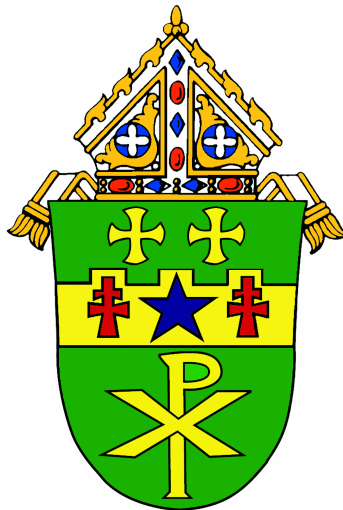


The Diocese of Greensburg, Pennsylvania

Years Ended June 30, 2020 and 2019



MaherDuessel

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THE DIOCESE OF GREENSBURG, PENNSYLVANIA

YEARS ENDED JUNE 30, 2020 AND 2019

DIRECTORY

The Diocese of Greensburg, Pennsylvania

**Catholic Charities of the Diocese of Greensburg,
Pennsylvania**

**The Catholic Foundation for the Diocese of Greensburg,
Pennsylvania**

Catholic Institute of Greensburg, Pennsylvania

Scholarship Partners Foundation

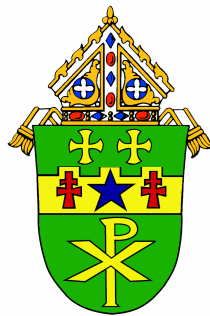
The Diocese of Greensburg, Pennsylvania

Financial Statements and Supplementary Information

Years Ended June 30, 2020 and 2019

with

Independent Auditor's Report



THE DIOCESE OF GREENSBURG, PENNSYLVANIA

YEARS ENDED JUNE 30, 2020 AND 2019

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Independent Auditor's Report

**The Reverend Monsignor
Larry J. Kulick, JCL
Diocesan Administrator 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, 2020 and 2019, 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, 2020 and 2019, 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 Matter

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.

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
September 30, 2020

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

Assets	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	
										2020	2019
Cash and cash equivalents	\$ 207,478	\$ 291,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 499,019	\$ 421,869
Investments:											
Temporary investments and deposits	5,928,890	336,046	3,581,832	-	-	1,012,414	-	232,113	-	11,091,295	14,488,569
Temporary investments held for others	740,746	-	-	-	-	-	-	-	-	740,746	686,353
Other investments	55,673	-	-	-	-	-	-	-	-	55,673	55,673
Total investments	<u>6,725,309</u>	<u>336,046</u>	<u>3,581,832</u>	<u>-</u>	<u>-</u>	<u>1,012,414</u>	<u>-</u>	<u>232,113</u>	<u>-</u>	<u>11,887,714</u>	<u>15,230,595</u>
Receivables:											
Parishes	2,621,012	-	-	1,964,085	3,658,251	-	-	-	-	8,243,348	8,843,730
Ordained priests	308,443	-	-	-	-	-	-	-	-	308,443	286,329
Other	93,214	470,509	27,280	-	-	268,615	-	-	(39,522)	820,096	828,072
Less: allowance for doubtful accounts	<u>(1,105,476)</u>	<u>(218,545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,324,021)</u>	<u>(1,351,783)</u>
Total receivables	<u>1,917,193</u>	<u>251,964</u>	<u>27,280</u>	<u>1,964,085</u>	<u>3,658,251</u>	<u>268,615</u>	<u>-</u>	<u>-</u>	<u>(39,522)</u>	<u>8,047,866</u>	<u>8,606,348</u>
Prepaid and other assets	144,392	-	-	-	-	-	-	-	-	144,392	220,218
Due from other funds	514,945	387,598	-	496,113	55,027	-	-	81,838	-	1,535,521	2,647,045
Due from other Diocesan entities	67,297	-	-	-	-	-	-	-	-	67,297	12
Assets designated for OPEB - priests	-	-	-	10,002,406	-	-	-	-	-	10,002,406	9,734,042
Fixed assets:											
Construction in progress	-	-	-	-	-	47,334	-	-	-	47,334	47,334
Buildings	-	-	-	-	-	9,223,857	-	-	-	9,223,857	9,223,857
Furniture and equipment	-	224,205	-	-	-	9,356,831	-	-	-	9,581,036	9,562,514
Land	-	-	-	-	-	710,789	-	-	-	710,789	710,789
Building improvements	-	-	-	-	-	24,058,137	-	-	-	24,058,137	23,398,750
Fixed assets - gross	<u>-</u>	<u>224,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,396,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,621,153</u>	<u>42,943,244</u>
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,916,620)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,916,620)</u>	<u>(26,702,945)</u>
Fixed assets - net	<u>-</u>	<u>224,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,480,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,704,533</u>	<u>16,240,299</u>
Total Assets	<u><u>\$ 9,576,614</u></u>	<u><u>\$ 1,491,354</u></u>	<u><u>\$ 3,609,112</u></u>	<u><u>\$ 12,462,604</u></u>	<u><u>\$ 3,713,278</u></u>	<u><u>\$ 16,761,357</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 313,951</u></u>	<u><u>\$ (39,522)</u></u>	<u><u>\$ 47,888,748</u></u>	<u><u>\$ 53,100,428</u></u>

(Continued)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

(Continued)

