

Diocese of
Greensburg
ANNUAL
REPORT

July 1, 2017 —
June 30, 2018

A SUPPLEMENT TO
THE CATHOLIC ACCENT
NOV. 15, 2018

A message from Bishop Malesic

Dear Brothers and Sisters in Christ:

As your bishop, I am continually humbled by your deep faith and your kindhearted generosity to the Catholic Church in these four counties of southwestern Pennsylvania. I also understand that I am responsible for ensuring that your financial contributions are being used as you intended, to help further the mission of the Church that Jesus Christ established for us here on earth.

Through your many gifts, financial and otherwise, the Church of Greensburg is able to help Catholics fulfill our universal baptismal call to bring the Good



News of Jesus Christ into the world through word, service and worship, all of which requires good financial stewardship of our material blessings.

I am pleased to inform you that we continue to meet our financial obligations and provide for the needs of the people in our Diocese, including the needs of survivors of clergy abuse to whom we have

pledged counseling and our support to help them find healing. Over the last three years, I have come to believe more than ever that it is our moral obligation as a Church to help restore those who have been hurt.

This report shows the Diocese's sources of funding and how those funds are used. In the diocese's continuing commitment to transparency, this report also shows the legal fees incurred as a result of the Pennsylvania Grand Jury investigation, and other legal issues, and how those fees are paid.

If you have questions about this or any other aspect of the report, I encourage you to contact our chief financial officer, Sheila Murray.

These have been difficult times for the Church, so I appreciate all the more your continued support of the Church and of me, your priests and your neighbors who are with us on this journey to salvation. The Diocese cannot fulfill its mission without your contributions.

I give thanks to God for each of you and for all of his many blessings upon our parishes and diocese.

Sincerely yours in Christ,

+ Edward C. Malesic

The Most Reverend Edward C. Malesic, JCL
Bishop of Greensburg

Diocese of Greensburg on strong financial foundation moving forward

The Diocese of Greensburg has a stable, strong financial foundation as of the end of the fiscal year, June 30, 2018. The Statement of Financial Position outlined in this report indicates that the diocese's total unrestricted net assets have increased by about \$2.3 million since June 30, 2017. This is mainly attributed to the decrease in the net asset deficit in the Pension Accounting Fund resulting from solid investment earnings.

However, both the Pastoral Center and the Self Insurance Fund net assets decreased by about \$1 million, and \$2 million, respectively, since the previous year. An increase to the allowance for uncollectible accounts was mainly the source of the decrease in the Pastoral Center, and an increase in property and health claims resulted in the \$2 million decrease in the Self Insurance Fund.

The Statements of Activities for the Diocesan Central Administration reflects the generous support that parishioners continue to give to the diocese. The diocese's share from the Diocesan Lenten Appeal increased more than \$100,000, with the parishes retaining about \$1.5 million of the 2018 appeal. The diocese recognized an increase in the expenses allocated to the Catechesis, Evangelization, Youth and Worship offices so that it was able to continue to spread the Good News to all. The remaining department expenses remained fairly

consistent year to year, with the exception of the bad debt expense that was recorded to reflect the increase in the allowance for uncollectible



accounts from our parishes and schools. These accounts may still be collectible in the future, and the allowance would be adjusted annually to reflect this possibility. The Diocesan Central Administration ended

the year with net assets of \$6.7 million, or approximately \$1 million less than the previous year.

Due to the Grand Jury investigation, which concluded with the release of a report in August 2018, and ongoing legal issues, the diocese continues to incur legal fees. The total legal fees of approximately \$430,000 and \$390,000, respectively, are noted on the Diocesan Central Administration — Pastoral Center Statement of Activities for the fiscal years ending June 30, 2018 and 2017. The majority of these fees are related to the Grand Jury investigation. The Self Insurance Fund also paid a portion of the legal fees related to the investigation, which was \$421,000 and \$380,000, respectively, for the fiscal years ending June 30, 2018 and 2017, as well. The diocese does not pay the legal fees to defend a priest accused of sexual abuse.

