

The Diocese of Greensburg, Pennsylvania

Financial Statements
and
Supplementary Information

Year Ended June 30, 2023

with

Independent Auditor's Report



MaherDuessel

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THE DIOCESE OF GREENSBURG, PENNSYLVANIA

YEAR ENDED JUNE 30, 2023

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Independent Auditor's Report

The Most Reverend Larry J. Kulick, JCL
Bishop of the Diocese of Greensburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Diocese of Greensburg, Pennsylvania (Diocese), an Unincorporated Association, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the Roman Catholic Diocese of Greensburg, a Pennsylvania Charitable Trust (Trust) was created in 2008. The Trust had previously been reported on a combined basis with the Diocese. Beginning in 2023, the Diocese determined it proper to present these entities separately, due to the two entities being legally separate. The accompanying financial statements are not intended to present all funds and related entities of the Catholic Diocese of Greensburg at June 30, 2023 and, thus, do not represent a comprehensive financial report. This report includes only the financial statements for the Diocese. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for

the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
October 27, 2023

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

Assets	Current Fund	High Schools/ Tuition Assistance Fund	Self-Insurance Fund	Pension Accounting Fund	Agency Fund	Elimination	Total
Cash and cash equivalents	\$ 72,638	\$ 339,473	\$ -	\$ -	\$ 4,740	\$ -	\$ 416,851
Investments:							
Temporary investments and deposits	2,033,330	376,001	1,536,185	-	-	-	3,945,516
Other investments	55,673	-	-	-	-	-	55,673
Total investments	<u>2,089,003</u>	<u>376,001</u>	<u>1,536,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,001,189</u>
Receivables:							
Parishes and schools	2,332,473	-	-	-	-	-	2,332,473
Ordained priests	236,145	-	-	-	-	-	236,145
Other	683,797	388,356	27,283	-	-	(73,743)	1,025,693
Less: allowance for doubtful accounts	(1,088,414)	(192,019)	-	-	-	-	(1,280,433)
Total receivables, net	<u>2,164,001</u>	<u>196,337</u>	<u>27,283</u>	<u>-</u>	<u>-</u>	<u>(73,743)</u>	<u>2,313,878</u>
Prepaid and other assets	81,953	-	-	-	-	-	81,953
Due from other funds	297,235	1,263,293	-	-	99,157	-	1,659,685
Due from other Diocesan entities	1,802,281	-	-	-	-	-	1,802,281
Total Assets	<u><u>\$ 6,507,111</u></u>	<u><u>\$ 2,175,104</u></u>	<u><u>\$ 1,563,468</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 103,897</u></u>	<u><u>\$ (73,743)</u></u>	<u><u>\$ 10,275,837</u></u>

(continued)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(Continued)

	Current Fund	High Schools/ Tuition Assistance Fund	Self-Insurance Fund	Pension Accounting Fund	Agency Fund	Elimination	Total
Liabilities and Net Assets (Deficits)							
Liabilities:							
Accounts payable	\$ 1,292,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,292,140
Accrued expenses	87,565	274,653	1,989,591	-	-	-	2,351,809
Agency and trust accounts:							
Funds held in escrow for others	-	339,473	-	-	118,536	(73,743)	384,266
Total agency and trust accounts	-	339,473	-	-	118,536	(73,743)	384,266
Deferred income	98,327	-	-	-	-	-	98,327
Accrued pension - lay plan	-	-	-	7,393,827	-	-	7,393,827
Accrued pension - priests	-	-	-	2,525,032	-	-	2,525,032
Accrued OPEB - priests	-	-	-	3,767,434	-	-	3,767,434
Due to other funds	1,362,450	-	13,564	201,661	82,010	-	1,659,685
Due to other Diocesan entities	61,034	-	-	-	-	-	61,034
Total Liabilities	2,901,516	614,126	2,003,155	13,887,954	200,546	(73,743)	19,533,554
Net Assets (Deficits):							
Without donor restrictions:							
Undesignated	(1,140,831)	977,656	(439,687)	(13,887,954)	(96,649)	-	(14,587,465)
Designated	359,023	23,803	-	-	-	-	382,826
Total without donor restrictions	(781,808)	1,001,459	(439,687)	(13,887,954)	(96,649)	-	(14,204,639)
With donor restrictions	4,387,403	559,519	-	-	-	-	4,946,922
Total Net Assets (Deficits)	3,605,595	1,560,978	(439,687)	(13,887,954)	(96,649)	-	(9,257,717)
Total Liabilities and Net Assets (Deficits)	\$ 6,507,111	\$ 2,175,104	\$ 1,563,468	\$ -	\$ 103,897	\$ (73,743)	\$ 10,275,837

(Concluded)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Current Fund	High Schools/ Tuition Assistance Fund	Self-Insurance Fund	Pension Accounting Fund	Agency Fund	Eliminations	Total
Net Assets Without Donor Restrictions:							
Revenues, gains, and other support:							
Diocesan billings and assessments	\$ 3,420,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,420,667
Contributions/grants	4,375,337	-	-	-	-	-	4,375,337
Investment and endowment income	1,071,146	-	100,304	-	6,014	-	1,177,464
Auxiliary services	680,507	-	-	-	-	-	680,507
Other revenues	2,543,947	-	-	-	216,664	-	2,760,611
Diocesan high schools	-	6,528,377	-	-	-	(475,000)	6,053,377
Tuition assistance	-	5,473,830	-	-	-	(620,000)	4,853,830
Diocesan self-insurance program	-	-	9,903,985	-	-	-	9,903,985
Retained portion of external collections	34,650	-	-	-	-	-	34,650
Catholic campaign for human development	38,689	-	-	-	-	-	38,689
Total revenues, gains, and other support	<u>12,164,943</u>	<u>12,002,207</u>	<u>10,004,289</u>	<u>-</u>	<u>222,678</u>	<u>(1,095,000)</u>	<u>33,299,117</u>
Expenses and losses:							
Education	2,312,310	-	-	-	-	(620,000)	1,692,310
High school operations	-	6,413,580	-	-	-	-	6,413,580
Tuition assistance	-	4,592,817	-	-	-	(475,000)	4,117,817
Auxiliary services	780,206	-	-	-	-	-	780,206
Pastoral	2,148,240	-	-	-	15,492	-	2,163,732
Social services	386,676	-	-	-	-	-	386,676
Diocesan administrative offices	4,996,989	474,226	-	-	95,113	-	5,566,328
Religious personnel development	672,966	-	-	-	-	-	672,966
Self-insurance program	-	-	11,371,004	-	-	-	11,371,004
Victim's Comprehensive Reconciliation Initiative	-	-	4,955	-	-	-	4,955
Donations	63,450	-	-	-	-	-	63,450
Total expenses and losses	<u>11,360,837</u>	<u>11,480,623</u>	<u>11,375,959</u>	<u>-</u>	<u>110,605</u>	<u>(1,095,000)</u>	<u>33,233,024</u>
Excess (Deficiency) of Revenues, Gains, and Other Support Over Expenses and Losses Before Other Changes	<u>804,106</u>	<u>521,584</u>	<u>(1,371,670)</u>	<u>-</u>	<u>112,073</u>	<u>-</u>	<u>66,093</u>