JUNE 30, 2020 AND 2019

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	
										2020	2019
Liabilities:											
Accounts payable	\$ 960,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 960,518	\$ 1,027,433
Accrued expenses	18,981	251,414	1,862,428	-	21,466	-	-	-	-	2,154,289	5,676,237
Loans payable	-	620,883	-	-	-	847,416	-	-	-	1,468,299	1,617,149
Bonds payable	-	-	-	-	3,610,000	-	-	-	-	3,610,000	3,840,000
Agency and trust accounts:											
Funds held in escrow for others	740,746	291,541	-	-	-	-	-	186,417	(39,522)	1,179,182	1,181,321
Total agency and trust accounts	740,746	291,541	-	-	-	-	-	186,417	(39,522)	1,179,182	1,181,321
Deferred income	153,798	-	-	3,220,950	-	-	-	-	-	3,374,748	2,973,392
Refundable advance	1,083,641	608,459	-	-	-	-	-	-	-	1,692,100	-
Accrued pension - lay plan	-	-	-	22,886,279	-	-	-	-	-	22,886,279	18,011,251
Accrued pension - priests	-	-	-	5,365,599	-	-	-	-	-	5,365,599	3,819,586
Accrued OPEB - priests	-	-	-	4,853,915	-	-	-	-	-	4,853,915	6,814,820
Due to other funds	881,020	563,035	-	-	-	-	45,784	45,682	-	1,535,521	2,647,045
Due to other Diocesan entities	390,562	-	-	-	-	-	-	-	-	390,562	483,419
Total Liabilities	4,229,266	2,335,332	1,862,428	36,326,743	3,631,466	847,416	45,784	232,099	(39,522)	49,471,012	48,091,653
Net Assets (Deficits):											
Without donor restrictions:											
Undesignated	1,504,278	(1,220,914)	-	(23,864,139)	81,812	316,830	(45,784)	-	-	(23,227,917)	(17,280,794)
Designated	283,623	23,295	1,746,684	-	-	15,563,826	-	81,852	-	17,699,280	18,375,063
Total without donor restrictions	1,787,901	(1,197,619)	1,746,684	(23,864,139)	81,812	15,880,656	(45,784)	81,852	-	(5,528,637)	1,094,269
With donor restrictions	3,559,447	353,641	-	-	-	33,285	-	-	-	3,946,373	3,914,506
Total Net Assets (Deficits)	5,347,348	(843,978)	1,746,684	(23,864,139)	81,812	15,913,941	(45,784)	81,852	-	(1,582,264)	5,008,775
Total Liabilities and Net Assets (Deficits)	\$ 9,576,614	\$ 1,491,354	\$ 3,609,112	\$ 12,462,604	\$ 3,713,278	\$ 16,761,357	\$ -	\$ 313,951	\$ (39,522)	\$ 47,888,748	\$ 53,100,428

(Concluded)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	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	
										2020	2019
Net Assets Without Donor Restrictions:											
Revenues, gains, and other support:											
Diocesan billings and assessments	\$ 3,301,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,301,943	\$ 3,537,270
Contributions/grants	3,814,075	-	-	-	-	2,434	1,876	-	-	3,818,385	4,047,169
Investment and endowment income	836,245	-	240,405	-	78,678	235,039	-	11,728	-	1,402,095	1,529,846
Auxiliary services	967,410	-	-	-	-	-	-	-	-	967,410	1,298,558
Other revenues	1,674,702	-	-	-	17,322	32,095	-	89,047	-	1,813,166	1,564,787
Diocesan high schools	-	5,922,461	-	-	-	-	-	-	(475,000)	5,447,461	5,533,539
Tuition assistance	-	4,959,138	-	-	-	-	-	-	(620,000)	4,339,138	4,682,078
Diocesan self-insurance program	-	-	9,531,986	-	-	-	-	-	-	9,531,986	8,066,823
Gain (loss) on sale of fixed assets	-	-	-	-	-	(3,804)	-	-	-	(3,804)	(55,810)
Retained portion of external collections	35,803	-	-	-	-	-	-	-	-	35,803	37,506
Catholic campaign for human development	43,239	-	-	-	-	-	-	-	-	43,239	51,176
Total revenues, gains, and other support	10,673,417	10,881,599	9,772,391	-	96,000	265,764	1,876	100,775	(1,095,000)	30,696,822	30,292,942
Expenses and losses:											
Education	2,168,604	-	-	-	-	-	-	-	(620,000)	1,548,604	1,700,210
High school operations	-	5,560,939	-	-	-	-	-	-	-	5,560,939	5,808,383
Tuition assistance	-	4,720,183	-	-	-	-	-	-	(475,000)	4,245,183	4,996,829
Auxiliary services	966,859	-	-	-	-	-	-	-	-	966,859	1,159,444
Pastoral	1,938,179	-	-	-	-	-	-	9,585	-	1,947,764	2,186,313
Social services	393,875	-	-	-	-	-	-	-	-	393,875	551,055
Diocesan administrative offices	4,087,825	326,144	-	-	9,691	-	-	88,238	-	4,511,898	4,586,502
Interest expense	-	-	-	-	99,622	18,991	-	-	-	118,613	132,722
Depreciation expense	-	74,736	-	-	-	1,227,566	-	-	-	1,302,302	4,275,917
Religious personnel development	516,504	-	-	-	-	-	-	-	-	516,504	447,812
Self-insurance program	-	-	9,354,325	-	-	-	-	-	-	9,354,325	10,099,600
Victim's Comprehensive Reconciliation Initiative	-	-	1,576,594	-	-	-	-	-	-	1,576,594	3,835,498
Donations/capital campaign distributions	101,732	-	-	-	-	33,195	2,075	-	-	137,002	237,197
Total expenses and losses	10,173,578	10,682,002	10,930,919	-	109,313	1,279,752	2,075	97,823	(1,095,000)	32,180,462	40,017,482
Excess (Deficiency) of Revenues, Gains, and Other Support Over Expenses and Losses Before Other Changes	499,839	199,597	(1,158,528)	-	(13,313)	(1,013,988)	(199)	2,952	-	(1,483,640)	(9,724,540)

(Continued)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF ACTIVITIES

(Continued)