The two diocesan schools, Greensburg Central Catholic Junior-Senior High School (GCC) and Geibel Catholic Junior-Senior High School (Geibel Catholic), continue to provide an outstanding

education to students in the Diocese of Greensburg. GCC ended fiscal year 2018 with a \$292,000 change in net assets, which decreased its net asset deficit down to about \$1 million. Tuition income and other revenues remained consistent year to year, but GCC realized a reduction in instructional expenses due to a retirement buy-out package that was offered at the end of school year 2016-2017.

Geibel Catholic's net assets increased more than \$300,000, and the school ended the year with a net asset balance of \$449,000 on June 30, 2018. The school retired its outstanding loan for the 1:1 computing initiative early, which is reflected as the zero balance for the Catholic Institute loan payable. Tuition revenue was lower as compared to school year 2016-2017; however this decrease was offset by the addition of an in-house cafeteria that resulted in gross income of about \$100,000 for the current year. The development income also increased by more than \$60,000 as well. Total expenses remained constant year to year, which resulted in the change in unrestricted net assets of \$326,000.

The Diocese of Greensburg continues to be financially stable and manages its mission within the resources provided by faithful and generous benefactors. On behalf of Bishop Edward C. Malesic and the Diocesan Finance Council, I am available to answer any questions you may have about the financial position and annual results of the Diocese of Greensburg.

— Sheila R. Murray, CPA, MBA, Chief Financial Officer

DIOCESAN FINANCE COUNCIL

The Diocesan Finance Council is a consultative body for the diocesan bishop and, as with parish finance councils, is required by the Code of Canon Law, the universal law of the Catholic Church. The specific responsibilities of the diocesan finance council, as outlined by canon law, include reviewing the annual budget, annual financial statements and the independent auditors' report, and providing consultation in specific financial areas. In the Diocese of Greensburg, there are statutes that provide further direction for the council, including advising the bishop and his staff in the Department of Finance. The members of the Diocesan Finance Council for 2017-18, appointed by the bishop, were:

- Dick K. Barton
- Margaret DiVirgilio
- Rev. Msgr. James T. Gaston, STL, VF
- Ruth Grant
- Rev. Msgr. Larry J. Kulick, JCL, VG, vicar general, ex officio member
- Sheila Murray, CFO
- John Stevens
- William Thalman
- Michael Walker

ABOUT THIS REPORT

Each year, the Diocese of Greensburg's financial statements are audited by independent certified public accountants. Also, the Diocesan Finance Council meets annually with the auditor to hear the report on the results of the audit. The financial information in this report is taken from those audited financial statements. Please contact the Department of Finance at 724-837-0901 if you have any questions regarding the information presented in this annual report.

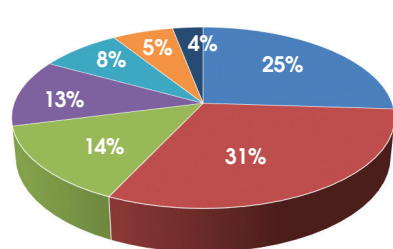
Diocese of Greensburg and Related Activities