(continued)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

(Continued)

	Current Fund	High Schools/ Tuition Assistance Fund	Self-Insurance Fund	Pension Accounting Fund	Agency Fund	Eliminations	Total
Other changes:							
Change in pension and OPEB liabilities	-	-	-	7,620,576	-	-	7,620,576
Transfer from other Diocesan entities	3,249,719	-	-	-	133,497	-	3,383,216
Transfer to other Diocesan entities	(1,818,697)	(278,378)	-	-	(115,400)	-	(2,212,475)
Total other changes	1,431,022	(278,378)	-	7,620,576	18,097	-	8,791,317
Change in Net Assets Without Donor Restrictions	2,235,128	243,206	(1,371,670)	7,620,576	130,170	-	8,857,410
Net Assets with Donor Restrictions:							
Grants/contributions	4,926,531	373,833	-	-	-	-	5,300,364
Net assets released from restrictions	(4,394,698)	(247,528)	-	-	-	-	(4,642,226)
Change in Net Assets with Donor Restrictions	531,833	126,305	-	-	-	-	658,138
Change in Net Assets	2,766,961	369,511	(1,371,670)	7,620,576	130,170	-	9,515,548
Net Assets (Deficits):							
Beginning of year	838,634	1,191,467	931,983	(21,508,530)	(226,819)	-	(18,773,265)
End of year	<u>\$ 3,605,595</u>	<u>\$ 1,560,978</u>	<u>\$ (439,687)</u>	<u>\$ (13,887,954)</u>	<u>\$ (96,649)</u>	<u>\$ -</u>	<u>\$ (9,257,717)</u>

(Concluded)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

Cash Flows From Operating Activities:	
Change in net assets	\$ 9,515,548
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Net realized (gain) on investments	(16,054)
Changes in operating assets and liabilities:	
Receivables	314,115
Accounts payable	(15,524)
Accrued expenses	62,166
Agency and trust accounts	(118,624)
Deferred income	(4,927,249)
Prepaid and other assets	103,266
Due to/from other Diocesan entities	(1,750,713)
Accrued postretirement benefits	110,436
Accrued pensions	(3,647,026)
Net cash provided by (used in) operating activities	<u>(369,659)</u>
Cash Flows From Investing Activities:	
Sale of investments	<u>376,098</u>
Net cash provided by (used in) investing activities	<u>376,098</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,439
Cash and Cash Equivalents:	
Beginning of year	<u>410,412</u>
End of year	<u>\$ 416,851</u>

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

1. Summary of Significant Accounting Policies

Reporting Entity

On March 10, 1951, Pope Pius XII, Roman Pontiff, erected the “Diocese of Greensburg” as an ecclesiastical district of the Roman Catholic Church comprising the geographic area of Armstrong, Fayette, Indiana, and Westmoreland counties in the Commonwealth of Pennsylvania. Under civil law, the Diocese of Greensburg exists as an unincorporated association (the “*Diocese*”), pursuant to and in accordance with applicable Pennsylvania law, and serves as the civil instrumentality through which the mission, ministries, and charities of the Roman Catholic Church are administered in the geographic area decreed the “Diocese of Greensburg.” Accordingly, under the leadership of the Bishop and in accordance with the Code of Canon Law (“*Canon Law*”) and applicable Pennsylvania law, the Diocese provides various services for and financial and other assistance to Catholic parishes, Catholic schools, and certain other Catholic institutions within the geographic area decreed as the “Diocese of Greensburg.” The Most Reverend Larry J. Kulick, JCL serves as the current Bishop of the Diocese and is individually responsible for the teaching, sanctification, and governance of the Diocese.

The financial statements include activities of the Diocese, including, among other funds, the following:

Current Fund – This fund accounts for financial transactions for the ordinary or central administrative operations of the Diocese. Net assets include those with and without donor restrictions.

High Schools/Tuition Assistance Fund – This fund accounts for financial transactions for the operations of the two diocesan schools, Greensburg Central Catholic Junior-Senior High School and Geibel Catholic Junior-Senior High School. It also accounts for the financial transactions for providing tuition assistance to the high schools as well as the elementary schools in the Diocese of Greensburg. Grants to the elementary schools for capital projects are also accounted for in this fund. Net assets include those with and without donor restrictions.

A scholarship opportunity has been established for students who wish to attend a Catholic school in the Diocese of Greensburg called the Saint Pope John Paul II Tuition Opportunity Partnership. The TOP student initiative was founded in 2020 by an anonymous donor from the local business community who received Catholic education and was profoundly influenced by Saint Pope John Paul II. The original \$2.4 million

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

commitment provided tuition assistance for the 12 Catholic Schools in the Diocese of Greensburg to families that demonstrate a financial need and express a willingness to provide some financial contribution to the cost of the education and agree to support the child's academic progress and faith life. In the fiscal year ended June 30, 2023, \$2.7 million was received for the program. Of this amount, support of \$569,025 and \$336,035 was recognized in the year ended June 30, 2023 by Greensburg Central Catholic Junior-Senior High School and Geibel Catholic Junior-Senior High School, respectively.

Self-Insurance Fund – This fund accounts for financial transactions for the self-insurance program for the central administrative operations of the Diocese, the schools in the Diocese of Greensburg, and parishes in the Diocese of Greensburg. Net assets are without donor restrictions. The fund's deficit at June 30, 2023 is expected to be funded by future parish billings.

