

**The Roman Catholic Diocese of Greensburg,
A Pennsylvania Charitable Trust**

Financial Statements

Years Ended June 30, 2024 and 2023

with

Independent Auditor's Report



MaherDuessel

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**ROMAN CATHOLIC DIOCESE OF GREENSBURG,
A PENNSYLVANIA CHARITABLE TRUST**

YEARS ENDED JUNE 30, 2024 AND 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 Roman Catholic Diocese of Greensburg, a Pennsylvania Charitable Trust (Trust), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the accompanying financial statements are not intended to present all funds and related entities of the Diocese of Greensburg at June 30, 2024 and 2023 and, thus, do not represent a comprehensive financial report. This report includes only the financial statements for the Trust. 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 Trust'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 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 the 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.

Maher Duessel

Pittsburgh, Pennsylvania
October 24, 2024

**ROMAN CATHOLIC DIOCESE OF GREENSBURG,
A PENNSYLVANIA CHARITABLE TRUST**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

Assets	2024	2023
Temporary investments:		
Current Fund	\$ 4,204,718	\$ 5,555,397
Plant Fund	1,269,729	1,196,521
Missions Fund	169,562	244,340
Total investments	<u>5,644,009</u>	<u>6,996,258</u>
Charitable Remainder Trust	364,527	322,306
Other assets	-	7,523
Due from the Unincorporated Association	10,433	-
Investment in the Catholic Foundation for OPEB benefits	12,887,742	11,538,628
Fixed assets:		
Construction in progress	47,334	47,334
Land	718,289	719,289
Furniture and equipment	10,536,505	10,202,676
Buildings	9,223,857	9,223,857
Building improvements	25,898,593	25,472,935
Fixed assets - gross	<u>46,424,578</u>	<u>45,666,091</u>
Less: accumulated depreciation	<u>(31,466,311)</u>	<u>(30,588,353)</u>
Fixed assets - net	<u>14,958,267</u>	<u>15,077,738</u>
Total Assets	<u><u>\$ 33,864,978</u></u>	<u><u>\$ 33,942,453</u></u>
Liabilities and Net Assets		
Liabilities:		
Line of credit	\$ 5,000	\$ 93,086
Due to the Unincorporated Association	-	1,605,022
Deferred revenue	24,378	22,342
Loans payable to the Catholic Institute of Greensburg	501,574	704,444
Total Liabilities	<u>530,952</u>	<u>2,424,894</u>
Net Assets:		
Unrestricted:		
Undesignated	5,451,128	4,864,304
Designated for OPEB	12,887,742	11,538,628
Designated for fixed assets	14,995,156	15,114,627
Total Net Assets	<u>33,334,026</u>	<u>31,517,559</u>
Total Liabilities and Net Assets	<u><u>\$ 33,864,978</u></u>	<u><u>\$ 33,942,453</u></u>

See accompanying notes to financial statements.

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STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

NET ASSETS WITHOUT DONOR RESTRICTIONS:

	2024	2023
Revenues, gains, and other support:		
Interest and dividends, net of investment fees	\$ 402,932	\$ 373,453
Realized/unrealized gains on investments	1,677,512	1,136,361
Facility lease income	656,980	638,011
Royalties	4,769	11,817
Contributions	715,310	744,065
	<u>3,457,503</u>	<u>2,903,707</u>
Expenses		
Donations	628,075	2,330,224
Depreciation	885,101	915,757
General and administrative expenses	90,673	-
Interest expense	37,187	35,162
	<u>1,641,036</u>	<u>3,281,143</u>
Change in Net Assets	1,816,467	(377,436)
Net Assets:		
Beginning of year	31,517,559	31,894,995
End of year	<u>\$ 33,334,026</u>	<u>\$ 31,517,559</u>

See accompanying notes to financial statements.

