

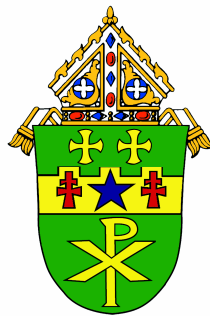
The Diocese of Greensburg, Pennsylvania

Financial Statements and Supplementary Information

Years Ended June 30, 2019 and 2018

with

Independent Auditor's Report



MaherDuessel

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THE DIOCESE OF GREENSBURG, PENNSYLVANIA

YEARS ENDED JUNE 30, 2019 AND 2018

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Independent Auditor's Report

**Most Reverend
Edward C. Malesic, JCL
Bishop of the Diocese
of Greensburg,
Pennsylvania**

We have audited the accompanying financial statements of the Diocese of Greensburg, Pennsylvania (Diocese), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2019 and 2018, 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.

Emphasis of Matters

The accompanying financial statements were prepared to present the financial position, results of operations, and cash flows of certain activities of the Diocese in accordance with accounting principles generally accepted in the United States of America. As indicated in Note 1, there are other activities, programs, and agencies of the Diocese not included in these financial statements. The auditor's opinion is not modified with respect to the matter emphasized.

As described in Note 1 to the financial statements, the Diocese adopted ASU 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,"* which amends the requirements for financial statements for nonprofit entities. The amendment changes how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity, among other requirements. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 36 through 43 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Maher Duessel
Pittsburgh, Pennsylvania
October 22, 2019

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

<u>Assets</u>	Current	High Schools/ Tuition Assistance	Self-Insurance	Pension Accounting	Parish Bond	Plant	Capital and Endowment Campaign	Agency	Elimination	Totals	
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund		2019	2018
Cash and cash equivalents	\$ 103,175	\$ 318,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 421,869	\$ 561,881
Investments:											
Temporary investments and deposits	5,920,868	310,307	6,536,330	-	-	1,500,678	-	220,386	-	14,488,569	16,101,411
Temporary investments held for others	686,353	-	-	-	-	-	-	-	-	686,353	575,744
Other investments	55,673	-	-	-	-	-	-	-	-	55,673	55,673
Total investments	<u>6,662,894</u>	<u>310,307</u>	<u>6,536,330</u>	<u>-</u>	<u>-</u>	<u>1,500,678</u>	<u>-</u>	<u>220,386</u>	<u>-</u>	<u>15,230,595</u>	<u>16,732,828</u>
Receivables:											
Parishes	2,549,822	-	-	2,464,504	3,829,404	-	-	-	-	8,843,730	9,858,971
Ordained priests	286,329	-	-	-	-	-	-	-	-	286,329	212,410
Other	188,719	427,006	27,276	-	-	262,383	-	-	(77,312)	828,072	2,311,130
Less: allowance for doubtful accounts	<u>(1,105,476)</u>	<u>(246,307)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,351,783)</u>	<u>(2,599,453)</u>
Total receivables	<u>1,919,394</u>	<u>180,699</u>	<u>27,276</u>	<u>2,464,504</u>	<u>3,829,404</u>	<u>262,383</u>	<u>-</u>	<u>-</u>	<u>(77,312)</u>	<u>8,606,348</u>	<u>9,783,058</u>
Prepaid and other assets	220,218	-	-	-	-	-	-	-	-	220,218	198,664
Due from other funds	717,415	350,651	687,139	616,214	128,759	-	-	146,867	-	2,647,045	1,805,025
Due from other Diocesan entities	12	-	-	-	-	-	-	-	-	12	1,001,163
Assets designated for OPEB - priests	-	-	-	9,734,042	-	-	-	-	-	9,734,042	9,096,778
Fixed assets:											
Construction in progress	-	-	-	-	-	47,334	-	-	-	47,334	47,334
Buildings	-	-	-	-	-	9,223,857	-	-	-	9,223,857	10,321,561
Furniture and equipment	-	298,941	-	-	-	9,263,573	-	-	-	9,562,514	11,274,353
Land	-	-	-	-	-	710,789	-	-	-	710,789	873,808
Building improvements	-	-	-	-	-	23,398,750	-	-	-	23,398,750	22,951,591
Fixed assets - gross	<u>-</u>	<u>298,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,644,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,943,244</u>	<u>45,468,647</u>
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,702,945)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,702,945)</u>	<u>(25,782,105)</u>
Fixed assets - net	<u>-</u>	<u>298,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,941,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,240,299</u>	<u>19,686,542</u>
Total Assets	<u>\$ 9,623,108</u>	<u>\$ 1,459,292</u>	<u>\$ 7,250,745</u>	<u>\$ 12,814,760</u>	<u>\$ 3,958,163</u>	<u>\$ 17,704,419</u>	<u>\$ -</u>	<u>\$ 367,253</u>	<u>\$ (77,312)</u>	<u>\$ 53,100,428</u>	<u>\$ 58,865,939</u>

(Continued)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

(Continued)

JUNE 30, 2019 AND 2018

Liabilities and Net Assets (Deficits)	Current Fund	High Schools/ Tuition Assistance Fund	Self-Insurance Fund	Pension Accounting Fund	Parish Bond Fund	Plant Fund	Capital and Endowment Campaign Fund	Agency Fund	Elimination	Totals	
										2019	2018
Liabilities:											
Accounts payable	\$ 1,027,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,027,433	\$ 1,166,045
Accrued expenses	11,783	295,883	5,345,533	-	23,038	-	-	-	-	5,676,237	1,922,334
Loans payable	-	727,501	-	-	-	889,648	-	-	-	1,617,149	1,591,754
Bonds payable	-	-	-	-	3,840,000	-	-	-	-	3,840,000	4,065,000
Agency and trust accounts:											
Funds held in escrow for others	686,353	318,694	-	-	-	-	-	253,586	(77,312)	1,181,321	1,048,171
Total agency and trust accounts	686,353	318,694	-	-	-	-	-	253,586	(77,312)	1,181,321	1,048,171
Deferred income	104,416	-	-	2,868,976	-	-	-	-	-	2,973,392	2,814,796
Accrued pension - lay plan	-	-	-	18,011,251	-	-	-	-	-	18,011,251	13,868,242
Accrued pension - priests	-	-	-	3,819,586	-	-	-	-	-	3,819,586	2,938,085
Accrued OPEB - priests	-	-	-	6,814,820	-	-	-	-	-	6,814,820	6,920,867
Due to other funds	1,078,979	931,206	-	-	-	556,508	45,585	34,767	-	2,647,045	1,805,025
Due to parishes	-	-	-	-	-	-	-	-	-	-	8,077
Due to other Diocesan entities	483,419	-	-	-	-	-	-	-	-	483,419	485,089
Total Liabilities	3,392,383	2,273,284	5,345,533	31,514,633	3,863,038	1,446,156	45,585	288,353	(77,312)	48,091,653	38,633,485
Net Assets (Deficits):											
Without donor restrictions:											
Undesignated	2,359,413	(1,173,073)	-	(18,699,873)	95,125	183,199	(45,585)	-	-	(17,280,794)	(11,657,897)
Designated	301,791	23,044	1,905,212	-	-	16,066,116	-	78,900	-	18,375,063	27,714,260
Total without donor restrictions	2,661,204	(1,150,029)	1,905,212	(18,699,873)	95,125	16,249,315	(45,585)	78,900	-	1,094,269	16,056,363
With donor restrictions											
	3,569,521	336,037	-	-	-	8,948	-	-	-	3,914,506	4,176,091
Total Net Assets (Deficits)	6,230,725	(813,992)	1,905,212	(18,699,873)	95,125	16,258,263	(45,585)	78,900	-	5,008,775	20,232,454
Total Liabilities and Net Assets (Deficits)	\$ 9,623,108	\$ 1,459,292	\$ 7,250,745	\$ 12,814,760	\$ 3,958,163	\$ 17,704,419	\$ -	\$ 367,253	\$ (77,312)	\$ 53,100,428	\$ 58,865,939