Pension Accounting Fund – The pension accounting fund accounts for the total liability due to participants in the Diocese's pension and other postretirement benefits plans. Participants include diocesan and non-diocesan employees. As plan sponsor, the Diocese retains the total liability. In the statement of activities, the amount included as "change in pension and OPEB liabilities" includes actuarial gains and losses not included in current billings to participating entities, as well as changes in amounts estimated to be over/under billings to the participating entities. Net assets are without donor restrictions. At June 30, 2023, approximately 68% of the fund's deficit for the lay employees, and approximately 81% of the fund's deficit for the priests is expected to be funded by future parish billings. Diocesan operations will fund the remaining 32% and 19%, respectively. As discussed in Note 4, investments designated for the other postretirement benefits plan are held by the Roman Catholic Diocese of Greensburg, a Pennsylvania Charitable Trust (Trust).

Agency Fund – This fund was established for the Society for the Propagation of the Faith (Mission Office) and Custodial Fund to operate in a fiduciary capacity, essentially as pass-through entities, to collect, hold, and remit amounts contributed by parishes and individuals for their intended purposes.

The Diocese receives funding from a variety of sources, including donations from the faithful, endowments of which the Diocese is a beneficiary, and certain trusts of which the Diocese is a beneficiary. In accordance with Canon Law and as permitted by Pennsylvania law, since the inception of the Diocese, property of the Diocese has been entrusted to the Bishop of the Diocese, with the Bishop of the Diocese holding all such property in trust for

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

the benefit of the mission, ministries, and charities of the Roman Catholic Church within the "Diocese of Greensburg." In March 2008, the Bishop of the Diocese executed a declaration of trust documenting the historical trust relationship as an express trust known as the Roman Catholic Diocese of Greensburg charitable trust (the "Trust").

Historically, the Trust's financial performance had been reported on a combined basis with the Diocese. Consistent with the separate reporting of the financial performance of entities like The Catholic Foundation for the Diocese of Greensburg, Pennsylvania, Catholic Charities of the Diocese of Greensburg, Pennsylvania, and Catholic Institute of Greensburg, Pennsylvania, it was determined proper to present the financial performance of the Diocese and Trust separately beginning in 2023, because each of the Diocese and Trust are separate and distinct legal entities. Assets and liabilities of the Trust at June 30, 2022 that were previously reported as part of the combined financial statements of, among others, the Diocese and Trust were as follows:

Plant fund:	
Capital assets	\$ 15,143,545
Charitable Remainder Trust	294,645
Investments	1,159,392
Loans due to Catholic Institute, net	(558,439)
Total Plant fund	<u>16,039,143</u>
Current fund:	
Line of credit	(93,086)
Investments	5,302,673
Total Current fund	<u>5,209,587</u>
Pension fund:	
OPEB investments held by the Catholic Foundation	10,622,535
Mission fund:	
Investments	356,770
High school fund:	
Capital assets	74,735
Loans due to the Catholic Institute	(407,775)
Total High School fund	<u>(333,040)</u>
Total net assets of Trust, June 30, 2022	<u><u>\$ 31,894,995</u></u>

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Separate financial statements are prepared and audited for, among other related but separate entities within the “Diocese of Greensburg,” the Trust, The Catholic Foundation for the Diocese of Greensburg, Pennsylvania, Catholic Charities of the Diocese of Greensburg, Pennsylvania, and Catholic Institute of Greensburg, Pennsylvania, among others. The financial operations of individual parishes and other institutions distinct from the Diocese are not reflected in these financial statements. All significant balances and transactions between the funds presented in these financial statements have been eliminated.

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting and include the assets, liabilities, net assets, and financial operations of certain activities of the Diocese and certain supporting trusts. Accordingly, revenues are recorded when earned and expenses are recognized when the liabilities are incurred. Any revenues received during the year which have not yet been earned are recorded as deferred income.

Resources are classified for accounting and reporting purposes into classes of net assets based on the existence of donor or grantor-imposed restrictions. Net assets without donor restrictions and net assets with donor restrictions are the two types of net asset classes reported. Gifts of cash and other assets are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the 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.”

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include currency on hand and demand deposits with financial institutions. Investments in mutual funds and government agency investments are not considered cash equivalents.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

At year-end, and at various times throughout the year, cash balances were maintained in excess of the federally insured limits for the year ended June 30, 2023. The deposits were held at various financial institutions.

Receivables

The Current Fund has established an allowance for doubtful accounts that includes an amount for all parishes and schools in arrears on their monthly billing. The parish and school receivable balance at July 1, 2022, the beginning of the fiscal year, was \$2,322,535. At June 30, 2023, the end of the fiscal year, the parish and school receivable balance was \$2,332,473. These balances include both program service revenues related to assessment and insurance billings, but also non-program billings related to employee compensation for parish and school employees which are not revenues to the Diocese.

A receivable and corresponding allowance for doubtful student accounts is recorded in the High Schools/Tuition Assistance fund related to tuition accounts from past school years. Student tuition receivable, net of allowance for doubtful accounts at July 1, 2022, the beginning of the fiscal year, was \$136,149 and at June 30, 2023, the end of the fiscal year, student tuition receivable, net of allowance for doubtful accounts was \$156,132.

Revenue and Revenue Recognition

Unconditional promises to give are recorded as received as either net assets with or without donor restrictions, dependent upon the existence of a donor-imposed restriction. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Diocese recognizes revenue from billings and assessments for centralized administrative and programmatic support from the parishes and schools. The Diocese bills the parishes and schools based on standard rates that are calculated annually and allocated to each parish or school. Revenue is recognized monthly, as the performance obligation of delivering administrative and programmatic support is satisfied.

The Diocese recognizes self-insurance revenue from amounts billed to participants in the month in which the related benefit coverage is provided. Benefits are billed once per month based on calculated rates. The performance obligation of providing benefit coverage is simultaneously received and consumed by the participants; therefore, revenue is recognized as it is received.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

The Diocese recognizes revenue from student tuition and fees at its high schools during the year in which the performance obligation of delivering educational services is met. Tuition is billed by the high schools in advance of the school year based on approved rates. Financial aid and scholarships provided to students are recorded as a reduction from the posted tuition at the time revenue is recognized. Revenue from fees for enrollment and tuition deposits received in advance prior to services being performed are deferred and recognized in the period to which the fees relate.