**ROMAN CATHOLIC DIOCESE OF GREENSBURG,
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STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,816,467	\$ (377,436)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	885,101	915,757
Net realized/unrealized (gain) loss	(1,677,512)	(1,136,361)
Change in operating assets and liabilities:		
Other assets	7,523	(7,523)
Charitable Remainder Trust	(42,221)	(27,660)
Due to/from Unincorporated Association	(1,615,455)	1,605,022
Deferred revenue	2,036	22,342
Net cash provided by (used in) operating activities	(624,061)	994,141
Cash Flows From Investing Activities:		
(Purchase) / sale of investments	1,680,647	42,843
Purchase of fixed assets	(765,630)	(775,214)
Net cash provided by (used in) investing activities	915,017	(732,371)
Cash Flows From Financing Activities:		
Payments on loans payable	(202,870)	(261,770)
Payments on line of credit	(88,086)	-
Net cash provided by (used in) financing activities	(290,956)	(261,770)
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents:		
Beginning of year	-	-
End of year	\$ -	\$ -
Supplemental Information:		
Cash paid for interest	\$ 37,187	\$ 35,162

See accompanying notes to financial statements.

ROMAN CATHOLIC DIOCESE OF GREENSBURG, A PENNSYLVANIA CHARITABLE TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 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.” Under the Code of Canon Law (“*Canon Law*”) and in accordance with Pennsylvania law, since the Diocese’s inception, all assets of the Diocese have been entrusted to the Bishop of the Diocese, with the Bishop of the Diocese holding all such property in trust for the benefit of the mission, ministries, and charities of the Roman Catholic Church within the “Diocese of Greensburg.”

In March 2008, recognizing that no written instrument fully specified the powers and duties of the Bishop as trustee, fully described the nature of the assets held by the Bishop as trustee, or identified the intended beneficiaries of the assets held by the Bishop as trustee, 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*”). The Trust exists for the benefit of, to perform the functions of, and to carry out the purposes of the Roman Catholic Church within the “Diocese of Greensburg” and functions at all times to be operated exclusively for charitable, religious or educational purposes by conducting or supporting activities exclusively for the benefit of the Roman Catholic Church within the “Diocese of Greensburg.” Assets of the Trust may be used solely to further the religious, charitable and educational purposes of the Roman Catholic Church within the “Diocese of Greensburg,” and, each fiscal year, the Trust is to distribute and apply such amount of its income or principal 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 of Greensburg.” The Most Reverend Larry J. Kulick, JCL currently serves as the trustee for 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

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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. As a result, the year ended June 30, 2023 is the first year in which the Trust is presenting its own financial statements. 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	16,039,143
Current fund:	
Line of credit	(93,086)
Investments	5,302,673
Total Current fund	5,209,587
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	(333,040)
Total net assets of Trust, June 30, 2022	\$ 31,894,995

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Separate financial statements are prepared and audited for, among other related but separate entities within the “Diocese of Greensburg,” the Diocese, 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.

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 the Trust. 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.

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YEARS ENDED JUNE 30, 2024 AND 2023

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.

At various times throughout the years, cash balances may be maintained in excess of the federally insured limits for the years ended June 30, 2024 and 2023. The deposits were held at various financial institutions. The solvency of the financial institutions is monitored by management and is not a concern at this time.

Receivables

In 1999, a receivable was recorded to account for a charitable remainder trust. As of June 30, 2024 and 2023, the amount of this receivable was \$364,527 and \$322,306, respectively. The fair value of the trust, which consisted of money market funds, was \$364,527 and \$322,306 at June 30, 2024 and 2023, respectively. Once income from the trust is available, required distributions must be made. The income from the trust, up to one million dollars, will be used for the general needs of the Diocese. Any income in excess of one million dollars will require that 25% be designated for the maintenance and care of one of its buildings.

Fixed Assets

Land, buildings, and equipment, including related improvements, are stated at cost. Real estate acquired by gift is stated at fair market value as of the date of the gift. If property is acquired and the fair market value cannot be determined, the property is stated at nominal value. Depreciation expense is computed under the straight-line method of depreciation over the estimated useful lives of the assets.