(Concluded)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	Current Fund	High Schools/ Tuition Assistance Fund	Self-Insurance Fund	Pension Accounting Fund	Parish Bond Fund	Plant Fund	Capital and Endowment Campaign Fund	Agency Fund	Eliminations	Totals	
										2019	2018
Net Assets Without Donor Restrictions:											
Revenues, gains, and other support:											
Diocesan billings and assessments	\$ 3,537,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,537,270	\$ 3,581,003
Contributions/grants	3,991,607	-	-	-	-	40,131	15,431	-	-	4,047,169	4,352,650
Investment and endowment income	866,116	-	290,421	-	111,012	250,883	-	11,414	-	1,529,846	1,663,166
Auxiliary services	1,298,558	-	-	-	-	-	-	-	-	1,298,558	1,518,895
Other revenues	1,535,092	-	-	-	(82,320)	34,974	-	77,041	-	1,564,787	1,701,908
Diocesan high schools	-	6,058,539	-	-	-	-	-	-	(525,000)	5,533,539	5,711,404
Tuition assistance	-	5,372,078	-	-	-	-	-	-	(690,000)	4,682,078	4,844,032
Diocesan self-insurance program	-	-	8,066,823	-	-	-	-	-	-	8,066,823	7,925,521
Gain (loss) on sale of fixed assets	-	-	-	-	-	(55,810)	-	-	-	(55,810)	-
Retained portion of external collections	37,506	-	-	-	-	-	-	-	-	37,506	41,456
Catholic campaign for human development	51,176	-	-	-	-	-	-	-	-	51,176	41,693
Total revenues, gains, and other support	11,317,325	11,430,617	8,357,244	-	28,692	270,178	15,431	88,455	(1,215,000)	30,292,942	31,381,728
Expenses and losses:											
Education	2,390,210	-	-	-	-	-	-	-	(690,000)	1,700,210	1,886,244
High school operations	-	5,808,383	-	-	-	-	-	-	-	5,808,383	5,521,990
Tuition assistance	-	5,521,829	-	-	-	-	-	-	(525,000)	4,996,829	4,894,865
Auxiliary services	1,159,444	-	-	-	-	-	-	-	-	1,159,444	1,334,090
Pastoral	2,174,412	-	-	-	-	-	-	11,901	-	2,186,313	2,729,212
Social services	551,055	-	-	-	-	-	-	-	-	551,055	550,778
Diocesan administrative offices	4,230,315	266,481	-	-	11,779	-	-	77,927	-	4,586,502	4,290,026
Interest expense	-	-	-	-	106,315	26,407	-	-	-	132,722	135,997
Depreciation expense	-	-	-	-	-	4,275,917	-	-	-	4,275,917	1,023,746
Religious personnel development	447,812	-	-	-	-	-	-	-	-	447,812	349,508
Self-insurance program	-	-	10,099,600	-	-	-	-	-	-	10,099,600	10,244,798
Victim's Comprehensive Reconciliation Initiative	-	-	3,835,498	-	-	-	-	-	-	3,835,498	-
Donations/capital campaign distributions	97,800	-	-	-	-	134,768	4,629	-	-	237,197	122,537
Total expenses and losses	11,051,048	11,596,693	13,935,098	-	118,094	4,437,092	4,629	89,828	(1,215,000)	40,017,482	33,083,791
Excess (Deficiency) of Revenues, Gains, and Other Support Over Expenses and Losses Before Other Changes	266,277	(166,076)	(5,577,854)	-	(89,402)	(4,166,914)	10,802	(1,373)	-	(9,724,540)	(1,702,063)

(Continued)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF ACTIVITIES

(Continued)

YEARS ENDED JUNE 30, 2019 AND 2018

	Current Fund	High Schools/ Tuition Assistance Fund	Self-Insurance Fund	Pension Accounting Fund	Parish Bond Fund	Plant Fund	Capital and Endowment Campaign Fund	Agency Fund	Eliminations	Totals	
										2019	2018
Other changes:											
Actuarial gain (loss) on pension and postretirement benefit plans	-	-	-	(5,264,034)	-	-	-	-	-	(5,264,034)	4,019,505
Transfer from other funds	-	-	573,953	-	-	550,753	-	-	-	1,124,706	1,126,104
Transfer from other Diocesan entities	-	-	-	-	-	26,480	-	-	-	26,480	27,000
Transfer to other funds	(453,953)	(170,753)	-	-	-	(500,000)	-	-	-	(1,124,706)	(1,126,104)
Total other changes	(453,953)	(170,753)	573,953	(5,264,034)	-	77,233	-	-	-	(5,237,554)	4,046,505
Change in Net Assets Without Donor Restrictions	(187,676)	(336,829)	(5,003,901)	(5,264,034)	(89,402)	(4,089,681)	10,802	(1,373)	-	(14,962,094)	2,344,442
Net Assets with Donor Restrictions:											
Grants/contributions	3,570,740	201,076	-	-	-	20,000	-	-	-	3,791,816	4,060,402
Net assets released from restrictions	(3,877,326)	(131,245)	-	-	-	(40,131)	-	(4,699)	-	(4,053,401)	(4,245,888)
Change in Net Assets with Donor Restrictions	(306,586)	69,831	-	-	-	(20,131)	-	(4,699)	-	(261,585)	(185,486)
Change in Net Assets	(494,262)	(266,998)	(5,003,901)	(5,264,034)	(89,402)	(4,109,812)	10,802	(6,072)	-	(15,223,679)	2,158,956
Net Assets (Deficits):											
Beginning of year	6,724,987	(546,994)	6,909,113	(13,435,839)	184,527	20,368,075	(56,387)	84,972	-	20,232,454	18,073,498
End of year	\$ 6,230,725	\$ (813,992)	\$ 1,905,212	\$ (18,699,873)	\$ 95,125	\$ 16,258,263	\$ (45,585)	\$ 78,900	\$ -	\$ 5,008,775	\$ 20,232,454

(Concluded)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities:		
Change in net assets	\$ (15,223,679)	\$ 2,158,956
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,275,917	1,023,746
Loss (gain) on disposal of assets	55,810	1,982
Net realized/unrealized gains	(258,794)	(460,590)
Changes in operating assets and liabilities:		
Receivables	1,176,710	2,454,829
Accounts payable	(138,612)	132,750
Accrued expenses	3,753,903	652,593
Agency and trust accounts	133,150	478,898
Deferred income	158,596	(134,311)
Prepaid and other assets	(21,554)	(59,604)
Due to parishes	(8,077)	(22,085)
Due to/from other Diocesan entities	999,481	(685,922)
Accrued postretirement benefits	(106,047)	(544,527)
Accrued pensions	5,024,510	(3,756,247)
Net cash provided by (used in) operating activities	(178,686)	1,240,468
Cash Flows From Investing Activities:		
Purchase of investments	(5,607,130)	(7,306,159)
Sale of investments	6,730,893	7,532,872
Purchase of fixed assets	(885,484)	(918,601)
Net cash provided by (used in) investing activities	238,279	(691,888)
Cash Flows From Financing Activities:		
Proceeds of loans payable	298,941	-
Payments on loans payable	(273,546)	(362,678)
Payments on bonds payable	(225,000)	(215,000)
Net cash provided by (used in) financing activities	(199,605)	(577,678)
Net Increase (Decrease) in Cash and Cash Equivalents	(140,012)	(29,098)
Cash and Cash Equivalents:		
Beginning of year	561,881	590,979
End of year	\$ 421,869	\$ 561,881
Supplemental Information:		
Cash paid for interest	\$ 132,722	\$ 135,997

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies

Reporting Entity

The Diocese of Greensburg, Pennsylvania (Diocese) was established on March 10, 1951 by the formal canonical declaration issued by Pope Pius XII, Roman Pontiff. At June 30, 2019, the Most Reverend Edward C. Malesic, JCL, Bishop of the Diocese of Greensburg, is the successor trustee of the Diocese and is individually responsible for the teaching, sanctification, and governance of the Diocese. The Diocese operates under a Declaration of Trust dated March 1, 2008 and provides services to Catholic parishes, Catholic schools, and certain other Catholic institutions in Westmoreland, Armstrong, Indiana, and Fayette Counties under the leadership of the Bishop.

The following activities are included in the accompanying financial statements:

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. Grants to the elementary schools for capital projects are also accounted for in this fund. Net assets include those with and without donor restrictions.

Self-Insurance Fund – This fund accounts for financial transactions for the self-insurance program for the central administrative operations of the Diocese, the schools, and parishes of the Diocese. Net assets are without donor restrictions.