YEARS ENDED JUNE 30, 2020 AND 2019

	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	
										2020	2019
Other changes:											
Actuarial gain (loss) on pension and postretirement benefit plans	-	-	-	(5,164,266)	-	-	-	-	-	(5,164,266)	(5,264,034)
Transfer from other funds	-	-	1,000,000	-	-	620,329	-	-	-	1,620,329	1,124,706
Transfer from other Diocesan entities	-	-	-	-	-	25,000	-	-	-	25,000	26,480
Transfer to other funds	(1,373,142)	(247,187)	-	-	-	-	-	-	-	(1,620,329)	(1,124,706)
Total other changes	(1,373,142)	(247,187)	1,000,000	(5,164,266)	-	645,329	-	-	-	(5,139,266)	(5,237,554)
Change in Net Assets Without Donor Restrictions	(873,303)	(47,590)	(158,528)	(5,164,266)	(13,313)	(368,659)	(199)	2,952	-	(6,622,906)	(14,962,094)
Net Assets with Donor Restrictions:											
Grants/contributions	3,572,834	193,687	-	-	-	26,771	-	-	-	3,793,292	3,791,816
Net assets released from restrictions	(3,582,908)	(176,083)	-	-	-	(2,434)	-	-	-	(3,761,425)	(4,053,401)
Change in Net Assets with Donor Restrictions	(10,074)	17,604	-	-	-	24,337	-	-	-	31,867	(261,585)
Change in Net Assets	(883,377)	(29,986)	(158,528)	(5,164,266)	(13,313)	(344,322)	(199)	2,952	-	(6,591,039)	(15,223,679)
Net Assets (Deficits):											
Beginning 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
End of year	\$ 5,347,348	\$ (843,978)	\$ 1,746,684	\$ (23,864,139)	\$ 81,812	\$ 15,913,941	\$ (45,784)	\$ 81,852	\$ -	\$ (1,582,264)	\$ 5,008,775

(Concluded)

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in net assets	\$ (6,591,039)	\$ (15,223,679)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,302,302	4,275,917
Loss (gain) on disposal of assets	3,804	55,810
Net realized/unrealized gains	(231,840)	(258,794)
Changes in operating assets and liabilities:		
Receivables	558,482	1,176,710
Accounts payable	(66,915)	(138,612)
Accrued expenses	(3,521,948)	3,753,903
Agency and trust accounts	(2,139)	133,150
Deferred income	401,356	158,596
Refundable advance	1,692,100	-
Prepaid and other assets	75,826	(21,554)
Due to parishes	-	(8,077)
Due to/from other Diocesan entities	(160,142)	999,481
Accrued postretirement benefits	(1,960,905)	(106,047)
Accrued pensions	6,421,041	5,024,510
	<u>(2,080,017)</u>	<u>(178,686)</u>
Net cash provided by (used in) operating activities		
Cash Flows From Investing Activities:		
Purchase of investments	(10,455,715)	(5,607,130)
Sale of investments	13,762,072	6,730,893
Purchase of fixed assets	(772,491)	(885,484)
Proceeds from sale of fixed assets	2,151	-
	<u>2,536,017</u>	<u>238,279</u>
Net cash provided by (used in) investing activities		
Cash Flows From Financing Activities:		
Proceeds of loans payable	103,034	298,941
Payments on loans payable	(251,884)	(273,546)
Payments on bonds payable	(230,000)	(225,000)
	<u>(378,850)</u>	<u>(199,605)</u>
Net cash provided by (used in) financing activities		
Net Increase (Decrease) in Cash and Cash Equivalents	77,150	(140,012)
Cash and Cash Equivalents:		
Beginning of year	421,869	561,881
End of year	<u>\$ 499,019</u>	<u>\$ 421,869</u>
Supplemental Information:		
Cash paid for interest	\$ 118,613	\$ 132,722

See accompanying notes to financial statements.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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. 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. At June 30, 2020, the Most Reverend Edward C. Malesic, JCL, Bishop of the Diocese of Greensburg, was the successor trustee of the Diocese and individually responsible for the teaching, sanctification, and governance of the Diocese. The Reverend Monsignor Larry J. Kulick, JCL, assumed the duties of Diocesan Administrator on September 15, 2020.

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, 69% of the fund's deficit for the lay employees, and approximately 86% of the fund's deficit for the priests is expected to be funded by future parish billings. Diocesan operations will fund the remaining 31% and 14%, respectively.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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.

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 has been concluded.

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.”

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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, 2020 and 2019, 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, 2020 and 2019, the amount of this receivable was \$266,802 and \$260,570, respectively. These amounts are recorded as part of other receivables. The fair value of the trust, which consisted of money market funds, was \$266,802 and \$260,570 at June 30, 2020 and 2019, 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.

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

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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.

Contributions

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. When a donor restriction expires, that is, when a purpose or time 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.

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.

Refundable Advance

The refundable advance reported on the statements of financial position for 2020 of \$1,692,100 represents a Small Business Administration loan that was received in April 2020 through the federal government's Paycheck Protection Program (PPP). At June 30, 2020, the loan is allocated as follows: \$1,083,641 to the Current Fund, \$433,670 to Greensburg Central Catholic Junior-Senior high School, and \$174,789 to Geibel Catholic Junior-Senior High School. It is anticipated that the majority of this loan will be forgiven, pending submission and approval of loan forgiveness application. The interest rate of any unforgiven portion is 1% and payable over a 60-month period with deferral of principal and interest payments until the amount of forgiveness is established.

In accordance with applicable guidance, this forgivable loan is being accounted for as a conditional promise to give, barriers of which include 1) the incurrence of eligible expenses and 2) forgiveness of the loan.

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

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program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include expenses reported under the staff and operational overhead categories, which are allocated based on estimates of time and effort.