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.

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The Trust recognizes revenue from the leasing of certain facilities owned by the Trust. Lease fees are billed by the Trust at the time of the rental. Lease revenue received in advance of the lease period is deferred and recognized in the period in which the fee relates.

Expense Allocation

Expenses directly related to a specific program are charged to that program. Management of the Trust believes that donations reported on the statement of activities are program expenses as they are directly related to the purpose of the Trust. Supporting activities reported on the statement of activities include depreciation and interest expense.

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.

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.

Adopted Accounting Standard

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

ASU 2016-13, *“Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.”* These amendments and related amendments require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the

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scope that have the contractual right to receive cash. The impact of the adoption was not considered material to the financial statements.

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, 2024 and 2023 consisted primarily of fixed income and equity securities, money market and mutual funds held by an investment company and recorded at fair value of \$5,644,009 and \$6,996,258, respectively.

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Dividend and interest income, net of fees	\$ 402,932	\$ 373,453
Net realized and unrealized gains	<u>1,677,512</u>	<u>1,136,361</u>
Investment income	<u>\$ 2,080,444</u>	<u>\$ 1,509,814</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 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.

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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, 2024 or 2023.

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

Investments in the Catholic Foundation for OPEB Benefits: The Trust's investment in the Catholic Foundation is comprised of an allocation of the Catholic Foundation's total investment balance. The Catholic Foundation's value is based upon the value of the underlying assets. The investments in the Catholic Foundation for OPEB benefits are treated by the Trust as Level 2 investments under the fair value hierarchy because the Trust does not hold a direct interest in the underlying assets.

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 Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value

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of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, assets at fair value as of June 30, 2024 and 2023:

	2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 405,608	\$ -	\$ -	\$ 405,608
Fixed income	3,869,672	-	-	3,869,672
Equities	1,368,729	-	-	1,368,729
Charitable remainder trust receivable	-	-	364,527	364,527
Investment in the Catholic Foundation for OPEB benefits	-	12,887,742	-	12,887,742
	\$ 5,644,009	\$ 12,887,742	\$ 364,527	\$ 18,896,278

	2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 646,404	\$ -	\$ -	\$ 646,404
Fixed income	4,858,195	-	-	4,858,195
Equities	1,491,659	-	-	1,491,659
Charitable remainder trust receivable	-	-	322,306	322,306
Investment in the Catholic Foundation for OPEB benefits	-	11,538,628	-	11,538,628
	\$ 6,996,258	\$ 11,538,628	\$ 322,306	\$ 18,857,192

4. Loans Payable

A variable-rate loan was obtained for Greensburg Central Catholic Junior-Senior High School to partially finance the construction of an auxiliary gymnasium in the amount of \$726,599 at June 30, 2009, secured by the building. This loan was originally payable to the Catholic Institute of Greensburg, Pennsylvania, in two balloon payments of \$121,000 each, due on June 30, 2010 and 2011, including interest at 4%. Only one principal payment of \$100,000 was made and interest only payments were made through fiscal year 2012. The remaining balance is due in equal monthly installments through June 30, 2031. The loan rate was 3.50% through June 30, 2023 and 4.50% for fiscal year 2024. Interest expense was \$12,607

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and \$12,416 for the years ended June 30, 2024 and 2023, respectively. The rate is 4.0% as of July 1, 2024. The aggregate payments required for annual periods subsequent to June 30, 2024 are as follows:

Fiscal Year	Principal	Interest
2025	\$ 33,264	\$ 9,927
2026	34,619	8,572
2027	36,029	7,162
2028	37,497	5,694
2029	39,025	4,166
2030-2031	82,885	3,498
Total	\$ 263,319	\$ 39,019

The Trust acquired a 15-year variable-rate loan to finance the renovation of a Christ Our Shepherd Center building to accommodate its tenant, the Seton Hill School of Orthodontics in June 2010. The loan was approved up to \$1,450,000 and is secured by the building. A total of \$1,428,293 has been disbursed on this loan. This loan is payable to the Catholic Institute of Greensburg, Pennsylvania and originally bore interest at 2.75%. The rate reset to 3.50% beginning July 1, 2022 and increased to 4.50% on July 1, 2023. The loan matures on April 30, 2028. Interest expense was \$11,267 and \$8,579 for the years ended June 30, 2024 and 2023, respectively. The rate is 4.0% as of July 1, 2024.