Expense Allocation

Expenses directly related to a specific program are charged to that program. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include expenses reported under the staff and operational overhead categories, which are allocated based on estimates of time and effort.

Income Taxes

The Diocese is listed in the Official Catholic Directory (OCD). All organizations listed in the OCD are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. In accordance with generally accepted accounting principles, the Diocese accounts for uncertain tax positions, if any, as required. Using the guidance, management has determined that there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Adopted Accounting Standard

The provisions of this Standards Update have been adopted and incorporated into these financial statements:

ASU 2018-14, *“Compensation – Retirement Benefits – Defined Benefit Plans (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans.”* The amendments modify disclosure requirements from Subtopic 715-20 and clarify the disclosure requirements in paragraph 715-20-50-3.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Pending Accounting Standards Updates

The Financial Accounting Standards Board has issued updates that will become effective in future years, including ASU 2016-13 (Credit Losses). Management has not yet determined the impact of these updates on the financial statements.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

2. Investments and Investment Income

In accordance with accounting principles generally accepted in the United States of America, debt and equity investments are carried at fair value. Investments at June 30, 2023 consisted primarily of fixed income and equity securities, money market and mutual funds held by two investment companies and recorded at fair value of \$4,001,189.

Investment and endowment income (without donor restrictions) consisted of the following:

Dividend and interest income, net of fees	\$ 1,161,410
Net realized and unrealized gains	<u>16,054</u>
Investment and endowment income	<u><u>\$ 1,177,464</u></u>

3. Fair Value

In accordance with accounting requirements, current guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices to active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability'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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

Mutual Funds, Fixed Income Securities, Equities and Other investments: Valued at the actively traded value of shares held at year-end.

The National Catholic Risk Retention Group (TNCRRG) Stock: Valued by the issuer at the TNCRRG fiscal year-end or whenever a shareholder withdraws.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Diocese believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

The following table sets forth by level, within the fair value hierarchy, assets at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 2,175,262	\$ -	\$ 2,175,262
Fixed income	1,066,726	-	1,066,726
Equities	327,527	-	327,527
Other investments	376,001	-	376,001
National Catholic Risk Retention Stock	-	55,673	55,673
	<u>\$ 3,945,516</u>	<u>\$ 55,673</u>	<u>\$ 4,001,189</u>

4. Pension Plans and Other Postretirement Benefits

Pension Plans

The Diocese sponsors two defined benefit pension plans (plans) covering substantially all of its lay employees and its priests, respectively. Certain administrative costs of sponsoring the plans are paid by the Diocese in its role as plan sponsor. As prescribed under Canon law regarding various types of Diocesan expenses, the parishes and other Diocesan organizations whose employees and priests participate in the plans are required to contribute to the plans. The parishes and other participating agencies are billed for their share of annual plan contributions based on a percentage of their annual salaries and wages (3.96% in fiscal year 2022-2023). Contributions are made to the plans based upon actuarially recommended amounts. Monthly benefits from the Lay Employees Plan are based upon years of service and annual earnings while employed with the Diocese. Monthly benefits from the Priests Plan are a fixed monthly amount. These plans are considered to be "church plans" and are therefore exempt from the Employee Retirement Income Security Act of 1974 (ERISA).

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

The following table sets forth the plans' funded status and amounts recognized in the Diocese's financial statements at June 30, 2023:

	Lay Employees	Priests
Actuarial present value of benefit obligations	\$ 30,617,408	\$ 11,002,869
Projected benefit obligation (PBO) for services rendered to date	\$ 30,617,408	\$ 11,002,869
Plan assets at fair value	23,223,581	8,477,837
Accrued pension cost	\$ (7,393,827)	\$ (2,525,032)

Items not yet recognized as a component of net periodic pension cost:

	Lay Employees	Priests
Prior service cost	\$ -	\$ 606,924
Net loss	7,056,530	2,689,263
	\$ 7,056,530	\$ 3,296,187

The projected benefit obligations (PBO) decreased by approximately \$3.2 million between June 30, 2023 and 2022. The main contributing factor to the change was a result of a \$2.2 million gain due to an increase in the discount rate. Other changes included updates to the actuarial assumptions, offset by updates to census data and the passage of time.

Benefits paid during the year ended June 30, 2023 for the Lay Employees Plan were \$2,518,631. Benefits paid during the year ended June 30, 2023 for the Priests Plan were \$879,297.

The preceding table setting forth the plans' funded status at June 30, 2023 give effect to the establishment in February 1997 of separate trusts for the plans. Plan assets are segregated in a trust and cannot be used by the Diocese for other purposes. Plan assets for the Lay Employees Plan include 64% in equity securities, 32% in fixed income investments, and 4% in mutual fund investments and cash equivalents. Plan assets for the Priests Plan at June 30, 2023 include 56% in equity securities, 41% in fixed income investments, and 3% in mutual fund investments and cash equivalents. Plan assets are considered to be Level 1 assets as described in Note 3. No changes have been made in valuation techniques.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

To develop the expected long-term rate of return on asset assumptions, the Diocese considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. This resulted in the selection of 6.70% and 6.25% long-term rates of return on assets assumptions for the Lay and Priest plans for the 2022-2023 fiscal year.

The Diocese employs a conservative investment style for its plan assets. A high priority is placed on preservation of principal; therefore, a diversified, high-quality, low-turnover, long-term, investment strategy is used. The primary objective is a total return exceeding the relevant indices. The fund manager is provided with investment guidelines. These guidelines exclude investments in companies whose products or services are morally or socially inconsistent with the teachings of the Catholic Church.

The target asset allocation for the Priests Plan is fifty-five percent (55.0%) equities, thirty-three percent (33.0%) fixed income, ten percent (10.0%) alternative securities, and two percent (2.0%) cash. The target allocation for the Lay Plan is sixty-five percent (65.0%) equities, twenty-five percent (25.0%) fixed income, and ten percent (10.0%) alternative securities. Investments are to be reasonably diversified by industry and companies within an industry where exposure to any single issuer will not exceed 5.0% of the portfolio market value. Exceptions are made for U.S. Treasuries and Agencies. The fund manager is not permitted to purchase equity securities on margin, sell short, trade commodities futures, or deal in put or call option contracts except as provided for regarding alternative investments, which may be used to reduce, not increase, market risk in the portfolio. Investments are to be made in marketable securities, which therefore excludes private placements and public issues for which the market is severely restricted.