Statements of Financial Position As of June 30,	2018	2017	2016
Assets:			
Cash and cash equivalents	\$ 561,881	\$ 590,979	\$ 520,228
Investments	16,732,828	17,260,384	15,589,871
Receivables, net of allowance for doubtful accounts	2,695,746	4,089,606	4,433,638
Bond receivable from parish	4,051,500	4,271,124	4,485,396
Pension receivable from parishes and schools	355,209	1,184,805	1,552,327
Today's Challenge - Tomorrow's Hope pledges receivable	-	11,749	451,869
Assets designated for OPEB	9,096,778	8,335,345	7,475,230
Prepaid and other assets	198,664	139,060	186,990
Fixed assets, net of depreciation	19,686,542	19,793,669	20,356,526
Due from other diocesan funds	1,805,025	3,045,107	3,646,775
Due from related entities	1,001,163	856,299	734,600
Total Assets	\$ 56,185,336	\$59,578,127	\$59,433,450
Liabilities:			
Accounts payable	\$ 1,166,045	\$ 1,033,295	\$ 1,172,492
Agency and trust accounts	1,048,171	569,273	553,094
Deferred income	134,193	268,504	294,141
Accrued expenses	1,922,334	1,269,741	1,053,802
Accrued pension - lay plan	13,868,242	17,430,663	23,293,073
Accrued pension - priests' plan	2,938,085	3,131,911	4,617,307
Accrued postretirement priests' health benefits	6,920,867	7,465,394	7,851,586
Bonds payable	4,065,000	4,280,000	4,490,000
Loans payable	1,591,754	1,954,432	2,268,177
Due to other diocesan funds	1,805,025	3,045,107	3,646,775
Due to related entities	485,089	1,026,147	1,186,871
Due to parishes (TCTH funds)	8,077	30,162	268,227
Total Liabilities	35,952,882	41,504,629	50,695,545
Net Assets:			
Unrestricted Net Assets:			
Pastoral Center	2,848,880	3,895,725	3,846,259
Self Insurance Fund	6,909,113	8,789,818	7,766,101
High Schools	(890,997)	(1,481,418)	(1,584,283)
Tuition Assistance Fund	77,797	173,426	143,271
Plant Fund fixed assets, net	20,338,996	19,703,829	20,076,804
Pension Accounting Fund	(13,435,839)	(17,455,344)	(25,702,563)
Parish Bond Fund	184,527	81,194	(83,070)
Capital and Endowment Campaign	(56,387)	(71,211)	(185,370)
Agency Funds	80,273	75,902	75,592
Total Unrestricted Net Assets	16,056,363	13,711,921	4,352,741
Temporarily Restricted Net Assets:			
Pastoral Center	3,876,107	3,877,097	3,821,582
High Schools	235,564	238,626	164,291
Tuition Assistance Fund	30,642	38,255	52,620
Plant Fund	29,079	202,880	339,241
Agency Funds	4,699	4,719	7,430
Total Temporarily Restricted Net Assets	4,176,091	4,361,577	4,385,164
Total Net Assets	20,232,454	18,073,498	8,737,905
Total Liabilities and Net Assets	\$ 56,185,336	\$ 59,578,127	\$59,433,450