The aggregate payments required for annual periods subsequent to June 30, 2024 are as follows:

Fiscal Year	Principal	Interest
2025	\$ 92,223	\$ 5,667
2026	32,830	3,264
2027	34,168	1,926
2028	29,534	544
Total	\$188,755	\$ 11,401

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The Trust acquired a 15-year variable-rate loan to finance the renovation of the Christ Our Shepherd Center gymnasium building to accommodate its tenant at that time, the Westmoreland Intermediate Unit in the amount of \$506,239. The final disbursement was made in November 2011. The loan is secured by the building and is payable to the Catholic Institute of Greensburg, Pennsylvania. The loan originally bore interest at 2.75%. The rate reset to 3.5% beginning July 1, 2022 and 4.50% beginning July 1, 2023. Interest expense was \$3,224 and \$3,735 for the years ended June 30, 2024 and 2023. The rate is 4.0% as of July 1, 2024.

The aggregate payments required for annual periods subsequent to June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 39,402	\$ 1,263
2025	<u>10,098</u>	<u>67</u>
Total	<u>\$ 49,500</u>	<u>\$ 1,330</u>

The Trust obtained a \$2.5 million line of credit during the year ended June 30, 2020 from a local financial institution. The line has a maturity date of December 1, 2024. The line bears interest at the Daily BSBY Rate plus 100 basis points and is secured by pledged collateral having a minimum margin value of at least the outstanding principal balance on the line. The interest rates at June 30, 2024 and 2023 were 6.32% and 5.94%, respectively. At June 30, 2023 \$93,086 was outstanding on the line. At June 30, 2024 \$5,000 was outstanding on the line. Interest expense was \$10,089 and \$10,432 for the years ended June 30, 2024 and 2023, respectively.

5. Liquidity and Availability

The Trust 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 Trust has been very active in fiscal management to ensure the entity remains liquid.

The Trust receives income annually from endowment funds held in, among other places, The Catholic Foundation (the Foundation) which consist of both donor-restricted endowments and funds designated by the Bishop as endowments. These endowments are

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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 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. Although the Trust does not intend to spend from the corpus of board-designated endowments (other than amounts appropriated for general expenses as part of the annual budget approval), these amounts could be made available if necessary.

As part of its liquidity management plan, the Trust invests its cash in excess of daily requirements in short-term investments, and money market funds. The Trust manages its cash, short-term investments, and money market funds to ensure that sufficient cash is available to cover operating expenses and liabilities as they come due. These amounts may fluctuate between years.

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:

	2024	2023
Total assets, at year-end	\$ 33,864,978	\$ 33,942,453
Capital assets, net	(14,958,267)	(15,077,738)
Assets designated for OPEB benefits	(12,887,742)	(11,538,628)
Charitable Remainder Trust	(364,527)	(322,306)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,654,442	\$ 7,003,781

6. Commitments and Contingencies

The Diocese announced a Comprehensive Reconciliation Initiative (Initiative) in February 2019, to help survivors of clergy sexual abuse, which included the adoption of a Survivors' Compensation Program. Although the Survivors' Compensation Program has since closed,

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NOTES TO FINANCIAL STATEMENTS

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the Initiative continues and is ongoing. The Initiative has resulted, to date, in settlements with approximately 80 survivors, totaling in excess of \$8 million. The Diocese Self-Insurance Fund is absorbing the expense of this Initiative, and because the Trust is a separate corporate entity, its assets would not be subject to the reach of the Diocese's general creditors.

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.