Pension Accounting Fund – This fund accounts for pension accounting transactions for lay employee and priest pension plans, as well as post-retirement benefits for priests. Net assets are without donor restrictions. Approximately 70% of the fund's deficit for the lay employees, and approximately 79% of the fund's deficit for the priests is expected to be funded by future parish billings. Diocesan operations will fund the remaining 30% and 21%, respectively.

Parish Bond Fund – This fund accounts for financial transactions for the bonds issued to fund a capital project for an elementary school. Net assets are without donor restrictions.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

Plant Fund – This fund accounts for investments, real estate, buildings, and equipment used in Diocesan operations. Capital expenditures and transfers to and from the Plant Fund are recorded as other changes in net assets without donor restrictions.

Capital and Endowment Campaign Fund – This fund accounts for the funds raised as part of the “Today’s Challenge ~ Tomorrow’s Hope” Capital and Endowment Campaign. The campaign provided much needed support for parishes, evangelization and faith formation, catholic schools, ordained ministry, care for retired priests, lay ecclesial ministry, Catholic Charities, and Diocesan infrastructure. The campaign is in its final stage of pledge repayment.

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.

Separate financial statements are prepared and audited for the Catholic Institute, Catholic Charities, The Catholic Foundation, and Scholarship Partners Foundation. The financial operations of individual parishes and institutions distinct from the Diocese are not reflected in this report.

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. 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. The Diocese reports gifts of cash and other assets 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.”

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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.

At year-end, and at various times throughout the years, the Diocese had cash balances in excess of the federally insured limits for the years ended June 30, 2019 and 2018, respectively. The deposits were held at various financial institutions.

Receivables

In 1999, a receivable was recorded in the Plant Fund to account for a charitable remainder trust for the Diocese. As of June 30, 2019 and 2018, the amount of this receivable was \$260,570 and \$252,524, respectively. These amounts are recorded as part of other receivables. The receivable represents the present value (using a 7% rate as required by the terms of the trust) of the estimated future benefits to be received when the trust assets are distributed. The fair value of the trust, which consisted of money market funds, was \$260,570 and \$252,524 at June 30, 2019 and 2018, 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 Plant Fund.

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. During 2019, the Diocese reduced the receivable and allowance for doubtful accounts by approximately \$1,274,000 to remove delinquent accounts that are no longer being actively pursued.

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Fixed Assets

Land, buildings, and equipment, including related improvements, are stated at cost. Real estate acquired by gift is stated at the 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. During 2019, the Diocese performed a review of useful lives assigned to all building and equipment and certain revisions were made to estimates previously being used. Depreciation expense for 2019 includes the cumulative impact of these revised estimates.

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.

Reclassification

Certain items from the prior year have been reclassified to conform to the current year presentation. The reclassification had no effect on the change in net assets.

Adoption of Pronouncement

For the year ended June 30, 2019, the Diocese adopted ASU 2016-14, *“Not for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* which aims to improve how a nonprofit organization classifies its net assets and provides information in its

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financial statements and notes about its financial performance, cash flow, and liquidity. The implementation of this standard was applied retrospectively to the comparative amounts presented for the year ended June 30, 2018.

Beginning net assets for 2019 and 2018 that were previously reported as unrestricted have been reflected as net assets without donor restrictions. Beginning net assets for 2019 and 2018 that were previously reported as temporarily restricted have been reflected as net assets with donor restrictions.

Pending Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued statements that will become effective in future years including ASU 2016-13 (Credit Losses), ASU 2018-13 (Fair Value Measurement) and ASU 2018-08 (Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made). Management has not yet determined the impact of these statements on the Diocese's 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, the Diocese carries its debt and equity investments at fair market value. Investments of the Diocese at June 30, 2019 and 2018 consisted primarily of fixed income and equity securities, money market and mutual funds held by two investment companies and recorded at fair value of \$15,230,595 and \$16,732,828, respectively.

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

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	June 30, 2019	June 30, 2018
Dividend and interest income	\$ 1,271,052	\$ 1,202,576
Net realized and unrealized gains	258,794	460,590
Investment and endowment income	\$ 1,529,846	\$ 1,663,166

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.

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

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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, 2019 or 2018.

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

Catholic Benefits Trust investment: Valued at the fair market value of the cash equivalent balance on hand at year-end with the Catholic Benefits Trust.

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

Parish bond receivable: Valued at the original bond amount less any payments received.

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.

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The following tables set forth by level, within the fair value hierarchy, the Diocese's assets at fair value as of June 30, 2019 and 2018:

Assets at Fair Value as of June 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government agency bonds	\$ 1,362,771	\$ -	\$ -	\$ 1,362,771
Treasury bonds	2,081,603	-	-	2,081,603
Money market mutual funds	4,344,371	-	-	4,344,371
Fixed income securities	3,422,156	-	-	3,422,156
Equities	2,056,918	-	-	2,056,918
Municipal bonds	548,187	-	-	548,187
Other funds	358,916	-	-	358,916
Catholic Benefits Trust investment	1,000,000	-	-	1,000,000
National Catholic Risk				
Retention Stock	-	55,673	-	55,673
Parish bond receivable	-	-	3,829,404	3,829,404
	<u>\$ 15,174,922</u>	<u>\$ 55,673</u>	<u>\$ 3,829,404</u>	<u>\$ 19,059,999</u>

Assets at Fair Value as of June 30, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 202,146	\$ -	\$ -	\$ 202,146
Money market funds	2,209,364	-	-	2,209,364
Fixed income	8,765,581	-	-	8,765,581
Equities	2,105,116	-	-	2,105,116
Other investments	394,948	-	-	394,948
Catholic Benefits Trust investment	3,000,000	-	-	3,000,000
National Catholic Risk				
Retention Stock	-	55,673	-	55,673
Parish bond receivable	-	-	4,051,500	4,051,500
	<u>\$ 16,677,155</u>	<u>\$ 55,673</u>	<u>\$ 4,051,500</u>	<u>\$ 20,784,328</u>

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The following table presents changes in the Diocese's Level 3 receivables measured at fair value on a recurring basis for the year ended June 30, 2019:

	Fair Value of Multi-Year Pledges	Parish Bond Receivable	Total
Balance, beginning of year	\$ -	\$ 4,051,500	\$ 4,051,500
Payments	-	(222,096)	(222,096)
Balance, end of year	<u>\$ -</u>	<u>\$ 3,829,404</u>	<u>\$ 3,829,404</u>

The following table presents changes in the Diocese's Level 3 receivables measured at fair value on a recurring basis for the year ended June 30, 2018:

	Fair Value of Multi-Year Pledges	Parish Bond Receivable	Total
Balance, beginning of year	\$ 11,749	\$ 4,271,124	\$ 4,282,873
Payments	(11,749)	(219,624)	(231,373)
Balance, end of year	<u>\$ -</u>	<u>\$ 4,051,500</u>	<u>\$ 4,051,500</u>

In November 2015, the Diocese entered into an interest rate swap transaction. See Note 5 for disclosures related to this transaction.

4. Loans Payable

Greensburg Central Catholic Junior-Senior High School acquired a variable-rate loan 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, reflected as a liability in the High Schools/Tuition Assistance Fund as are all High School loans described in this note, 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, bearing interest at 2.75% as of July 1, 2018. Interest expense was \$12,239 and \$10,687 for the years ended June 30, 2019 and 2018, respectively. The aggregate payments required for annual periods subsequent to June 30, 2019 are as follows:

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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 30,589	\$ 11,410
2021	31,441	10,558
2022	32,316	9,682
2023	33,216	8,782
2024	34,142	7,857
2025-2031	<u>266,856</u>	<u>26,843</u>
Total	<u>\$ 428,560</u>	<u>\$ 75,132</u>

In fiscal year 2015, Greensburg Central Catholic Junior-Senior High School acquired a \$225,472 four-year variable-rate loan to finance the purchase of Acer tablets as part of the high school 1:1 initiative. As part of this initiative, each high school student received a tablet to use during the 2015-2016 school year. The loan is supported by technology fee payments that are required for all high school students. At graduation, students have the option to purchase their tablet from the school. This loan is payable to the Catholic Institute of Greensburg, Pennsylvania, in monthly installments of \$4,955, including interest at 2.75%. Principal payments began on July 1, 2015. Interest expense was \$876 and \$2,023, respectively, for the years ended June 30, 2019 and 2018. The loan was fully satisfied on June 30, 2019.