Income Taxes

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

Adopted Accounting Standards

The provision of this Standards Update has been adopted and incorporated into these financial statements.

ASU 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)”* became effective for fiscal year 2020. The amendments provide guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. Implementation of these amendments had no significant impact on the financial statements.

Pending Accounting Standards Updates

The Financial Accounting Standards Board has issued updates that will become effective in future years, including ASU 2016-13 (Credit Losses), ASU 2018-13 (Fair Value Measurement) and ASU 2018-14 (Compensation – Retirement Benefits – Defined Benefit Plans: Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans). Management has not yet determined the impact of these updates on the financial statements.

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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, 2020 and 2019 consisted primarily of fixed income and equity securities, money market and mutual funds held by two investment companies and recorded at fair value of \$11,887,714 and \$15,230,595, respectively.

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

	June 30, 2020	June 30, 2019
Dividend and interest income	\$ 1,170,255	\$ 1,271,052
Net realized and unrealized gains	231,840	258,794
Investment and endowment income	<u>\$ 1,402,095</u>	<u>\$ 1,529,846</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, 2020 or 2019.

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, 2020 and 2019:

Assets at Fair Value as of June 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 375,350	\$ -	\$ -	\$ 375,350
Money market funds	3,169,649	-	-	3,169,649
Fixed income	5,505,469	-	-	5,505,469
Equities	1,445,527	-	-	1,445,527
Other investments	336,046	-	-	336,046
Catholic Benefits Trust investment	1,000,000	-	-	1,000,000
National Catholic Risk				
Retention Stock	-	55,673	-	55,673
Parish bond receivable	-	-	3,658,251	3,658,251
	<u>\$ 11,832,041</u>	<u>\$ 55,673</u>	<u>\$ 3,658,251</u>	<u>\$ 15,545,965</u>

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>

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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, 2020:

	<u>Parish Bond Receivable</u>
Balance, beginning of year	\$ 3,829,404
Payments	<u>(171,153)</u>
Balance, end of year	<u>\$ 3,658,251</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, 2019:

	<u>Parish Bond Receivable</u>
Balance, beginning of year	\$ 4,051,500
Payments	<u>(222,096)</u>
Balance, end of year	<u>\$ 3,829,404</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. The loan bore interest at 2.75% until April 1, 2020, at which time the rate was decreased to 0%. The rate will be 2.50% beginning July 1, 2020. Interest expense was \$8,509 and \$12,239 for the years ended June 30, 2020 and 2019, respectively.

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The aggregate payments required for annual periods subsequent to June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 31,608	\$ 9,518
2022	32,407	8,719
2023	33,227	7,900
2024	34,067	7,059
2025	34,928	6,198
2026-2031	<u>228,922</u>	<u>17,836</u>
Total	<u>\$ 395,159</u>	<u>\$ 57,230</u>

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 received 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 \$4,522, including interest at 3.25%. As of April 1, 2020, interest was set to 0%. Interest expense was \$4,566 during the year ended June 30, 2020. The rate will be 2.50% beginning July 1, 2020. Principal payments began on July 1, 2019 and end on June 30, 2023.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 49,896	\$ 3,268
2022	51,157	2,007
2023	<u>52,451</u>	<u>713</u>
Total	<u>\$ 153,504</u>	<u>\$ 5,988</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 received 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%. As of April 1, 2020, interest was set to 0%. Interest expense was \$2,106 during the year ended June 30, 2020. The rate will be 2.50% beginning July 1, 2020. Principal payments began on July 1, 2019 and end on June 30, 2023.

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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 23,475	\$ 1,538
2022	24,068	944
2023	<u>24,677</u>	<u>335</u>
Total	<u>\$ 72,220</u>	<u>\$ 2,817</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%. As of April 1, 2020, interest was set to 0%. The rate will be 2.50% beginning July 1, 2020. The loan matures on April 30, 2025. Interest expense was \$14,099 and \$19,007 for the years ended June 30, 2020 and 2019, respectively.

The aggregate payments required for annual periods subsequent to June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 104,632	\$ 14,634
2022	107,278	11,988
2023	109,991	9,275
2024	112,772	6,494
2025	99,411	3,656
Thereafter	<u>102,620</u>	<u>3,569</u>
Total	<u>\$ 636,704</u>	<u>\$ 49,616</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 \$4,892 and \$7,400 for the years ended June 30, 2020 and 2019, respectively.

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The aggregate payments required for annual periods subsequent to June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 38,034	\$ 4,834
2022	42,290	4,151
2023	36,688	2,607
2024	40,993	1,875
2025	42,030	838
2026	10,677	45
Total	<u>\$ 210,712</u>	<u>\$ 14,350</u>

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 \$3,658,251, 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

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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 Diocese is in the process of negotiating a new loan to replace the existing loan at its expiration, either with the existing lender or the Catholic Institute. The interest rate at June 30, 2020 is 0.841%.

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 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>
2021	\$ 235,000
2022	240,000
2023	245,000
2024	250,000
2025	255,000
2026-2033	<u>2,385,000</u>
	<u>\$ 3,610,000</u>

Interest expense for the years ended June 30, 2020 and 2019 was \$75,561 and \$96,697, respectively.

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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, 2020 is \$3,610,000. 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, 2020 is 0.173%.

During fiscal years 2020 and 2019, the net interest paid by the Diocese was \$24,061 and \$9,618, respectively.

As of June 30, 2020, the swap had a negative fair value of \$21,466. The current period increase in market value of \$1,572 for the interest rate swap accounted for as an investment is recorded on the statements of activities in the Other Revenues as a gain on interest rate swap. The fair market value of the interest rate swap of June 30, 2020 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.

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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.
- 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.