Net Diocesan periodic pension cost (credit) included the following components for the year ended June 30, 2023:

	Lay Employees	Priests
Service cost - benefits earned during the year	\$ -	\$ 29,033
Interest cost on projected benefit obligation	1,433,778	490,618
Net amortization and deferral	356,166	259,602
Expected return on assets	<u>(1,438,195)</u>	<u>(499,786)</u>
Net periodic pension cost (credit)	<u>\$ 351,749</u>	<u>\$ 279,467</u>

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

The Diocese billed other participants approximately \$643,000.

During 2023, the Diocese changed their accounting for the pension plans to exclude amounts attributable to parishes and schools related to their portion of the liabilities. The receivable from parishes and schools of \$772,210 and deferred income of \$998,761 as of June 30, 2022 was removed and recorded on the statement of activities as change in pension and OPEB liabilities for the year ended June 30, 2023.

Actuarial assumptions used in the determination of net periodic pension cost and the projected benefit obligation for the plans were as follows:

Rate of increase in future compensation levels (Lay Employees Plan only)	N/A
Weighted-average discount rate	5.3%

The following table indicates the benefits expected to be paid in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter in both the Lay Employees and Priests pension plans:

Period from:	<u>Lay Employees</u>	<u>Priests</u>
July 1, 2023 to June 30, 2024	\$ 2,594,269	\$ 918,973
July 1, 2024 to June 30, 2025	2,602,854	933,882
July 1, 2025 to June 30, 2026	2,590,472	936,342
July 1, 2026 to June 30, 2027	2,557,409	926,298
July 1, 2027 to June 30, 2028	2,523,105	910,319
Next five years	11,839,722	4,161,104

Employer contributions paid during the fiscal years ended June 30, 2023 for the Lay Employees' pension plan were \$658,537. Employer contributions paid during the fiscal years ended June 30, 2023 for the Priests pension plan were \$184,848. There were no participant contributions. Expected contributions to be paid to the Lay Employees and Priests pension plans during the fiscal year ending June 30, 2024 are \$760,000 and \$173,000, respectively.

The measurement date used to determine pension and other postretirement benefit measurements was June 30, 2023.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Defined Contribution Plan

The Diocese offers all of its employees the opportunity to participate in its 403(b) defined contribution plan. The Diocese provides 100% match on first 2% employee contribution; 50% match on next 3% employee contribution, with a maximum of 3.5% match on 5% or greater employee contribution. For the year ended June 30, 2023, expenses for this part of the plan were \$223,552.

Effective July 1, 2015, the Diocese froze accruals and participation in its Lay Employee Defined Benefit Pension Plan described above. The defined benefit plan was replaced with an enhanced 403(b) plan which is non-elective for the employee. Eligibility requirements to participate in the plan are the same that applied to the defined benefit plan.

The non-contributory payment for employees meeting the eligibility requirements (1,000 hours and two years of service), is based on each employee's "points." Points are calculated by adding an employee's age and their years of service, as of July 1.

<55 points	2% of employee pay
55 – 79 points	4% of employee pay
80+ points	6% of employee pay

For the year ended June 30, 2023, expenses for this part of the plan were \$204,475.

Other Postretirement Benefits

The Diocese also provides other postretirement benefits to its priests upon their retirement. These benefits include health care coverage and disability benefits. As allowed under accounting principles generally accepted in the United States of America, the Diocese has elected to delay recognition of the initial transition obligation.

The following sets forth the postretirement benefit plan's funded status reconciled with the amounts recognized in the statement of financial position at June 30, 2023.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Accumulated postretirement benefit obligations (APBO):

Retirees	\$ (2,132,895)
Fully eligible active participants	(1,020,960)
Other active participants	<u>(613,579)</u>
Benefit obligations	<u>\$ (3,767,434)</u>
Unrecognized net (gain) loss	<u>\$ (3,331,335)</u>
Total not yet recognized in net periodic benefit cost (credit)	<u>\$ (3,331,335)</u>

The discount rate used in determining the Actuarial Present Value of Benefit Obligations (APBO) was 5.32% at June 30, 2023.

The Diocese previously recorded deferred income for the portion of income earned by other postretirement benefit assets attributed to outside participants. Other postretirement assets are held by the Trust and accordingly, the deferred revenue has been adjusted as a component of "Change in pension and OPEB liabilities" on the Statement of Activities.

Net Diocesan postretirement benefit expense included the following components for the year ended June 30, 2023:

Service cost	\$ 34,796
Interest cost	163,929
Expected return on plan assets	(727,644)
Net amortization and deferral	<u>(136,698)</u>
Net periodic benefit cost (credit)	<u>\$ (665,617)</u>

The assumed rate of increase in the per capita cost of covered benefits (the health care cost trend rate) for health care plans is 5.6% for 2023 and is assumed to decrease to 4.0% by 2045 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

5. Diocesan Insurance Program

Through its insurance program, the Diocese seeks to minimize its insurance costs through central administration, self-insurance of property and liability claims and placement of insurance coverage. The pro rata share of the cost of coverage through self-insurance and the cost of insurance premiums are billed to parishes and other participating Diocesan organizations. As of June 30, 2023, the Diocese has accrued \$1,989,591 in claims that were incurred prior to the end of the fiscal year, but were not paid. The Diocese is actively defending these claims with their legal counsel, and any potential costs would be paid from the Self-Insurance fund.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2023 are available for the following purposes:

Diocesan Lenten Appeal contributions for periods after June 30 (time restricted)	\$ 3,662,211
High Schools (use restricted)	559,519
Department of Education (use restricted)	218,163
Permanent Diaconate Program (use restricted)	47,443
Diocesan Council of Catholic Women (use restricted)	4,122
School Safety (use restricted)	341,004
Neumann House (use restricted)	7,853
Diocesan Heritage Center (use restricted)	56,607
Education of seminarians and clergy (use restricted)	50,000
	<u>\$ 4,946,922</u>

7. Net Assets Released from Restrictions

Net assets of \$4,642,226 were released from donor restrictions during the fiscal year ended June 30, 2023 by incurring expenses satisfying the restricted purpose of \$1,100,411, or the lapsing of a time restriction of \$3,541,815.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

For financial statement purposes, net assets released from restrictions are classified as such in the net assets with donor restrictions section of the statements of activities but are combined with revenues, gains, and other support in the net assets without donor restrictions.