In fiscal year 2016, Greensburg Central Catholic Junior-Senior High School acquired a \$145,521 three-year variable-rate loan to finance the purchase of laptops as part of the high school 1:1 initiative. As part of this initiative, each high school student will receive a laptop to use during the 2016-2017 school year. The Acer tablets above were distributed to the 7th and 8th grade students during the 16-17 school year. The loan is supported by technology fee payments that are required for all junior and senior high school students. This loan is payable to the Catholic Institute of Greensburg, Pennsylvania, in monthly installments of \$4,185, including interest at 2.75%. Interest expense was \$2,098 and \$1,432, respectively, for the years ended June 30, 2019 and 2018. Principal payments began on July 1, 2016 and ended on June 30, 2019.

In April 2019, Greensburg Central Catholic Junior-Senior High School acquired a \$203,295 four-year variable-rate loan to finance the purchase of new laptops as part of the 1:1 initiative. Each school student will receive a laptop to use during the 2019-2020 school year. The loan is supported by technology fee payments that are required for all students. This loan is payable to the Catholic Institute of Greensburg, Pennsylvania, in monthly

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installments of \$4,522, including interest at 3.25%. Principal payments begin on July 1, 2019 and end on June 30, 2023.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 48,377	\$ 5,891
2021	49,973	4,295
2022	51,621	2,646
2023	<u>53,324</u>	<u>943</u>
Total	<u>\$ 203,295</u>	<u>\$ 13,775</u>

In April 2019, Geibel Catholic Junior-Senior High School also acquired a \$95,646 four-year variable-rate loan to finance the purchase of new laptops as part of the 1:1 initiative. Each school student will receive a laptop to use during the 2019-2020 school year. The loan is supported by technology fee payments that are required for all students. This loan is payable to the Catholic Institute of Greensburg, Pennsylvania, in monthly installments of \$2,128, including interest at 3.25%. Principal payments begin on July 1, 2019 and end on June 30, 2023.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 22,760	\$ 2,771
2021	23,511	2,021
2022	24,287	1,245
2023	<u>25,088</u>	<u>444</u>
Total	<u>\$ 95,646</u>	<u>\$ 6,481</u>

The Diocese of Greensburg Plant Fund 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. No other disbursements will be made. This loan is payable to the Catholic Institute of Greensburg, Pennsylvania and bears interest at 2.75%. The loan matures on April 30, 2025. Interest expense was \$19,007 and \$17,782 for the years ended June 30, 2019 and 2018, respectively.

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The aggregate payments required for annual periods subsequent to June 30, 2019 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 102,103	\$ 16,241
2021	104,947	13,397
2022	107,870	10,475
2023	110,874	7,471
2024	113,962	4,383
2025	<u>100,587</u>	<u>1,232</u>
Total	<u>\$ 640,343</u>	<u>\$ 53,199</u>

The Diocese of Greensburg Plant Fund 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. This loan is payable to the Catholic Institute of Greensburg, Pennsylvania, and bears interest at 2.75%. Interest expense was \$7,400 and \$6,865 for the years ended June 30, 2019 and 2018, respectively.

The aggregate payments required for annual periods subsequent to June 30, 2019 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 37,090	\$ 6,395
2021	38,123	5,362
2022	39,185	4,300
2023	40,276	3,209
2024	41,398	2,087
2025-2026	<u>53,233</u>	<u>984</u>
Total	<u>\$ 249,305</u>	<u>\$ 22,337</u>

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5. Bonds Payable

On June 1, 2003, the Diocese, through Latrobe Industrial Development Authority, issued \$6,350,000 of Variable Rate Revenue Bonds with varying interest rates determined and adjusted weekly by Mellon Financial Markets, LLC, the Remarketing Agent. The interest rates cannot exceed 12%. The Bonds began maturing annually beginning on June 30, 2006. The proceeds of the Bonds were used to finance construction of an expansion of the Mother of Sorrows Elementary School, fund capitalized interest, and the costs of Bond issuance.

The proceeds of the 2003 Bond issue were loaned to Mother of Sorrows on June 19, 2003 at a rate of 3.25%, plus annual remarketing and trustee fees, with a 30-year term for their capital project of expansion of the elementary school. The rate of interest is established annually by the Diocese and is currently 2.75%. Loan repayments from Mother of Sorrows are intended to service the debt obligation on the outstanding Bonds. The Diocese has recorded a receivable in the Parish Bond Fund in the amount of \$3,829,404, which is considered a significant concentration of the total Diocese of Greensburg's accounts receivable.

On June 1, 2011, the 2003 Bonds were refunded in their entirety using the \$5,625,000 proceeds of the Series 2011 Variable Rate Revenue Refunding Bonds, issued through the Jefferson County Industrial Development Authority (2011 Bonds). The 2011 Bonds are a general obligation of the Diocese and are secured by a lien and security interest in all of the gross revenues of the Diocese. On the same date, the 2011 Bonds were purchased by PNC Bank. PNC Bank agreed to purchase the bonds for a fixed rate of 2.20% for a period of five years, ending June 1, 2016, at which time a balloon payment would be due.

The Diocese refinanced the balloon payment due in November 2015 to extend the term of the payments. As part of the refinancing, the Diocese entered into an interest rate swap agreement which is further described below. Also, as part of the refinancing, an early termination was executed of the initial period of the 2011 bonds and a new tax exempt flex private placement term loan was agreed upon at a variable LIBOR-based rate equal to the sum of 70% of one month LIBOR plus 72 basis points (0.72%), which ends on November 3, 2020. The interest rate at June 30, 2019 is 2.42%.

The Diocese has entered into certain covenants with PNC. One such covenant limits the Diocese's ability to enter into any additional senior debt or enter into any subordinated debt in excess of \$5 million without the bank's consent. The Diocese also is bound by a liquidity covenant. The Diocese is required to report its compliance with all covenants 150

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days subsequent to each year-end. The Diocese is in compliance with the aforementioned debt covenants.

Future Maturities

The future scheduled principal payments of the tax-exempt private placement term loan with PNC are as follows for each fiscal year ending June 30:

<u>Fiscal Year</u>	<u>Principal</u>
2020	\$ 230,000
2021	235,000
2022	240,000
2023	245,000
2024	250,000
2025-2033	<u>2,640,000</u>
	<u>\$ 3,840,000</u>

Interest expense for the years ended June 30, 2019 and 2018 was \$96,697 and \$74,670, respectively.

Swap Agreement

During fiscal year 2016, the Diocese entered into a pay-fixed, receive-variable interest rate swap agreement. The interest rate swap was effective November 3, 2015. The swap agreement requires that the Diocese and the Counterparty (PNC) make monthly interest payments on the first of each month through June 1, 2033.

The intention of the swap is to effectively change the Diocese's variable interest rate on the 2011 Bonds to a synthetic fixed rate of 1.846%.

The interest payments on the interest rate swap are calculated based on a notional amount of \$4,695,000, which was reduced beginning on June 1, 2016 so that the notional amount approximates the principal outstanding on the 2011 Bonds. The current notional amount as of June 30, 2019 is \$3,840,000. The interest rate swap expires on June 1, 2033, consistent with the final maturity of the 2011 Bonds. The variable rate of the swap at June 30, 2019 is 2.44%

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During fiscal years 2019 and 2018, the net interest paid by the Diocese was \$9,618 and \$36,680, respectively.

As of June 30, 2019, the swap had a negative fair value of \$23,038. The current period decrease in market value of \$103,320 for the interest rate swap accounted for as an investment is recorded on the statements of activities in the Other Revenues as a loss on interest rate swap. The fair market value of the interest rate swap of June 30, 2019 is reported on the statement of financial position within the Liabilities as accrued expenses. The mark to market value is an estimated net present value of the expected cash flows calculated using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation.

The Diocese has the ability to early terminate the swap and to cash settle the transaction on any business day by providing at least three business days written notice to the counterparty. Evidence that the Diocese has sufficient funds available to pay any amount payable to the counterparty must be provided at the time notice is given. At early termination, the Diocese will be required to pay or receive a settlement amount which is comprised of the market value of the terminated transaction based on market quotations and any amounts accrued under the contract.

Through the use of derivative instruments such as this interest rate swap, the Diocese is exposed to a variety of risks, including credit risk, interest rate risk, termination risk, market-access risk, and basis risk.

