418,936 and \$417,144 for the year ended June 30, 2023 and 2022. In addition, the CFT maintains a Pooled Investment Fund on behalf of participants, as well as cemeteries participating in the Perpetual Care Fund. The investment return on these funds is excluded from the financial statements and the investment risk for the funds are with the participants.

The CFT Depositors' Fund and Pooled Investment Fund at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Parishes	\$ 47,843,557	\$ 41,594,575
Cemeteries	8,903,912	7,768,798
Schools	14,738,886	13,817,452
Other participants	1,298,746	1,758,508
Total Depositors' Funds and Pooled Investment Funds	\$ 72,785,101	\$ 64,939,333

Note 6: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 1,939,336	\$ 2,178,441
Interest receivable	17,288	2,444
Collections on notes receivable	1,362,081	1,356,325
Totals	\$ 3,318,705	\$ 3,537,210

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 6: Liquidity and Availability of Financial Resources (Continued)

As described in Note 5, the CFT holds deposits and investments for participants. Deposits and investments held for participants are not available for general expenditure.

The investments also consist of donor-restricted endowments (Note 9). Donor-restricted endowment funds are not available for general expenditure.

As part of the liquidity management plan, the CFT produces an annual budget that is submitted to the Diocesan Finance Council, which outlines the anticipated financial needs to support the CFT within the next fiscal year. To manage current cash flow needs, the budget is analyzed and compared to actual results throughout the year.

Note 7: Risk and Uncertainties

The CFT invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances.

Note 8: Fair Value Measurements

Accounting principles generally accepted in the United States establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, observable inputs other than quoted market prices or inputs that are derived principally from or corroborated by observable market data by correlation or other means; and Level 3 inputs consist of inputs that are unobservable and significant to the fair value measurement and have the lowest priority. The CFT uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs.

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 8: Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the valuation techniques used to determine the fair value of the CFT's assets as of June 30, 2023 and 2022:

	2023			Net Asset Value*	Total
	Level 1	Level 2	Level 3		
Money market mutual funds	\$ 1,821,230	\$ -	\$ -	\$ -	\$ 1,821,230
Equity securities:					
Domestic	24,869,623	-	-	-	24,869,623
International and emerging markets	7,092,381	-	-	-	7,092,381
Fixed income securities:					
Corporate bonds	-	14,877,427	-	-	14,877,427
Government securities	-	12,482,807	-	-	12,482,807
Certificates of deposit	-	3,135,882	-	-	3,135,882
Preferred stock	140,150	-	-	-	140,150
Exchange-traded and closed- end funds	144,521	-	-	-	144,521
Alternative investments:					
Real estate investment trusts	2,660,117	-	-	-	2,660,117
Mutual funds	666,658	-	-	-	666,658
Total assets in the fair value hierarchy	37,394,680	30,496,116	-	-	67,890,796
Alternative investments	-	-	-	3,994,134	3,994,134
Investments at fair value	\$ 37,394,680	\$ 30,496,116	\$ -	\$ 3,994,134	71,884,930
Cash and cash equivalents					1,325,254
Total funds managed by investment advisors					73,210,184
Less: Investments reported as cash and cash equivalents in the Statements of Financial Position					(415,069)
Total investments per Statements of Financial Position					\$ 72,795,115

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 8: Fair Value Measurements (Continued)

	2022			Net Asset Value*	Total
	Level 1	Level 2	Level 3		
Money market mutual funds	\$ 1,280,974	\$ -	\$ -	\$ -	\$ 1,280,974
Equity securities:					
Domestic	22,007,712	-	-	-	22,007,712
International and emerging markets	6,667,672	-	-	-	6,667,672
Fixed income securities:					
Corporate bonds	-	9,079,100	-	-	9,079,100
Government securities	-	7,792,696	-	-	7,792,696
Certificates of deposit	-	2,610,263	-	-	2,610,263
Mutual funds	1,912,759	-	-	-	1,912,759
Preferred stock	119,664	-	-	-	119,664
Exchange-traded and closed- end funds	203,108	-	-	-	203,108
Alternative investments:					
Real estate investment trusts	3,038,793	-	-	-	3,038,793
Mutual funds	713,357	-	-	-	713,357
Total assets in the fair value hierarchy	35,944,039	19,482,059	-	-	55,426,098
Alternative investments	-	-	-	982,833	982,833
Investments at fair value	\$ 35,944,039	\$ 19,482,059	\$ -	\$ 982,833	56,408,931
Cash and cash equivalents					1,565,958
Total funds managed by investment advisors					57,974,889
Less: Investments reported as cash and cash equivalents in the Statements of Financial Position					(1,650,889)
Total investments per Statements of Financial Position					\$ 56,324,000

* In accordance with current accounting standards, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 8: Fair Value Measurements (Continued)

Level 1 and 2 assets are valued using a market approach. Level 1 equity securities, fixed income securities, exchange traded and closed-end funds and alternative investments are valued based on published quotations of securities traded on active markets. Level 2 fixed income securities are valued using quoted prices for identical or similar assets in markets that are not active.