8. Net Assets Without Donor Restrictions

Designated net assets are outlined in the following table:

Current Fund:	
Charitable contributions	\$ 205,172
Diocesan Poverty Relief Fund	59,492
Government school programs	6,152
General use of the Diocese	20,050
Societies of the Diocese	10,698
Vocations program	7,000
Fayette Room	12,500
Faith Formation and Discipleship program	35,702
Worship and word program	2,257
	<u>\$ 359,023</u>
High Schools/Tuition Assistance Programs:	
Tuition assistance designated	<u>\$ 23,803</u>

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

9. Expenses

The Diocese provides administrative services to parishes and schools of the Diocese of Greensburg. Expenses on a functional and natural basis are as follows for the year ended June 30, 2023:

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Insurance claims and settlements expense	\$ 11,139,532	\$ 194,690	\$ -	\$11,334,222
Compensation and benefits	2,781,659	2,741,158	405,016	5,927,833
Evangelization expenses	1,324,538	-	-	1,324,538
Ministry expenses	708,905	-	-	708,905
Office expenses	574,633	670,322	286,566	1,531,521
Occupancy	589,609	6,400	27,399	623,408
Educational services:				
Compensation and benefits	4,560,140	-	-	4,560,140
Operation and maintenance	872,474	-	-	872,474
Tuition assistance	4,117,817	-	-	4,117,817
Other operating costs	<u>2,232,166</u>	<u>-</u>	<u>-</u>	<u>2,232,166</u>
Total educational services	<u>11,782,597</u>	<u>-</u>	<u>-</u>	<u>11,782,597</u>
Total	<u>\$ 28,901,473</u>	<u>\$ 3,612,570</u>	<u>\$ 718,981</u>	<u>\$33,233,024</u>

10. Liquidity and Availability

The Diocese manages its liquid resources by focusing on budgeting efforts to ensure that there are adequate income sources to cover the cost of all programs that are being conducted. The Diocese prepares very detailed budgets and has been very active in fiscal management to ensure the entity remains liquid.

The Diocese is the beneficiary of certain funds owned by the Catholic Foundation. These funds are subject to the Total Return Spending Policy of the Foundation. Under this policy, 4.6% of the rolling three-year average market value of each individual applicable endowment is distributed to support Diocesan operations and, in some cases, specific programs.

The total return is subject to annual appropriation to the operating budget, when approved annually by the Catholic Foundation Board of Members and Board of Trustees as part of the budget process.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

The Diocese receives funding for its operational needs from third parties and the Roman Catholic Diocese of Greensburg charitable trust (the "Trust"). Those amounts are typically sufficient to fund the operational needs of the Diocese.

On an annual basis the Trust distributes income or principle as the Bishop as trustee deems appropriate, in the Bishop's sole discretion, for the purposes of carrying out the mission, ministry, and other charities of the Roman Catholic Church within the Diocese.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Total assets, at year-end	\$ 10,275,837
Parish receivables in arrears	(556,080)
Funds held on behalf of others	(384,266)
Prepays and other assets	(81,953)
Receivables not expected in one year	(425,281)
Board-designated net assets	(382,826)
Net assets restricted by donor with purpose restrictions	<u>(1,284,711)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,160,720</u>

11. Commitments and Contingencies

The Diocese announced a Comprehensive Reconciliation Initiative (Initiative) in February 2019 to help survivors of clergy sexual abuse. The Initiative included a Survivors' Compensation Program (Program), an opportunity for survivors to have personal interaction with an objective program administrator, as well as counseling, spiritual guidance, and pastoral care for anyone impacted by clergy abuse in the Diocese. The Program was administered by Commonwealth Mediation and Conciliation, Inc. (CMCI) of Boston, a private dispute resolution firm experienced in mediation and arbitration services. Claims were submitted directly to CMCI, which administered them by conducting in-person meetings with claimants. Although the Program has since closed, the Initiative is continuing and ongoing. As of August 31, 2022, the Initiative has resulted in settlements with 84 survivors totaling \$8,218,218, with other catholic institutions contributing \$676,067 toward those settlements, and insurance reimbursement in the amount of \$750,000 from The National Catholic Risk Retention Group, which is the Diocese's excess liability insurance

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

carrier. The balance of the settlements have been funded by the Self-Insurance Fund (57%), Plant Fund (7%), and Current Fund (36%). The Diocese has also incurred \$17,955 in counseling fees and \$204,062 in fees paid to CMCI to administer the Program.

Management is aware that there could be potential legislation brought forward by the Commonwealth of Pennsylvania in 2023-2024 to amend the Constitution regarding the Statute of Limitations for claims of child sexual abuse. At this time, the Diocese is unable to determine the ultimate outcome of potential future actions in connection with this possible change to the Constitution. No material amounts have been recorded for settlement of these matters, as the potential financial impact on the Diocese is not presently determinable. However, it is possible that the ultimate resolution of these matters could have a material adverse impact on the Diocese's results of operations, liquidity and financial position. In addition, it is possible that the ultimate number of actions against the Diocese could increase from those presently known.

The Diocese is names defendant in a class action lawsuit, captioned O'Connor v Roman Catholic Diocese of Pittsburgh, et al., GD-18-011983, currently pending in the Court of Common Pleas of Allegheny County. Plaintiffs' class action lawsuit asserts claims for public nuisance and mandamus, and seeks only declaratory and injunctive relief (not monetary damages). Specifically, plaintiffs' class action lawsuit seeks the production of all of the records produced by the Diocese to the 40th Statewide Investigative Grand Jury, which resulted in the 2018 Grand Jury Report. Plaintiffs' original complaint was dismissed for lack of standing as to the Diocese. Plaintiffs recently filed a third amended complaint, naming a Greensburg-specific plaintiff. The Diocese has again moved to dismiss plaintiffs' complaint for lack of standing and for failure to state of a claim of either public nuisance or mandamus against the Diocese. That motion is currently pending before the Court.