- Credit risk is the risk that a counterparty will not fulfill its obligations. The interest rate swap counterparty is rated A by Standard and Poor's, a nationally recognized statistical rating organization. If the counterparty failed to perform according to the terms of the interest rate swap agreement, there is some risk of loss to the Diocese, up to the fair market value of the swap.

Because the interest rate swap has a negative fair market value, there is no current credit risk to the Diocese. This risk includes the potential for the counterparty to fail to make periodic variable rate payments to the Diocese and the counterparty to fail to make termination payments to the Diocese, if the swaps are terminated and a termination payment is due from the counterparty.

- The Diocese has not entered into a master netting arrangement with its counterparty, as there is only one transaction outstanding.

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- The Diocese does not have an agreement with the counterparty that requires the counterparty to post collateral if certain circumstances exist related to the swap transaction. During the year, no collateral was posted by the Counterparty nor had an event of termination occurred.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Diocese's financial instruments or the Diocese's cash flows. The Diocese could be exposed to interest rate risk if long-term interest rates are less than 1.846%.
- Termination risk is the risk that a derivative's unscheduled end will affect the Diocese's asset/liability strategy or will present the Diocese with potentially significant unscheduled termination payments to the counterparty. The counterparty to the transaction does not have the ability to voluntarily terminate the interest rate swap; however, the Diocese is exposed to termination risk in the event that the counterparty defaults.
- Basis risk is the risk that arises when variable interest rates on a derivative and an associated bond or other interest-paying financial instrument are based on different indexes. The Diocese is subject to basis risk as the interest index on the variable rate arm of the swap is based a different index (USD-LIBOR multiplied by 0.7) than the variable interest rate on the 2011 Bonds.
- Rollover risk is the risk that a derivative associated with the diocesan debt does not extend to the maturity of that debt. When the derivative terminates, the associated debt will no longer have the benefit of the derivative. The Diocese is not exposed to rollover risk as the swap agreement terminates on June 1, 2033 which is the same day as the last payment is due on the 2011 Bonds.

6. 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

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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 (4.99% in fiscal year 2018-2019). The amounts billed to parishes and other Diocesan agencies are recorded as a reduction in net periodic pension expense. 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 following table sets forth the plans' funded status and amounts recognized in the Diocese's financial statements at June 30, 2019:

	<u>Lay Employees</u>	<u>Priests</u>
Actuarial present value of benefit obligations	<u>\$ 48,487,478</u>	<u>\$ 13,425,385</u>
Projected benefit obligation (PBO) for services rendered to date	\$ 48,487,478	\$ 13,425,385
Plan assets at fair value	<u>30,476,227</u>	<u>9,605,799</u>
Accrued pension cost	<u>\$ (18,011,251)</u>	<u>\$ (3,819,586)</u>

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

	<u>Lay Employees</u>	<u>Priests</u>
Prior service cost	\$ -	\$ 757,351
Net loss	<u>16,439,506</u>	<u>4,234,080</u>
	<u>\$ 16,439,506</u>	<u>\$ 4,991,431</u>

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The following table sets forth the plans' funded status and amounts recognized in the Diocese's financial statements at June 30, 2018:

	<u>Lay Employees</u>	<u>Priests</u>
Actuarial present value of benefit obligations	<u>\$ 45,508,070</u>	<u>\$ 12,828,040</u>
Projected benefit obligation (PBO) for services rendered to date	\$ 45,508,070	\$ 12,828,040
Plan assets at fair value	<u>31,639,828</u>	<u>9,889,955</u>
Accrued pension cost	<u>\$ (13,868,242)</u>	<u>\$ (2,938,085)</u>

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

	<u>Lay Employees</u>	<u>Priests</u>
Prior service cost	\$ -	\$ 904,176
Net loss	<u>11,411,924</u>	<u>3,486,831</u>
	<u>\$ 11,411,924</u>	<u>\$ 4,391,007</u>

The projected benefit obligation (PBO) increased by approximately \$3.6 million between June 30, 2019 and 2018 primarily due to a decrease in the discount rate, combined with the actual return on assets being less than the projected return.

Benefits paid during the years ended June 30, 2019 and 2018 for the Lay Employees Plan were \$2,456,520 and \$2,376,986, respectively. Benefits paid during the years ended June 30, 2019 and 2018 for the Priests Plan were \$762,440 and \$639,221, respectively.

Approximately 70% of the accrued pension cost of the Lay Employees Plan will be funded by future parish billings, and approximately 79% of the accrued pension cost of the Priests Plan will be funded by future parish billings. Diocesan operations will fund the remaining 30% and 21%, respectively.

The preceding tables setting forth the plans' funded status at June 30, 2019 and 2018 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 68% in equity securities, 29% in fixed income investments, and 3% in mutual fund investments and cash equivalents. Plan assets for the

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

Priests Plan at June 30, 2019 include 59% in equity securities, 38% 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.

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 6.85% and 6.50% long-term rates of return on assets assumptions for the Lay and Priest plans for the 2018-2019 fiscal year and 7.00% for both plans for the 2017-2018 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.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

Net Diocesan periodic pension cost (credit) included the following components for the year ended June 30, 2019:

	Lay Employees	Priests
Service cost - benefits earned during the year	\$ -	\$ 43,364
Interest cost on projected benefit obligation	1,757,352	495,682
Net amortization and deferral	307,673	146,825
Recognized actuarial (gain) or loss	-	205,217
Expected return on assets	(2,079,241)	(618,507)
Net periodic pension cost (credit)	(14,216)	272,581
Less: amounts attributable to parishes	9,951	(215,339)
Net Diocesan Pension Cost (Credit)	\$ (4,265)	\$ 57,242

Net Diocesan periodic pension cost included the following components for the year ended June 30, 2018:

	Lay Employees	Priests
Service cost - benefits earned during the year	\$ -	\$ 54,954
Interest cost on projected benefit obligation	1,562,748	416,946
Net amortization and deferral	407,855	127,013
Recognized actuarial (gain) or loss	-	244,798
Expected return on assets	(2,057,063)	(655,171)
Net periodic pension cost (credit)	(86,460)	188,540
Less: amounts attributable to parishes	57,928	(152,717)
Net Diocesan Pension Cost (Credit)	\$ (28,532)	\$ 35,823

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

	2019	2018
Rate of increase in future compensation levels (Lay Employees Plan only)	N/A	N/A
Weighted-average discount rate	3.6%	4.3%

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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:	Lay	Priests
	Employees	
July 1, 2019 to June 30, 2020	\$ 2,730,476	\$ 765,917
July 1, 2020 to June 30, 2021	2,810,187	803,860
July 1, 2021 to June 30, 2022	2,882,312	822,127
July 1, 2022 to June 30, 2023	2,937,426	814,084
July 1, 2023 to June 30, 2024	2,982,975	820,121
Next five years	14,943,096	4,180,500

Employer contributions paid during the fiscal years ended June 30, 2019 and 2018 for the Lay Employees' pension plan were \$870,356 and \$741,076, respectively. Employer contributions paid during the fiscal years ended June 30, 2019 and 2018 for the Priests pension plan were \$8,496 and \$69,402, respectively. 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, 2020 are \$620,000 and \$109,000, respectively.

The measurement date used to determine pension and other postretirement benefit measurements was June 30, 2019.

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 years ended June 30, 2019 and 2018, expenses for this part of the plan were \$198,930 and \$191,154, respectively.

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.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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

There is also a transition benefit for employees that are 50 years or older and have five years of eligible service as of July 1, 2015. Employees meeting these criteria at July 1, 2015 will earn an additional 2% benefit for five years, ending June 30, 2020.

For the years ended June 30, 2019 and 2018, expenses for this part of the plan were \$237,816 and \$243,158, respectively.