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- 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 contribute to the plans. The parishes and other participating agencies are billed for their share of annual plan contributions based on a percentage of their annual salaries and wages (3.84% in fiscal year 2019-2020). 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).

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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, 2020:

	<u>Lay Employees</u>	<u>Priests</u>
Actuarial present value of benefit obligations	<u>\$ 52,280,698</u>	<u>\$ 14,534,240</u>
Projected benefit obligation (PBO) for services rendered to date	\$ 52,280,698	\$ 14,534,240
Plan assets at fair value	<u>29,394,419</u>	<u>9,168,641</u>
Accrued pension cost	<u>\$ (22,886,279)</u>	<u>\$ (5,365,599)</u>

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

	<u>Lay Employees</u>	<u>Priests</u>
Prior service cost	\$ -	\$ 622,206
Net loss	<u>21,961,764</u>	<u>5,724,851</u>
	<u>\$ 21,961,764</u>	<u>\$ 6,347,057</u>

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>

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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>

The projected benefit obligation (PBO) increased by approximately \$3.8 million between June 30, 2020 and 2019 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, 2020 and 2019 for the Lay Employees Plan were \$2,545,430 and \$2,456,520, respectively. Benefits paid during the years ended June 30, 2020 and 2019 for the Priests Plan were \$797,148 and \$762,440, respectively.

Approximately, 69% of the accrued pension cost of the Lay Employees Plan will be funded by future parish billings, and approximately 86% of the accrued pension cost of the Priests Plan will be funded by future parish billings. Diocesan operations will fund the remaining 31% and 14%, respectively.

The preceding tables setting forth the plans' funded status at June 30, 2020 and 2019 give effect to the establishment in February 1997 of separate trusts for the plans. Plan assets are segregated in a trust and cannot be used by the Diocese for other purposes. Plan assets for the Lay Employees Plan include 64% in equity securities, 32% in fixed income investments, and 4% in mutual fund investments and cash equivalents. Plan assets for the Priests Plan at June 30, 2020 include 56% in equity securities, 39% in fixed income investments, and 5% 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 7.25% and 6.80% long-term rates of return on assets assumptions for the Lay and Priest plans for the 2019-2020 fiscal year and 6.85% and 6.50% for the Lay and Priest plans for the 2018-2019 fiscal year.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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

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

Net Diocesan periodic pension cost (credit) included the following components for the year ended June 30, 2020:

	Lay Employees	Priests
Service cost - benefits earned during the year	\$ -	\$ 46,091
Interest cost on projected benefit obligation	1,478,857	408,487
Net amortization and deferral	540,614	260,499
Recognized actuarial (gain) or loss	-	135,145
Expected return on assets	(2,111,535)	(626,506)
Net periodic pension cost (credit)	(92,064)	223,716
Less: amounts attributable to parishes	63,524	(192,396)
Net Diocesan Pension Cost (Credit)	<u>\$ (28,540)</u>	<u>\$ 31,320</u>

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Net Diocesan periodic pension cost 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	<u>(2,079,241)</u>	<u>(618,507)</u>
Net periodic pension cost (credit)	(14,216)	272,581
Less: amounts attributable to parishes	<u>9,951</u>	<u>(215,339)</u>
Net Diocesan Pension Cost (Credit)	<u>\$ (4,265)</u>	<u>\$ 57,242</u>

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

	2020	2019
Rate of increase in future compensation levels (Lay Employees Plan only)	N/A	N/A
Weighted-average discount rate	2.7%	3.6%

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:

	Lay Employees	Priests
Period from:		
July 1, 2020 to June 30, 2021	\$ 2,835,496	\$ 810,669
July 1, 2021 to June 30, 2022	2,903,206	830,023
July 1, 2022 to June 30, 2023	2,961,989	824,736
July 1, 2023 to June 30, 2024	3,014,332	829,809
July 1, 2024 to June 30, 2025	3,047,441	837,880
Next five years	14,977,672	4,059,299

Employer contributions paid during the fiscal years ended June 30, 2020 and 2019 for the Lay Employees' pension plan were \$555,165 and \$870,356, respectively. Employer

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

contributions paid during the fiscal years ended June 30, 2020 and 2019 for the Priests pension plan were \$33,329 and \$8,496, 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, 2021 are \$580,000 and \$122,000, respectively.

The measurement date used to determine pension and other postretirement benefit measurements was June 30, 2020.

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, 2020 and 2019, expenses for this part of the plan were \$192,036 and \$198,930, 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.

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, 2020 and 2019, expenses for this part of the plan were \$229,729 and \$237,816, respectively.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 and 2019:

Accumulated postretirement benefit obligations (APBO):

	<u>2020</u>	<u>2019</u>
Retirees	\$ (2,081,628)	\$ (2,722,731)
Fully eligible active participants	(1,427,034)	(2,325,916)
Other active participants	<u>(1,345,253)</u>	<u>(1,766,173)</u>
Benefit obligations	\$ (4,853,915)	\$ (6,814,820)
Plan assets at fair value	<u>10,002,406</u>	<u>9,734,042</u>
Net postretirement asset	<u>\$ 5,148,491</u>	<u>\$ 2,919,222</u>
Prior service cost	\$ (31,616)	\$ (101,981)
Unrecognized net (gain) loss	<u>(2,686,415)</u>	<u>(902,432)</u>
Total not yet recognized in net periodic benefit cost (credit)	<u>\$ (2,718,031)</u>	<u>\$ (1,004,413)</u>

Postretirement benefit plan assets are held in the Catholic Foundation's managed balanced portfolios at June 30, 2020 and 2019. At June 30, 2020, the portfolios included 69% in equity securities, 23% in fixed income investments, and 8% in mutual fund investments and cash equivalents. 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. 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 2.7% at June 30, 2020 and 3.7% at June 30, 2019.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Net Diocesan postretirement benefit expense included the following components for the years ended June 30, 2020 and 2019:

	2020	2019
Service cost	\$ 86,734	\$ 89,303
Interest cost	220,690	278,295
Expected return on plan assets	(720,319)	(591,291)
Net amortization and deferral	(70,365)	(72,376)
Net periodic benefit cost (credit)	(483,260)	(296,069)
Less: amounts billed to parishes	415,604	260,541
	<u>\$ (67,656)</u>	<u>\$ (35,528)</u>

The assumed rate of increase in the per capita cost of covered benefits (the health care cost trend rate) for health care plans is 6.0% for 2020 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, 2020 by \$718,633 and the aggregate of service and interest cost components of net periodic postretirement benefit expense for fiscal year 2020 by \$57,317.