The Diocese has received and responded to three separate third-party subpoenas it has been served with related to three separate cases filed in New York state court pursuant to the New York Child Victims Act. See *McNierney v. Archdiocese of New York, et al.*, No. 950415/2020; *Batka v. Roman Catholic Archdiocese of New York, et al.*, No. 950718/2020; *Clements v. Roman Catholic Archdiocese of New York, et al.*, No. 950799/2021. All three third-party subpoenas sought records related to an Archdiocese of New York priest who briefly served in the Diocese, but was never incardinated in the Diocese. The Diocese has produced the responsive records it has in its possession in response to the three third-party subpoenas. The Diocese is not a named defendant in any of the three cases pending in New York state court.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

In the ordinary course of conducting charitable, religious, social, and educational ministries, the Diocese is exposed to risks of loss for which the Diocese carries commercial insurance. There are various matters of pending or threatened litigation in which the Diocese is involved. In the opinion of the Diocese's management, the effect on the financial statements of potential losses associated with any such claim and/or lawsuit should not be material. Accordingly, the financial statements do not include an adjustment for any potential liability that may arise from pending claims.

SUPPLEMENTARY INFORMATION

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

SCHEDULE OF CURRENT FUND REVENUES AND OTHER SUPPORT - WITHOUT DONOR RESTRICTIONS

YEAR ENDED JUNE 30, 2023

Diocesan Billings and Assessments:	
Diocesan assessment	\$ 2,811,296
Accent assessment	555,671
Education and Spiritual Formation	53,700
Total Diocesan billings and assessments	<u>3,420,667</u>
Contributions/Grants:	
Diocesan Lenten Appeal	3,587,166
Seminarian and clergy formation collection	311,160
Donations and bequests	316,775
Lay ministry education programs	160,236
Total contributions/grants	<u>4,375,337</u>
Investment and Endowment Income:	
Current Fund investments	366,262
Endowment Fund income for education of priests and lay ministers	404,972
Endowment Fund income for evangelization and faith formation	299,912
Total investment and endowment income	<u>1,071,146</u>
Auxiliary Services:	
Income derived from utilization of the Christ Our Shepherd Center	<u>680,507</u>
Other Revenues:	
Hospital ministry	588,611
Management fees	313,677
Government programs	624,657
Neumann House residence fees	167,437
Advertising and subscription revenues	128,382
Dispensations	975
Communication media collection	7,537
Other	712,033
Rents and royalties	638
Total other revenues	<u>2,543,947</u>
Other Diocesan Programs:	
Retained portion of external collections	34,650
Diocesan Poverty Relief Fund	38,689
Total other Diocesan programs	<u>73,339</u>
Total Current Fund Revenues and Other Support - Without Donor Restrictions	<u>\$ 12,164,943</u>

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

SCHEDULE OF CURRENT FUND EXPENSES WITHOUT DONOR RESTRICTIONS

YEAR ENDED JUNE 30, 2023

Education:	
Education and Spiritual Formation	\$ 1,067,011
Secondary education contribution to tuition assistance fund	475,000
Elementary education contribution to tuition assistance fund	145,000
Government programs	625,299
	<hr/>
Total education	2,312,310
	<hr/>
Auxiliary Services:	
Operation and maintenance of the Christ Our Shepherd Center	780,206
	<hr/>
Pastoral:	
Hospital ministries	587,380
Retired, sick, and unassigned priests	315,708
General diocesan administration	531,276
Matrimonial office	169,713
Special events	95,198
Operations - Neumann House	366,481
Curator / archives	30,249
Future parish sites maintenance	7,003
Cursillo movement/charismatic renewal	11,503
Diocesan cemeteries office	1,075
Lay pension actuarial adjustment	32,654
	<hr/>
Total pastoral	2,148,240
	<hr/>
Social Services:	
Catholic Charities subsidy	378,250
Diocesan Council of Catholic Women	8,426
	<hr/>
Total social services	386,676
	<hr/>

(Continued)

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

SCHEDULE OF CURRENT FUND EXPENSES WITHOUT DONOR RESTRICTIONS

YEAR ENDED JUNE 30, 2023
(Continued)

Diocesan Administrative Offices:

Communications and Evangelization office	1,324,538
Information technology office	1,126,162
Finance office	805,923
Development office	623,783
Bishop's office	260,318
Bishops' residence	167,778
Engineering and Facilities Management office	240,432
Vicar General's office	145,880
Permanent Diaconate office	64,218
Human Resources office	101,595
Services and Facilities office	4,573
Retired Bishop's office and residence	<u>131,789</u>
 Total Diocesan administrative offices	 <u>4,996,989</u>

Religious Personnel Development:

Vocation program office	527,015
International priests program	<u>145,951</u>
 Total religious personnel development	 <u>672,966</u>

Other Diocesan Programs:

Donations	<u>63,450</u>
 Total Current Fund Expenses and Losses - Without Donor Restrictions	 <u>\$ 11,360,837</u>

(Concluded)

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

COMBINING SCHEDULE OF DIOCESAN HIGH SCHOOLS AND TUITION ASSISTANCE FUNDS ASSETS, LIABILITIES, AND NET ASSETS

JUNE 30, 2023

	Greensburg Central Catholic	Geibel Catholic	Tuition Assistance	Total
Assets				
Temporary investments and deposits	\$ 182,075	\$ 193,926	\$ -	\$ 376,001
Student activity accounts	274,646	64,827	-	339,473
Tuition receivable	124,416	223,735	-	348,151
Less: allowance for doubtful accounts	(88,934)	(103,085)	-	(192,019)
Other receivables	40,205	-	-	40,205
Due from other funds	450,366	15,553	797,374	1,263,293
Total Assets	\$ 982,774	\$ 394,956	\$ 797,374	\$ 2,175,104
Liabilities and Net Assets				
Liabilities:				
Funds held in escrow for others	\$ 274,646	\$ 64,827	\$ -	\$ 339,473
Accrued expenses	220,843	53,810	-	274,653
Total Liabilities	495,489	118,637	-	614,126
Net Assets:				
Without Donor Restrictions:				
Undesignated	268,648	66,479	642,529	977,656
Designated	-	23,803	-	23,803
Total Without Donor Restrictions	268,648	90,282	642,529	1,001,459
With Donor Restrictions	218,637	186,037	154,845	559,519
Total Net Assets	487,285	276,319	797,374	1,560,978
Total Liabilities and Net Assets	\$ 982,774	\$ 394,956	\$ 797,374	\$ 2,175,104