Diocesan Central Administration — Pastoral Center

Statements of Activities Years Ended June 30,	2018	2017	2016
Revenue, gains and other support:			
Diocesan Lenten Appeal	\$ 3,536,174	\$3,428,169	\$3,309,276
Diocesan assessment on parish income	2,881,866	2,861,028	2,773,938
Program fees and other revenue	1,537,390	1,527,563	1,539,115
Christ Our Shepherd Center rental, fees and food service	1,518,895	1,285,406	1,431,187
Investment and endowment income	891,980	899,674	626,282
Communications assessment	614,017	627,316	637,069
Other contributions and grants	421,361	334,102	274,705
Total Revenue, Gains and Support	\$ 11,401,683	\$ 10,963,258	\$ 10,591,572
Expenses are incurred in the following areas to perform services in support of parish, Catholic education and other ministries:			
Faith Formation and Catholic Education:			
Catechesis, evangelization, youth and worship	\$ 712,424	\$ 585,973	\$ 631,030
Contribution to diocesan high schools	525,000	525,000	525,000
Government funded educational programs	407,541	405,939	385,876
Office for Catholic Schools	364,774	376,774	338,744
Lay ecclesial ministry	263,970	289,475	230,121
Elementary schools tuition assistance	165,000	165,000	165,000
Total Faith Formation and Catholic Education	2,438,709	2,348,161	2,275,771
Corporal Works of Mercy:			
Hospital ministry program	506,444	554,430	525,293
Contribution to Catholic Charities	535,000	535,000	535,000
Tribunal/Marriage Office	174,024	170,049	174,635
Donations and other grants	97,400	95,545	141,600
Other special ministries	13,837	13,299	6,931
Total Corporal Works of Mercy	1,326,705	1,368,323	1,383,459
Vocations, Clergy Formation and International Priests:			
Office for Vocations	238,863	225,674	258,911
Unassigned priests	167,690	167,139	132,153
Neumann House, net of residence fees	187,710	164,087	136,613
Pension and retired priests' health care	44,719	141,970	105,491
Clergy Development	137,535	138,434	112,776
International Priests	110,645	71,796	109,010
Office for the Permanent Diaconate	92,677	41,209	59,896
Total Vocations, Clergy Formation and International Priests	979,839	950,309	914,850
Chancery Offices:			
Bishop's Office	427,836	441,303	550,801
Development and Stewardship Education	430,000	430,000	430,000
Human Resources	210,281	168,713	169,646
Vicar General's Office	136,347	132,081	129,376
Retired Bishop's Office	134,903	117,784	131,033
Curator/Archivist	78,948	101,050	36,800
Diocesan Planning Office	55,024	64,768	58,802
Chancellor's Office	48,799	54,311	66,086
Purchasing and facilities services	46,186	48,669	38,588
Total Chancery Offices	1,568,324	1,558,679	1,611,132
Finance Department:			
Information technologies	812,660	924,104	952,293
Financial operations and services	682,664	652,107	639,598
Engineering and facilities management	199,281	209,096	177,972
Total Finance Department	1,694,605	1,785,307	1,769,863
Total Christ Our Shepherd Center	1,334,090	1,203,207	1,197,520
Total Catholic Accent and Media Relations	747,082	729,259	729,198
Other Administrative:			
Legal and professional fees	432,285	393,354	75,706
Regional and national dues	134,120	142,216	140,301
General diocesan administration	121,515	130,018	84,323
Special events	4,784	5,539	153,572
Diocesan sites maintenance	4,327	5,311	13,153
Bad debt expense	958,193	174	52,548
Lay employee pension plan (credit) expense	(285,841)	(146,483)	(402,778)
Total Other Administrative	1,369,383	530,129	116,825
Total Expenses	11,458,737	10,473,374	9,998,618
Change in unrestricted net assets before adjustments and transfers:	(57,054)	489,884	592,954
Transfers from other funds	12,499	12,618	12,825
Transfers to other funds	(1,002,290)	(453,036)	(378,043)
Change in unrestricted net assets	(1,046,845)	49,466	227,736
Temporarily restricted net assets:			
Contributions	3,864,724	3,743,283	3,692,434
Released from restrictions	(3,865,714)	(3,687,768)	(3,511,412)
Change in temporarily restricted net assets	(990)	55,515	181,022
Net assets, beginning of year	7,772,822	7,667,841	7,259,083
Net Assets, End of Year	\$ 6,724,987	\$ 7,772,822	\$ 7,667,841

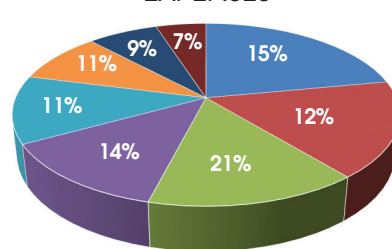
REVENUE



Diocesan Lenten Appeal (31%)	\$3.5 million
Diocesan assessment on parish income (25%)	\$2.9 million
Program fees and other revenue (14%)	\$1.5 million
Christ Our Shepherd Center rental, fees, food service (13%)	\$1.5 million
Investment and endowment income (8%)	\$892,000
Communications assessment (5%)	\$614,000
Other contributions and grants (4%)	\$421,000