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, 2020 and 2019, the Diocese has accrued \$1,862,428 and \$1,592,830, 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, 2020 AND 2019

8. Net Assets With Donor Restrictions

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

	June 30, 2020	June 30, 2019
	<u> </u>	<u> </u>
Diocesan Lenten Appeal contributions for periods after June 30 (time restricted)	\$ 3,280,974	\$ 3,253,865
High Schools (use restricted)	353,641	336,037
Department of Education (use restricted)	218,060	254,500
Plant Fund (use restricted)	33,285	8,948
Neumann House (use restricted)	9,143	9,143
Diocesan Heritage Center (use restricted)	51,270	51,270
Pro Life (use restricted)	-	743
	<u> </u>	<u> </u>
	<u>\$ 3,946,373</u>	<u>\$ 3,914,506</u>

9. Net Assets Released from Restrictions

Net assets of \$3,761,425 and \$4,053,401 were released from donor restrictions during the fiscal years ended June 30, 2020 and 2019, respectively, by incurring expenses satisfying the restricted purpose of \$504,278 and \$570,584, respectively, or the lapsing of a time restriction of \$3,257,147 and \$3,482,817, 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, 2020 AND 2019

10. Net Assets Without Donor Restrictions

Designated net assets are outlined in the following table:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current Fund:		
Charitable contributions	\$ 132,706	\$ 158,135
Diocesan Poverty Relief Fund	76,698	73,959
Government school programs	7,849	5,713
General use of the Diocese	20,000	20,000
Societies of the Diocese	8,410	6,025
Faith Formation and Discipleship program	35,703	35,702
Worship and word program	2,257	2,257
	<u>\$ 283,623</u>	<u>\$ 301,791</u>
High Schools/Tuition Assistance Programs:		
Tuition assistance designated	<u>\$ 23,295</u>	<u>\$ 23,044</u>
Self-Insurance Fund	<u>\$ 1,746,684</u>	<u>\$ 1,905,212</u>
Plant Fund - fixed assets	<u>\$ 15,563,826</u>	<u>\$ 16,066,116</u>
Agency Fund - Mission Cooperative Plan	<u>\$ 81,852</u>	<u>\$ 78,900</u>

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, 2020:

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

	Program	General and Administrative	Fundraising	Total
Insurance claims and settlements expense	\$ 10,765,209	\$ 165,710	\$ -	\$ 10,930,919
Compensation and benefits	2,934,655	2,043,203	122,190	5,100,048
Evangelization expenses	1,183,035	-	-	1,183,035
Ministry expenses	752,399	-	-	752,399
Office expenses	548,868	798,369	153,021	1,500,258
Occupancy	443,682	49,715	5,812	499,209
Interest expense	118,613	-	-	118,613
Depreciation expense	1,051,490	176,076	-	1,227,566
Educational services:				
Compensation and benefits	3,357,976	-	-	3,357,976
Operation and maintenance	668,145	-	-	668,145
Tuition assistance	4,688,104	-	-	4,688,104
Other operating costs	2,154,190	-	-	2,154,190
Total educational services	10,868,415	-	-	10,868,415
Total	\$ 28,666,366	\$ 3,233,073	\$ 281,023	\$ 32,180,462

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	11,712,288	-	-	11,712,288
Total	\$ 29,432,690	\$ 10,291,702	\$ 293,090	\$ 40,017,482

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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 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:

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Total assets, at year-end	\$ 47,888,748	\$ 53,100,428
Capital assets, net	(15,704,533)	(16,240,299)
Assets designated for OPEB benefits	(10,002,406)	(9,734,042)
Parish bond fund receivable	(3,658,251)	(3,829,404)
Parish receivables in arrears	(955,473)	(870,903)
Funds held on behalf of others	(740,746)	(686,353)
Prepays and other assets	(144,392)	(220,218)
Receivables not expected in one year	(6,112,240)	(3,954,175)
Board-designated net assets	(2,135,454)	(2,308,947)
Net assets restricted by donor with purpose restrictions	(665,399)	(660,641)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,769,854	\$ 14,595,446

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 Diocese of Greensburg was one of six dioceses in the Commonwealth that 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.

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

In addition, 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 federal subpoena was 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 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 Program was administered by Commonwealth Mediation and Conciliation, Inc. (CMCI), of Boston, a private dispute resolution firm experienced in mediation and arbitration services. Claims were submitted directly to CMCI, which administered them by conducting in-person meetings with claimants. Although the Survivors' Compensation Program has since closed, the Initiative is continuing and ongoing. As of August 31, 2020, the Initiative has resulted in settlements with 72 survivors totaling \$5,908,293, with other catholic institutions contributing \$676,067 toward those settlements. The balance of the settlements was funded by the Diocese of Greensburg Self-Insurance Fund (73%), Plant Fund (10%), and Current Fund (17%). The Diocese of Greensburg has also incurred \$8,455 in counseling fees, and \$175,025 in fees paid to CMCI to administer the Program.