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

COMBINING SCHEDULE OF DIOCESAN HIGH SCHOOLS AND TUITION ASSISTANCE FUNDS REVENUES AND EXPENSES

YEAR ENDED JUNE 30, 2023

	Greensburg Central Catholic	Geibel Catholic	Tuition Assistance	Combined
Revenues:				
Tuition	\$ 1,955,097	\$ 389,460	\$ -	\$ 2,344,557
Parish subsidy	839,561	444,439	-	1,284,000
Diocesan subsidy	259,986	253,431	620,000	1,133,417
Athletic income	50,017	7,471	-	57,488
Development and other	1,640,682	688,233	6,000	2,334,915
Education assessment	-	-	4,448,595	4,448,595
Endowment income	-	-	399,235	399,235
Total revenues	4,745,343	1,783,034	5,473,830	12,002,207
Expenses:				
Instruction	2,326,390	952,778	-	3,279,168
Operation and maintenance	586,009	286,465	-	872,474
Student body activities	455,742	139,295	-	595,037
Administrative	780,947	308,588	474,226	1,563,761
Transportation service	202,950	128,386	-	331,336
Tuition assistance	-	-	4,592,817	4,592,817
Cafeteria	-	97,567	-	97,567
Other	123,422	25,041	-	148,463
Total expenses	4,475,460	1,938,120	5,067,043	11,480,623
Other Changes in Net Assets Without Donor Restrictions:				
Transfers to the Trust	(233,678)	(44,700)	-	(278,378)
Total other changes in net assets without donor restrictions	(233,678)	(44,700)	-	(278,378)
Change in Net Assets Without Donor Restrictions	36,205	(199,786)	406,787	243,206
Net Assets With Donor Restrictions:				
Grants/contributions	161,066	55,089	157,678	373,833
Net assets released from restrictions	(143,100)	(54,928)	(49,500)	(247,528)
Change in Net Assets With Donor Restrictions	17,966	161	108,178	126,305
Change in Net Assets	54,171	(199,625)	514,965	369,511
Net Assets (Deficits):				
Beginning of year	433,114	475,944	282,409	1,191,467
End of year	\$ 487,285	\$ 276,319	\$ 797,374	\$ 1,560,978

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

COMBINING SCHEDULE OF DIOCESAN AGENCY FUNDS ASSETS, LIABILITIES, AND NET ASSETS

JUNE 30, 2023

Assets	Mission Fund	Custodian Fund	Total
Cash and cash equivalents	\$ 4,740	\$ -	\$ 4,740
Due from other funds	-	99,157	99,157
Total Assets	\$ 4,740	\$ 99,157	\$ 103,897
Liabilities and Net Assets			
Liabilities:			
Funds held in escrow for others	\$ 19,379	\$ 99,157	\$ 118,536
Due to other funds	82,010	-	82,010
Total Liabilities	101,389	99,157	200,546
Net Assets:			
Without donor restrictions - undesignated	(96,649)	-	(96,649)
Total Net Assets	(96,649)	-	(96,649)
Total Liabilities and Net Assets	\$ 4,740	\$ 99,157	\$ 103,897

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

COMBINING SCHEDULE OF DIOCESAN AGENCY FUNDS REVENUES AND EXPENSES

YEAR ENDED JUNE 30, 2023

	<u>Mission Fund</u>	<u>Custodian Fund</u>	<u>Total</u>
Revenues:			
Investment and endowment income	\$ 6,014	\$ -	\$ 6,014
Other revenues	<u>216,664</u>	<u>-</u>	<u>216,664</u>
Total revenues	<u>222,678</u>	<u>-</u>	<u>222,678</u>
Expenses:			
Pastoral	15,492	-	15,492
Diocesan administrative offices	<u>95,113</u>	<u>-</u>	<u>95,113</u>
Total expenses	<u>110,605</u>	<u>-</u>	<u>110,605</u>
Change in Net Assets Without Donor Restrictions			
	<u>112,073</u>	<u>-</u>	<u>112,073</u>
Other Changes in Net Assets Without Donor Restrictions:			
Transfer from other diocesan entities	133,497	-	133,497
Transfer to other diocesan entities	<u>(115,400)</u>	<u>-</u>	<u>(115,400)</u>
Change in Net Assets Without Donor Restrictions			
	<u>18,097</u>	<u>-</u>	<u>18,097</u>
Change in Net Assets			
	130,170	-	130,170
Net Assets:			
Beginning of year	<u>(226,819)</u>	<u>-</u>	<u>(226,819)</u>
End of year	<u>\$ (96,649)</u>	<u>\$ -</u>	<u>\$ (96,649)</u>

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

CUSTODIAN FUND SCHEDULE OF ADDITIONS AND DEDUCTIONS

YEAR ENDED JUNE 30, 2023

Additions:

Diocesan Lenten Appeal	\$ 6,381,702
Children and family services	98,981
Support for retired priests and religious	74,284
Seminarian and clergy formation	327,536
Diocesan Poverty Relief Fund	55,811
Peter's pence	43,574
Holy Land	54,831
Disaster relief	254
Communications media	31,933
Catholic University and education	33,507
Polish Relief	1,053
Archdiocese for Military Services	23,566
Benedictine Annual Appeal	28,432
Relief for Ukraine	11,288
Total additions	<u>7,166,752</u>

Deductions:

Contribution income for Current Fund	4,031,538
Diocesan Lenten Appeal payments to parishes	2,660,257
Contribution income for Catholic Charities	94,032
Support for retired priests and religious	71,030
Holy Land	54,831
Peter's pence	42,508
External collections transferred to Current Fund - designated	34,700
Disaster relief	254
Diocesan Poverty Relief Fund	53,898
Catholic University and education	31,825
Communications media	31,138
Poland special collection	1,000
Benedictine Annual Appeal	27,012
Archdiocese for Military Services	21,441
Relief for Ukraine	11,288
Total deductions	<u>7,166,752</u>

Change in Net Assets

Net Assets:

Beginning of year	-
End of year	<u>\$ -</u>