TOTAL: \$11,401,683

EXPENSES

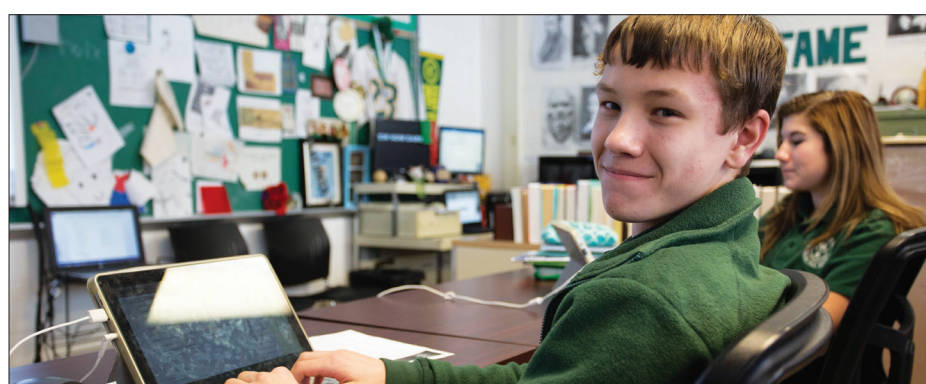


Faith formation and Catholic education (21%)	\$2.4 million
Finance Department (15%)	\$1.7 million
Chancery offices (14%)	\$1.6 million
Other administrative (12%)	\$1.4 million
Corporal Works of Mercy (11%)	\$1.3 million
Christ Our Shepherd Center (11%)	\$1.3 million
Vocations, clergy formation and international priests (9%)	\$980,000
Catholic Accent and Media Relations (7%)	\$747,000

TOTAL: \$11,458,737

ALL PHOTOS IN THIS REPORT ARE FROM THE CATHOLIC ACCENT FILES

Diocesan Catholic Junior-Senior High Schools



SCHEDULES OF ASSETS, LIABILITIES AND NET ASSETS

Geibel Catholic Junior-Senior High School			
As of June 30,	2018	2017	2016
Assets:			
Temporary investments and deposits	\$ 129,501	\$ 36,235	\$ 98,200
Student activity accounts	114,826	149,770	125,516
Tuition receivable	567,707	621,137	596,629
Less allowance for doubtful accounts	(403,859)	(456,046)	(432,854)
Other receivables	199,426	17,460	-
Total Assets	607,601	468,556	387,491
Liabilities and Net Assets			
Liabilities:			
Catholic Institute loan payable	\$ -	\$ 91,991	\$ 139,088
Funds held in escrow for others	114,826	149,770	125,516
Accrued expenses	43,406	11,394	-
Due to other funds	-	83,627	306,718
Total Liabilities	158,232	336,782	571,322
Net Assets:			
Unrestricted	342,593	16,437	(250,571)
Temporarily restricted	106,776	115,337	66,740
Total Net Assets	449,369	131,774	(183,831)
Total Liabilities and Net Assets	\$ 607,601	\$ 468,556	\$ 387,491

Greensburg Central Catholic Junior-Senior High School			
As of June 30,	2018	2017	2016
Assets:			
Temporary investments and deposits	\$ 187,602	\$ 116,086	\$ 89,798
Student activity accounts	329,934	335,636	256,444
Tuition receivable	1,182,285	1,368,231	1,494,057
Less allowance for doubtful accounts	(1,001,094)	(1,031,259)	(1,128,141)
Other receivables	18,593	25,450	-
Total Assets	\$ 717,320	\$ 814,144	\$ 712,158
Liabilities and Net Assets			
Liabilities:			
Catholic Institute loan payable	\$566,683	\$702,876	\$836,408
Funds held in escrow for others	316,619	335,636	256,444
Accrued expenses	285,078	422,822	-
Due to other funds	631,064	727,376	855,467
Total Liabilities	1,799,444	2,188,710	1,948,319
Net Assets:			
Unrestricted - Undesignated	(1,210,912)	(1,497,855)	(1,333,712)
Temporarily restricted	128,788	123,289	97,551
Total Net Assets	(1,082,124)	(1,374,566)	(1,236,161)
Total Liabilities and Net Assets	\$ 717,320	\$ 814,144	\$ 712,158