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 statements of financial position at June 30, 2019 and 2018:

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

Accumulated postretirement benefit obligations (APBO):

	2019	2018
Retirees	\$ (2,722,731)	\$ (2,510,532)
Fully eligible active participants	(2,325,916)	(2,381,221)
Other active participants	(1,766,173)	(2,029,114)
Benefit Obligations	(6,814,820)	(6,920,867)
Plan assets at fair value	9,734,042	9,096,778
Net postretirement asset	<u>\$ 2,919,222</u>	<u>\$ 2,175,911</u>
Prior service cost	\$ (101,981)	\$ (174,357)
Unrecognized net (gain) loss	(902,432)	(466,084)
Total not yet recognized in net periodic benefit cost (credit)	<u>\$ (1,004,413)</u>	<u>\$ (640,441)</u>

Postretirement benefit plan assets are held in the Catholic Foundation's managed balanced portfolios at June 30, 2019 and 2018. At June 30, 2019, the portfolios included 73% in equity securities, 24% in fixed income investments, and 3% in mutual fund investments and cash equivalents. At June 30, 2018, the portfolios included 69% in equity securities, 20% in fixed income investments, and 11% in mutual fund investments and cash equivalents. These assets are considered to be Level 1 assets as described in Note 3. The discount rate used in determining the Actuarial Present Value of Benefit Obligations (APBO) was 3.7% at June 30, 2019 and 4.3% at June 30, 2018.

Net Diocesan postretirement benefit expense included the following components for the years ended June 30, 2019 and 2018:

	2019	2018
Service cost	\$ 89,303	\$ 100,586
Interest cost	278,295	261,137
Expected return on plan assets	(591,291)	(583,474)
Net amortization and deferral	<u>(72,376)</u>	<u>(72,376)</u>
Net periodic benefit cost (credit)	(296,069)	(294,127)
Less: amounts billed to parishes	260,541	220,595
	<u>\$ (35,528)</u>	<u>\$ (73,532)</u>

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

The assumed rate of increase in the per capita cost of covered benefits (the health care cost trend rate) for health care plans is 6.1% for 2019 and is assumed to decrease to 4.5% by 2037 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. If the assumed health care cost trend rates were increased by one percentage point each year, this would increase the APBO for health care plans as of June 30, 2019 by \$974,246 and the aggregate of service and interest cost components of net periodic postretirement benefit expense for fiscal year 2019 by \$68,306.

7. 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, 2019 and 2018, the Diocese has accrued \$1,592,830 and \$1,518,492, respectively, 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. Effective June 1, 2019, the Diocese transitioned to a fully-insured workers compensation program, with 1 month of premiums included in the insurance program.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	June 30, 2019	June 30, 2018
	<u> </u>	<u> </u>
Diocesan Lenten Appeal contributions for periods after June 30 (time restricted)	\$ 3,253,865	\$ 3,482,817
High Schools (use restricted)	336,037	266,206
Department of Education (use restricted)	254,500	249,289
Agency Fund and other (use restricted)	-	4,699
Plant Fund (use restricted)	8,948	29,079
Communication Media (use restricted)	-	18,415
Neumann House (use restricted)	9,143	9,143
Diocesan Heritage Center (use restricted)	51,270	29,712
Pro Life (use restricted)	743	-
Faith Formation and Discipleship (use restriction)	-	86,731
	<u>\$ 3,914,506</u>	<u>\$ 4,176,091</u>

9. Net Assets Released from Restrictions

Net assets of \$4,053,401 and \$4,245,888 were released from donor restrictions during the fiscal years ended June 30, 2019 and 2018, respectively, by incurring expenses satisfying the restricted purpose of \$570,584 and \$823,618, respectively, or the lapsing of a time restriction of \$3,482,817 and \$3,422,270, respectively.

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.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

10. Net Assets Without Donor Restrictions

Designated net assets are outlined in the following table:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Current Fund:		
Charitable contributions	\$ 158,135	\$ 180,930
Diocesan Poverty Relief Fund	73,959	60,282
Government school programs	5,713	7,370
General use of the Diocese	20,000	20,000
Societies of the Diocese	6,025	1,540
Faith Formation and Discipleship program	35,702	35,702
Worship and word program	<u>2,257</u>	<u>2,257</u>
	<u>\$ 301,791</u>	<u>\$ 308,081</u>
High Schools/Tuition Assistance Programs:		
Tuition assistance designated	<u>\$ 23,044</u>	<u>\$ 173,426</u>
Self-Insurance Fund	<u>\$ 1,905,212</u>	<u>\$ 8,789,818</u>
Plant Fund - fixed assets	<u>\$ 16,066,116</u>	<u>\$ 19,703,829</u>
Agency Fund - Mission Cooperative Plan	<u>\$ 78,900</u>	<u>\$ 75,902</u>

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

11. Expenses

The Diocese provides administrative services to parishes and schools of the Diocese. Expenses on a functional and natural basis are as follows for the year ending June 30, 2019:

	Program	General and Administrative	Fundraising	Total
Insurance claims and settlements expense	\$ 8,844,848	\$ 5,090,250	\$ -	\$ 13,935,098
Compensation and benefits	2,935,460	2,150,786	123,920	5,210,166
Evangelization expenses	1,166,088	-	-	1,166,088
Ministry expenses	879,920	-	-	879,920
Office expenses	807,380	1,184,614	157,302	2,149,296
Occupancy	460,311	83,808	11,868	555,987
Interest expense	132,722	-	-	132,722
Depreciation expense	2,493,673	1,782,244	-	4,275,917
Educational services:				
Compensation and benefits	3,230,465	-	-	3,230,465
Operation and maintenance	704,143	-	-	704,143
Tuition assistance	5,368,035	-	-	5,368,035
Other operating costs	2,409,645	-	-	2,409,645
Total educational services	<u>11,712,288</u>	<u>-</u>	<u>-</u>	<u>11,712,288</u>
Total	<u>\$ 29,432,690</u>	<u>\$ 10,291,702</u>	<u>\$ 293,090</u>	<u>\$ 40,017,482</u>

12. 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 receives income annually from endowment funds held in The Catholic Foundation (the Foundation) which consist of both donor-restricted endowments and funds designated by the Bishop as endowments. These endowments are subject to the Total Return Spending Policy of the Foundation. Under this policy, 4.25% 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 DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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 Diocese 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 Diocese invests its cash in excess of daily requirements in short-term investments, and money market funds. The Diocese 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:

	2019	2018
Total assets, at year-end	\$ 53,100,428	\$ 58,865,939
Capital assets, net	(16,240,299)	(19,686,542)
Assets designated for OPEB benefits	(9,734,042)	(9,096,778)
Parish bond fund receivable	(3,829,404)	(4,051,500)
Parish receivables in arrears	(870,903)	(763,467)
Funds held on behalf of others	(686,353)	(575,744)
Prepays and other assets	(220,218)	(198,664)
Receivables not expected in one year	(3,954,175)	(2,440,129)
Board-designated net assets	(2,308,947)	(7,375,264)
Net assets restricted by donor with purpose restrictions	(660,641)	(693,274)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,595,446</u>	<u>\$ 13,984,577</u>

13. Commitments and Contingencies

The Diocese of Greensburg received a grand jury subpoena in September 2016 (issued by the Pennsylvania Office of Attorney General (“OAG”)) seeking documents related to child sexual abuse in Diocesan possession. The subpoena was issued as part of a statewide criminal investigation being conducted by the OAG on the issue of child sexual abuse; the

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

Diocese of Greensburg was one of six dioceses in the Commonwealth known to have received grand jury subpoenas. In response, the Diocese of Greensburg provided tens of thousands of pages of records to OAG. In April 2018, the grand jury concluded its work and issued an 884-page Grand Jury Report. After a number of individuals specifically identified in the Report lodged legal challenges to the accuracy and integrity of the Report, the State Supreme Court ordered the release of an interim, redacted version of the Grand Jury Report in August 2018. Appended to the Grand Jury Report is a written response from the Diocese. That response highlights the fact that the Diocese takes the protection of all children and young people seriously. Names and facts of any allegation of misconduct are (and will continue to be) reported immediately to the proper civil authorities. A longstanding policy of zero tolerance has been and continues to remain in place in the Diocese so that anyone who has a criminal history of child abuse or a credible allegation of child abuse has been removed from ministry, employment, or their volunteer position. Every report of suspected abuse of a child or young person – sexual, physical, and emotional – made to the Diocese is immediately reported to the PA ChildLine and the appropriate District Attorney.

Finally, in October 2018, the Diocese of Greensburg received a new federal grand jury subpoena issued by the United States Attorney's Office for the Eastern District of Pennsylvania, again seeking documents related to child sexual abuse in Diocesan possession. This new federal subpoena has been issued as part of a statewide criminal investigation being conducted by the United States Department of Justice on the issues of child sexual abuse. All eight Catholic rite dioceses in the Commonwealth are known to have received the same federal grand jury subpoena. The projected duration and ultimate outcome of this new federal investigation is unknown. Because of the secrecy obligations attendant to a grand jury investigation, the Diocese of Greensburg is prevented from providing further information about the investigation at this time. The resolution of these matters could result in significant liability to the Diocese. No liability has been recorded in the financial statements as the likelihood and amount related to this exposure is not currently known.