Alternative investments measured at net asset value ("NAV") represent units owned in private equity, real estate investment trusts and hedge funds with varying investment strategies. Valuation of these investments are at the NAV of the underlying investments held by the individual funds. NAV is used as the practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the CFT will sell the investment for an amount different from the reported NAV. The funds are valued at least quarterly using prices for identical or similar assets in markets that are not active. Hedge funds are redeemable quarterly with the redemption period varying from ninety days to two years depending on the individual funds. Private equity and real estate investment funds typically require funding commitments over a period of one to two years. Redemptions are generally not permitted on the private equity and real estate investment funds, with distributions being made over a long term period of up to ten years. The CFT had unfunded commitments for alternative investments of approximately \$661,000 and \$1,085,000 as of June 30, 2023 and 2022.

There were no changes in the valuation techniques during the current period. The inputs or valuation methodology used for valuing securities are not necessarily indicative of the risk associated with investing in those securities.

Note 9: Donor- Restricted Endowments

The CFT follows the accounting guidance established by the Financial Accounting Standards Board for the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The guidance also requires certain disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) if the organization is subject to UPMIFA. The State of New Hampshire enacted UPMIFA effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. The CFT has determined that donor restricted net assets meet the definition of endowment funds under UPMIFA.

The CFT's endowments consist of funds established for the benefit of participants of the Trust. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 9: Donor- Restricted Endowments (Continued)

The CFT has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the gift of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the CFT retains in perpetuity net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the CFT in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the CFT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the CFT, and (7) the CFT's investment policies.

Endowment net asset composition as of June 30, 2023 and 2022 and changes in endowment net assets for the years ended June 30, 2023 and 2022, are as follows:

	2023 With Donor Restrictions	2022 With Donor Restrictions
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 2,829,410	\$ 2,586,345
Accumulated investment gains	1,166,150	1,118,046
Endowment net assets, end of year	\$ 3,995,560	\$ 3,704,391
	2023 With Donor Restrictions	2022 With Donor Restrictions
Endowment net assets, beginning of year	\$ 3,704,391	\$ 4,231,765
Contributions	237,500	-
Interest and dividends	19,440	16,735
Net appreciation (depreciation) in value of investments	211,491	(478,279)
Amounts appropriated for expenditure	(177,262)	(65,830)
Endowment net assets, end of year	\$ 3,995,560	\$ 3,704,391

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the CFT to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets with donor restrictions. No significant deficiencies were reported in net assets with donor restrictions as of June 30, 2023 and 2022.

Diocese of Manchester Central Fund Trust

Notes to Financial Statements

Note 9: Donor- Restricted Endowments (Continued)

Investment Return Objectives, Risk Parameters and Strategies. The CFT has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution not exceeding 5%, while growing the funds if possible. Therefore, the CFT expects its endowment assets, over time, to produce a rate of return sufficient to provide for the annual distribution. Investment risk is measured in terms of the total endowment funds. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The CFT has a policy of appropriating for distribution each year between 4% - 5% of its endowment fund's average fair value of the previous three years. In addition, in the event that an amount in excess of the approved spending rate is required for any single year, the CFT will appropriate a distribution of up to 7%, which is in line with the safe harbor provision, in order to accomplish the purposes for which a particular donor restricted fund has been established. The proposed appropriation shall be reviewed by the Investment and Loan Committee, a subcommittee for the Diocesan Finance Council, which will then make a recommendation to the Bishop as to its concurrence or non-concurrence with the proposed appropriation. For the fiscal years ended June 30, 2023 and 2022, a 4% distribution was approved by the Roman Catholic Bishop of Manchester, a corporation sole in its capacity as Trustee of the CFT, and Canonically by the Bishop. In establishing this policy, the CFT considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, some of which must be maintained in perpetuity because of donor-restrictions, the possible effects of inflation, the provisions of SPMIFA, and whether there are any fund deficiencies.

Note 10: Subsequent Events

Management has evaluated subsequent events through April 11, 2024, the date when the financial statements were available to be issued.