REVENUES AND EXPENSES

Geibel Catholic Junior-Senior High School			
Years Ended June 30,	2018	2017	2016
Tuition and Other Revenue:			
Tuition	\$ 973,661	\$ 1,125,940	\$ 985,914
Technology fees	43,477	62,632	47,344
Cafeteria, fine arts and drivers ed	144,572	46,621	42,799
Athletic income	19,374	19,183	21,157
Total Revenue	1,181,084	1,254,376	1,097,214
Geibel Catholic receives support from:			
Parishes of the Diocese of Greensburg	504,060	479,160	541,004
Diocese of Greensburg	272,200	272,200	272,300
Contributions and development	208,610	144,520	216,949
Total Support	984,870	895,880	1,030,253
Educational Expenses:			
Instruction	934,700	921,530	986,504
Administrative	208,588	301,032	293,062
Operation and maintenance	240,879	242,934	206,239
Student body activities	160,994	208,001	224,180
Transportation service	155,750	145,320	141,776
Other	87,822	2,271	3,004
Total Expenses	1,788,733	1,821,088	1,854,765
Operating surplus	377,221	329,168	272,702
Other changes to net assets:			
Capital improvements	(51,065)	(62,160)	(171,485)
Change in unrestricted net assets	326,156	267,008	101,217
Temporarily restricted net assets:			
Contributions	87,609	88,284	70,189
Released from restrictions	(96,170)	(39,687)	(11,925)
Change in temporarily restricted net assets	(8,561)	48,597	58,264
Change in net assets	317,595	315,605	159,481
Net assets, beginning of year	131,774	(183,831)	(343,312)
Net Assets, End of Year	\$ 449,369	\$ 131,774	\$ (183,831)

Greensburg Central Catholic Junior-Senior High School			
Years Ended June 30,	2018	2017	2016
Tuition and Other Revenue:			
Tuition	\$ 2,285,131	\$ 2,299,088	\$ 2,480,678
Technology fee	125,053	130,056	109,806
Cafeteria, fine arts and drivers ed	18,374	20,448	21,923
Athletic income	46,300	49,453	51,595
Total Revenue	2,474,858	2,499,045	2,664,002
GCC receives support from:			
Parishes of the Diocese of Greensburg	1,056,020	970,020	814,800
Diocese of Greensburg	283,800	283,800	279,400
Contributions and development	255,772	268,898	230,265
Total Support	1,595,592	1,522,718	1,324,465
Educational Expenses:			
Instruction	1,963,301	2,435,843	2,205,379
Administrative	724,736	705,472	837,912
Operation and maintenance	487,855	420,557	397,460
Student body activities	386,505	338,941	355,604
Transportation service	164,000	154,485	169,345
Other	6,860	32,806	92,224
Total Expenses	3,733,257	4,088,104	4,057,924
Operating surplus (deficit)	337,193	(66,341)	(69,457)
Other changes to net assets:			
Transfers from Current Fund	10,000	-	-
Capital improvements	(60,250)	(97,802)	(295,211)
Change in unrestricted net assets	286,943	(164,143)	(364,668)
Temporarily restricted net assets:			
Contributions	30,600	85,123	121,813
Released from restrictions	(25,101)	(59,385)	(98,486)
Change in temporarily restricted net assets	5,499	25,738	23,327
Change in net assets	292,442	(138,405)	(341,341)
Net assets, beginning of year	(1,374,566)	(1,236,161)	(894,820)
Net Assets, End of Year	\$(1,082,124)	\$(1,374,566)	\$(1,236,161)



GEIBEL CATHOLIC JUNIOR-SENIOR HIGH SCHOOL ADVISORY BOARD

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J.D. Ewing
Father William J. Lechner
Lori Omatick
Edward Plisko
Mary Jane Speeney



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