The Diocese of Greensburg announced a Comprehensive Reconciliation Initiative in February, 2019, to help survivors of clergy sexual abuse. The initiative included a survivors' compensation 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 of Greensburg. The initiative 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. By August 31, 2019, CMCI had made settlement offers to all 63

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

claimants, with 57 of those settlements accepted by the claimant by September 20, 2019. The total amount of the settlements accepted was \$4,350,020, with other catholic institutions contributing \$676,067 toward those settlements. The remaining \$3,673,953 was funded by the Diocese of Greensburg Self-Insurance Fund (84%), Plant Fund (14%), and Current Fund (2%). The Diocese of Greensburg has also incurred \$4,045 in counseling fees, and \$157,500 in fees paid to CMCI to administer the program.

In addition to the 6 claimants noted above that did not accept the settlement offers, the Diocese is aware of 4 other potential claims related to clergy sexual abuse. All but one of these claims are believed to be time-barred. The Diocese does not have sufficient information regarding this other claim to determine whether it is time-barred or to estimate a potential liability.

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

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

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Diocesan Billings and Assessments:		
Diocesan assessment	\$ 2,859,304	\$ 2,881,866
Accent assessment	603,216	614,017
Education and Spiritual Formation	74,750	75,455
Total Diocesan billings and assessments	3,537,270	3,571,338
Contributions/Grants:		
Diocesan Lenten Appeal	3,564,001	3,536,174
Seminarian and clergy formation collection	226,792	244,990
Donations and bequests	14,677	72,354
Lay ministry education programs	186,137	153,012
Total contributions/grants	3,991,607	4,006,530
Investment and Endowment Income:		
Current Fund investments	355,855	403,504
Endowment Fund income for education of priests and lay ministers	304,213	327,330
Endowment Fund income for evangelization and faith formation	206,048	161,146
Total investment and endowment income	866,116	891,980
Auxiliary Services:		
Income derived from utilization of the Christ Our Shepherd Center	1,298,558	1,518,895
Other Revenues:		
Hospital ministry	455,694	521,369
Management fees	267,626	256,213
Government programs	504,833	406,772
Neumann House residence fees	145,302	133,479
Advertising and subscription revenues	56,053	57,249
Dispensations	5,160	8,195
Communication media collection	18,414	20,868
Other	81,721	58,784
Rents and royalties	289	341
Total other revenues	1,535,092	1,463,270
Other Diocesan Programs:		
Retained portion of external collections	37,506	41,456
Diocesan Poverty Relief Fund	51,176	41,693
Total other Diocesan programs	88,682	83,149
Total Current Fund Revenues and Other Support - Without Donor Restrictions	\$ 11,317,325	\$ 11,535,162

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

SCHEDULES OF CURRENT FUND EXPENSES WITHOUT DONOR RESTRICTIONS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Education:		
Education and Spiritual Formation	\$ 1,193,720	\$ 1,478,703
Secondary education contribution to tuition assistance fund	525,000	525,000
Elementary education contribution to tuition assistance fund	165,000	165,000
Government programs	506,490	407,541
Total education	2,390,210	2,576,244
Auxiliary Services:		
Operation and maintenance of the Christ Our Shepherd Center	1,159,444	1,334,090
Pastoral:		
Hospital ministries	473,519	506,444
Retired, sick, and unassigned priests	475,111	212,409
General diocesan administration	920,000	1,644,602
Matrimonial office	173,017	174,024
Special events	3,704	4,784
Operations - Neumann House	324,808	321,189
Planning and pastoral life	-	55,024
Curator / archives	10,363	78,948
Future parish sites maintenance	5,546	4,327
Cursillo movement/charismatic renewal	9,271	1,365
Diocesan cemeteries office	953	955
Lay pension actuarial adjustment	(221,880)	(285,841)
Total pastoral	2,174,412	2,718,230
Social Services:		
Catholic Charities subsidy	535,000	535,000
Diocesan Council of Catholic Women	15,372	12,472
Other programs	683	3,306
Total social services	551,055	550,778

(Continued)

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

SCHEDULES OF CURRENT FUND EXPENSES WITHOUT DONOR RESTRICTIONS (Continued)

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Diocesan Administrative Offices:		
Information technology office	777,229	812,660
Communications & Evangelization office	1,166,088	747,082
Finance office	723,664	682,664
Development office	376,586	430,000
Bishop's office	250,206	253,604
Bishops' residence	175,675	174,232
Engineering and Facilities Management office	208,580	199,281
Vicar General's office	140,318	136,347
Permanent Diaconate office	121,286	92,677
Chancellor and Human Resources office	127,124	259,080
Services and Facilities office	46,098	46,186
Retired Bishop's office and residence	117,461	134,903
Total Diocesan administrative offices	4,230,315	3,968,716
Religious Personnel Development:		
Vocation program office	248,250	238,863
International priests program	199,562	110,645
Total religious personnel development	447,812	349,508
Other Diocesan Programs:		
Donations	97,800	94,650
Total Current Fund Expenses and Losses - Without Donor Restrictions	\$ 11,051,048	\$ 11,592,216

(Concluded)

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

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

JUNE 30, 2019 AND 2018

	2019				2018			
	Central Catholic	Geibel Catholic	Tuition Assistance	Total	Central Catholic	Geibel Catholic	Tuition Assistance	Total
Assets								
Temporary investments and deposits	\$ 122,572	\$ 187,735	\$ -	\$ 310,307	\$ 187,602	\$ 129,501	\$ -	\$ 317,103
Student activity accounts	240,192	78,502	-	318,694	329,934	114,826	-	444,760
Tuition receivable	221,891	186,461	-	408,352	1,182,285	567,707	-	1,749,992
Less: allowance for doubtful accounts	(175,057)	(71,250)	-	(246,307)	(1,001,094)	(403,859)	-	(1,404,953)
Other receivables	17,393	1,261	-	18,654	18,593	-	-	18,593
Computer equipment	203,295	95,646	-	298,941	-	-	-	-
Due from other funds	-	350,651	-	350,651	-	199,426	85,761	285,187
Total Assets	\$ 630,286	\$ 829,006	\$ -	\$ 1,459,292	\$ 717,320	\$ 607,601	\$ 85,761	\$ 1,410,682
Liabilities and Net Assets								
Liabilities:								
Catholic Institute loan payable	\$ 631,855	\$ 95,646	\$ -	\$ 727,501	\$ 566,683	\$ -	\$ -	\$ 566,683
Funds held in escrow for others	240,192	78,502	-	318,694	316,619	114,826	-	431,445
Accrued expenses	247,022	48,861	-	295,883	285,078	43,406	-	328,484
Due to other funds	593,604	-	337,602	931,206	631,064	-	-	631,064
Total Liabilities	1,712,673	223,009	337,602	2,273,284	1,799,444	158,232	-	1,957,676
Net Assets:								
Without Donor Restrictions:								
Undesignated	(1,230,200)	418,240	(361,113)	(1,173,073)	(1,210,912)	319,915	-	(890,997)
Designated	-	23,044	-	23,044	-	22,678	55,119	77,797
Total Without Donor Restrictions	(1,230,200)	441,284	(361,113)	(1,150,029)	(1,210,912)	342,593	55,119	(813,200)
With Donor Restrictions	147,813	164,713	23,511	336,037	128,788	106,776	30,642	266,206
Total Net Assets	(1,082,387)	605,997	(337,602)	(813,992)	(1,082,124)	449,369	85,761	(546,994)
Total Liabilities and Net Assets	\$ 630,286	\$ 829,006	\$ -	\$ 1,459,292	\$ 717,320	\$ 607,601	\$ 85,761	\$ 1,410,682