In August 2020, Father Andrew Kawecky of the Diocese of Greensburg was criminally charged following an allegation of child sexual abuse. In May of 2019, the Diocese of Greensburg received its first and only allegation against Father Kawecky when the alleged victim applied to the Survivors' Compensation Program. After receiving the information on the application, the Diocese notified PA ChildLine and local law enforcement. Father Kawecky was immediately removed from ministry and his parishioners were notified about the allegation. Father Kawecky denies the allegation.

Last year, the Pennsylvania Superior Court decided the case of *Rice v. Diocese of Altoona-Johnstown*, which effectively eliminated the traditional statute of limitations applicable to

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

clergy sexual abuse cases and permitted plaintiffs to start filing otherwise time-barred cases again under fraud and conspiracy theories. The basis for these claims is that the plaintiffs did not and could not have known of their claims until reading the 2018 Grand Jury Report. The Pennsylvania Supreme Court has granted review of this case and likely won't rule on its continuing viability until early 2021. In the interim, plaintiffs have filed more than 200 of these post-*Rice* cases across the state. Of these more than 200 cases, seven are pending against the Diocese of Greensburg. So far, only one of these seven cases is active and proceeding. Most of these cases have been voluntarily stayed pending the Supreme Court's decision in *Rice*. It is possible that the Supreme Court will overrule *Rice* or, at least, limit the scope of potential liability in these post-*Rice* cases going forward when it eventually rules. At a minimum, the Supreme Court should provide guidance on how these post-*Rice* cases should be treated and litigated moving forward.

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.

14. Subsequent Event

Subsequent to June 30, 2020, the Diocese received its single largest contribution from a family in one year. The \$2.4 million pledge has created a new scholarship opportunity for students who wish to attend Catholic school in the Diocese. The donation, combined with an existing \$1.7 million in existing donations through the EITC program, makes \$4.1 million in scholarships and tuition assistance available for the 12 Catholic schools in the Diocese for the 2020-2021 school year.

SUPPLEMENTARY INFORMATION

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

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

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Diocesan Billings and Assessments:		
Diocesan assessment	\$ 2,664,369	\$ 2,859,304
Accent assessment	587,546	603,216
Education and Spiritual Formation	50,028	74,750
Total Diocesan billings and assessments	3,301,943	3,537,270
Contributions/Grants:		
Diocesan Lenten Appeal	3,404,651	3,564,001
Seminarian and clergy formation collection	212,136	226,792
Donations and bequests	40,897	14,677
Lay ministry education programs	156,391	186,137
Total contributions/grants	3,814,075	3,991,607
Investment and Endowment Income:		
Current Fund investments	323,938	355,855
Endowment Fund income for education of priests and lay ministers	326,905	304,213
Endowment Fund income for evangelization and faith formation	185,402	206,048
Total investment and endowment income	836,245	866,116
Auxiliary Services:		
Income derived from utilization of the Christ Our Shepherd Center	967,410	1,298,558
Other Revenues:		
Hospital ministry	521,527	455,694
Management fees	271,076	267,626
Government programs	518,002	504,833
Neumann House residence fees	135,525	145,302
Advertising and subscription revenues	64,667	56,053
Dispensations	2,110	5,160
Communication media collection	19,607	18,414
Other	141,957	81,721
Rents and royalties	231	289
Total other revenues	1,674,702	1,535,092
Other Diocesan Programs:		
Retained portion of external collections	35,803	37,506
Diocesan Poverty Relief Fund	43,239	51,176
Total other Diocesan programs	79,042	88,682
Total Current Fund Revenues and Other Support - Without Donor Restrictions	\$ 10,673,417	\$ 11,317,325

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

SCHEDULES OF CURRENT FUND EXPENSES WITHOUT DONOR RESTRICTIONS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Education:		
Education and Spiritual Formation	\$ 1,032,736	\$ 1,193,720
Secondary education contribution to tuition assistance fund	475,000	525,000
Elementary education contribution to tuition assistance fund	145,000	165,000
Government programs	515,868	506,490
Total education	2,168,604	2,390,210
Auxiliary Services:		
Operation and maintenance of the Christ Our Shepherd Center	966,859	1,159,444
Pastoral:		
Hospital ministries	536,797	473,519
Retired, sick, and unassigned priests	439,238	475,111
General diocesan administration	569,017	920,000
Matrimonial office	200,565	173,017
Special events	14,250	3,704
Operations - Neumann House	342,292	324,808
Curator / archives	12,179	10,363
Future parish sites maintenance	6,009	5,546
Cursillo movement/charismatic renewal	15,166	9,271
Diocesan cemeteries office	957	953
Lay pension actuarial adjustment	(198,291)	(221,880)
Total pastoral	1,938,179	2,174,412
Social Services:		
Catholic Charities subsidy	378,250	535,000
Diocesan Council of Catholic Women	10,829	15,372
Other programs	4,796	683
Total social services	393,875	551,055

(Continued)

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

SCHEDULES OF CURRENT FUND EXPENSES WITHOUT DONOR RESTRICTIONS

YEARS ENDED JUNE 30, 2020 AND 2019
(Continued)

	2020	2019
Diocesan Administrative Offices:		
Information technology office	740,914	777,229
Communications & Evangelization office	1,183,035	1,166,088
Finance office	752,881	723,664
Development office	264,698	376,586
Bishop's office	274,142	250,206
Bishops' residence	153,318	175,675
Engineering and Facilities Management office	220,062	208,580
Vicar General's office	137,926	140,318
Permanent Diaconate office	103,649	121,286
Chancellor and Human Resources office	116,812	127,124
Services and Facilities office	44,247	46,098
Retired Bishop's office and residence	96,141	117,461
Total Diocesan administrative offices	4,087,825	4,230,315
Religious Personnel Development:		
Vocation program office	334,978	248,250
International priests program	181,526	199,562
Total religious personnel development	516,504	447,812
Other Diocesan Programs:		
Donations	101,732	97,800
Total Current Fund Expenses and Losses - Without Donor Restrictions	\$ 10,173,578	\$ 11,051,048