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

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

YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	Central Catholic	Geibel Catholic	Tuition Assistance	Combined	Central Catholic	Geibel Catholic	Tuition Assistance	Combined
Revenues:								
Tuition	\$ 2,174,170	\$ 855,406	\$ -	\$ 3,029,576	\$ 2,285,131	\$ 973,661	\$ -	\$ 3,258,792
Parish subsidy	1,052,096	494,589	-	1,546,685	1,056,020	504,060	-	1,560,080
Diocesan subsidy	283,500	272,000	690,000	1,245,500	283,800	272,200	690,000	1,246,000
Athletic income	52,147	21,979	-	74,126	46,300	19,374	-	65,674
Development and other	434,298	418,354	-	852,652	399,199	396,659	-	795,858
Education assessment	-	-	4,345,656	4,345,656	-	-	4,517,879	4,517,879
Endowment income	-	-	336,422	336,422	-	-	326,153	326,153
Total revenues	3,996,211	2,062,328	5,372,078	11,430,617	4,070,450	2,165,954	5,534,032	11,770,436
Expenses:								
Instruction	2,028,829	994,939	-	3,023,768	1,963,301	934,700	-	2,898,001
Operation and maintenance	467,643	236,500	-	704,143	487,855	240,879	-	728,734
Student body activities	404,092	178,717	-	582,809	386,505	160,994	-	547,499
Administrative	773,474	236,332	266,481	1,276,287	724,736	208,588	232,474	1,165,798
Transportation service	169,685	157,950	-	327,635	164,000	155,750	-	319,750
Tuition assistance	-	-	5,521,829	5,521,829	-	-	5,419,865	5,419,865
Cafeteria	-	102,752	-	102,752	-	85,818	-	85,818
Other	55,988	1,482	-	57,470	6,860	2,004	-	8,864
Total expenses	3,899,711	1,908,672	5,788,310	11,596,693	3,733,257	1,788,733	5,652,339	11,174,329
Other Changes in Net Assets Without Donor Restrictions:								
Transfers from the Current Fund	-	-	-	-	10,000	-	-	10,000
Transfers to Plant Fund	(115,788)	(54,965)	-	(170,753)	(60,250)	(51,065)	-	(111,315)
Total other changes in net assets without donor restrictions	(115,788)	(54,965)	-	(170,753)	(50,250)	(51,065)	-	(101,315)
Change in Net Assets Without Donor Restrictions	(19,288)	98,691	(416,232)	(336,829)	286,943	326,156	(118,307)	494,792
Net Assets With Donor Restrictions:								
Grants/contributions	31,051	116,188	53,837	201,076	30,600	87,609	52,469	170,678
Net assets released from restrictions	(12,026)	(58,251)	(60,968)	(131,245)	(25,101)	(96,170)	(60,082)	(181,353)
Change in Net Assets With Donor Restrictions	19,025	57,937	(7,131)	69,831	5,499	(8,561)	(7,613)	(10,675)
Change in Net Assets	(263)	156,628	(423,363)	(266,998)	292,442	317,595	(125,920)	484,117
Net Assets (Deficits):								
Beginning of year	(1,082,124)	449,369	85,761	(546,994)	(1,374,566)	131,774	211,681	(1,031,111)
End of year	<u>\$ (1,082,387)</u>	<u>\$ 605,997</u>	<u>\$ (337,602)</u>	<u>\$ (813,992)</u>	<u>\$ (1,082,124)</u>	<u>\$ 449,369</u>	<u>\$ 85,761</u>	<u>\$ (546,994)</u>

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

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

JUNE 30, 2019 AND 2018

Assets	2019			2018		
	Mission Fund	Custodian Fund	Total	Mission Fund	Custodian Fund	Total
Temporary investments and deposits	\$ 220,386	\$ -	\$ 220,386	\$ 208,971	\$ -	\$ 208,971
Due from other funds	-	146,867	146,867	2,278	80,284	82,562
Total Assets	\$ 220,386	\$ 146,867	\$ 367,253	\$ 211,249	\$ 80,284	\$ 291,533
Liabilities and Net Assets						
Liabilities:						
Funds held in escrow for others	\$ 106,719	\$ 146,867	\$ 253,586	\$ 126,277	\$ 80,284	\$ 206,561
Due to other funds	34,767	-	34,767	-	-	-
Total Liabilities	141,486	146,867	288,353	126,277	80,284	206,561
Net Assets:						
Without donor restrictions - designated	78,900	-	78,900	80,273	-	80,273
With donor restrictions	-	-	-	4,699	-	4,699
Total Net Assets	78,900	-	78,900	84,972	-	84,972
Total Liabilities and Net Assets	\$ 220,386	\$ 146,867	\$ 367,253	\$ 211,249	\$ 80,284	\$ 291,533

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

COMBINING SCHEDULES OF DIOCESAN AGENCY FUNDS REVENUES AND EXPENSES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Mission Fund	Custodian Fund	Total	Mission Fund	Custodian Fund	Total
Revenues:						
Investment and endowment income	\$ 11,414	\$ -	\$ 11,414	\$ 2,401	\$ -	\$ 2,401
Other revenues	<u>77,041</u>	<u>-</u>	<u>77,041</u>	<u>90,772</u>	<u>-</u>	<u>90,772</u>
Total revenues	<u>88,455</u>	<u>-</u>	<u>88,455</u>	<u>93,173</u>	<u>-</u>	<u>93,173</u>
Expenses:						
Pastoral	11,901	-	11,901	10,982	-	10,982
Diocesan administrative offices	<u>77,927</u>	<u>-</u>	<u>77,927</u>	<u>77,820</u>	<u>-</u>	<u>77,820</u>
Total expenses	<u>89,828</u>	<u>-</u>	<u>89,828</u>	<u>88,802</u>	<u>-</u>	<u>88,802</u>
Change in Net Assets						
Without Donor Restrictions	<u>(1,373)</u>	<u>-</u>	<u>(1,373)</u>	<u>4,371</u>	<u>-</u>	<u>4,371</u>
Net Assets with Donor Restrictions:						
Net assets released from restrictions	<u>(4,699)</u>	<u>-</u>	<u>(4,699)</u>	<u>(20)</u>	<u>-</u>	<u>(20)</u>
Change in Net Assets						
With Donor Restrictions	<u>(4,699)</u>	<u>-</u>	<u>(4,699)</u>	<u>(20)</u>	<u>-</u>	<u>(20)</u>
Change in Net Assets	<u>(6,072)</u>	<u>-</u>	<u>(6,072)</u>	<u>4,351</u>	<u>-</u>	<u>4,351</u>
Net Assets:						
Beginning of year	<u>84,972</u>	<u>-</u>	<u>84,972</u>	<u>80,621</u>	<u>-</u>	<u>80,621</u>
End of year	<u>\$ 78,900</u>	<u>\$ -</u>	<u>\$ 78,900</u>	<u>\$ 84,972</u>	<u>\$ -</u>	<u>\$ 84,972</u>

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

CUSTODIAN FUND SCHEDULES OF ADDITIONS AND DEDUCTIONS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Additions:		
Diocesan Lenten Appeal	\$ 4,795,915	\$ 5,132,854
Local flood/tornado relief relief	53,832	101,961
Children and family services	146,923	145,458
Support for retired priests and religious	83,330	104,817
Seminarian and clergy formation	238,649	257,332
Diocesan Poverty Relief Fund	74,736	82,302
Peter's pence	53,357	54,471
Holy Land	62,306	64,507
Disaster relief	-	359,024
Communications media	32,753	47,391
Catholic University and education	50,403	46,371
Trinity Dome	-	2,260
Poland special collection	615	1,954
Archdiocese for Military Services	20	215
Benedictine Annual Appeal	23,177	26,830
National Catholic Youth Convention	76,572	71,001
Total additions	5,692,588	6,498,748
Deductions:		
Contribution income for Current Fund	3,561,759	3,846,469
Diocesan Lenten Appeal payments to parishes	1,460,867	1,530,850
Local flood relief	53,832	101,961
Contribution income for Catholic Charities	139,577	138,185
Support for retired priests and religious	79,329	99,304
Holy Land	58,649	61,618
Peter's pence	50,186	51,402
External collections transferred to Current Fund - designated	37,506	41,456
Disaster relief	-	359,024
Diocesan Poverty Relief Fund	72,084	79,064
Catholic University and education	48,250	44,597
Trinity Dome	-	435
Communications media	31,721	45,453
Poland special collection	529	1,954
Archdiocese for Military Services	20	176
Benedictine Annual Appeal	21,707	25,800
National Catholic Youth Convention	76,572	71,001
Total deductions	5,692,588	6,498,748
Change in Net Assets	-	-
Net Assets:		
Beginning of year	-	-
End of year	\$ -	\$ -