(Concluded)

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

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

JUNE 30, 2020 AND 2019

	2020				2019			
	Central Catholic	Geibel Catholic	Tuition Assistance	Total	Central Catholic	Geibel Catholic	Tuition Assistance	Total
Assets								
Temporary investments and deposits	\$ 146,257	\$ 189,789	\$ -	\$ 336,046	\$ 122,572	\$ 187,735	\$ -	\$ 310,307
Student activity accounts	234,967	56,574	-	291,541	240,192	78,502	-	318,694
Tuition receivable	201,659	199,835	-	401,494	221,891	186,461	-	408,352
Less: allowance for doubtful accounts	(134,293)	(84,252)	-	(218,545)	(175,057)	(71,250)	-	(246,307)
Other receivables	69,015	-	-	69,015	17,393	1,261	-	18,654
Computer equipment	152,471	71,734	-	224,205	203,295	95,646	-	298,941
Due from other funds	-	387,598	-	387,598	-	350,651	-	350,651
Total Assets	\$ 670,076	\$ 821,278	\$ -	\$ 1,491,354	\$ 630,286	\$ 829,006	\$ -	\$ 1,459,292
Liabilities and Net Assets								
Liabilities:								
Catholic Institute loan payable	\$ 548,663	\$ 72,220	\$ -	\$ 620,883	\$ 631,855	\$ 95,646	\$ -	\$ 727,501
Funds held in escrow for others	234,967	56,574	-	291,541	240,192	78,502	-	318,694
Accrued expenses	208,863	42,551	-	251,414	247,022	48,861	-	295,883
Refundable advance	433,670	174,789	-	608,459	-	-	-	-
Due to other funds	139,556	-	423,479	563,035	593,604	-	337,602	931,206
Total Liabilities	1,565,719	346,134	423,479	2,335,332	1,712,673	223,009	337,602	2,273,284
Net Assets:								
Without Donor Restrictions:								
Undesignated	(1,059,682)	287,070	(448,302)	(1,220,914)	(1,230,200)	418,240	(361,113)	(1,173,073)
Designated	-	23,295	-	23,295	-	23,044	-	23,044
Total Without Donor Restrictions	(1,059,682)	310,365	(448,302)	(1,197,619)	(1,230,200)	441,284	(361,113)	(1,150,029)
With Donor Restrictions	164,039	164,779	24,823	353,641	147,813	164,713	23,511	336,037
Total Net Assets	(895,643)	475,144	(423,479)	(843,978)	(1,082,387)	605,997	(337,602)	(813,992)
Total Liabilities and Net Assets	\$ 670,076	\$ 821,278	\$ -	\$ 1,491,354	\$ 630,286	\$ 829,006	\$ -	\$ 1,459,292

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

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

YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Central Catholic	Geibel Catholic	Tuition Assistance	Combined	Central Catholic	Geibel Catholic	Tuition Assistance	Combined
Revenues:								
Tuition	\$ 2,173,966	\$ 716,432	\$ -	\$ 2,890,398	\$ 2,174,170	\$ 855,406	\$ -	\$ 3,029,576
Parish subsidy	880,551	425,527	-	1,306,078	1,052,096	494,589	-	1,546,685
Diocesan subsidy	257,881	246,720	620,000	1,124,601	283,500	272,000	690,000	1,245,500
Athletic income	41,490	16,954	-	58,444	52,147	21,979	-	74,126
Development and other	863,486	299,454	-	1,162,940	434,298	418,354	-	852,652
Education assessment	-	-	3,988,874	3,988,874	-	-	4,345,656	4,345,656
Endowment income	-	-	350,264	350,264	-	-	336,422	336,422
Total revenues	4,217,374	1,705,087	4,959,138	10,881,599	3,996,211	2,062,328	5,372,078	11,430,617
Expenses:								
Instruction	2,132,245	976,439	-	3,108,684	2,028,829	994,939	-	3,023,768
Operation and maintenance	480,103	188,042	-	668,145	467,643	236,500	-	704,143
Student body activities	322,072	130,987	-	453,059	404,092	178,717	-	582,809
Administrative	694,850	280,664	326,144	1,301,658	773,474	236,332	266,481	1,276,287
Transportation service	123,380	105,300	-	228,680	169,685	157,950	-	327,635
Tuition assistance	-	-	4,720,183	4,720,183	-	-	5,521,829	5,521,829
Cafeteria	-	84,816	-	84,816	-	102,752	-	102,752
Depreciation expense	50,824	23,912	-	74,736	-	-	-	-
Other	38,695	3,346	-	42,041	55,988	1,482	-	57,470
Total expenses	3,842,169	1,793,506	5,046,327	10,682,002	3,899,711	1,908,672	5,788,310	11,596,693
Other Changes in Net Assets Without Donor Restrictions:								
Transfers to Plant Fund	(204,687)	(42,500)	-	(247,187)	(115,788)	(54,965)	-	(170,753)
Change in Net Assets Without Donor Restrictions	170,518	(130,919)	(87,189)	(47,590)	(19,288)	98,691	(416,232)	(336,829)
Net Assets With Donor Restrictions:								
Grants/contributions	74,793	63,649	55,245	193,687	31,051	116,188	53,837	201,076
Net assets released from restrictions	(58,567)	(63,583)	(53,933)	(176,083)	(12,026)	(58,251)	(60,968)	(131,245)
Change in Net Assets With Donor Restrictions	16,226	66	1,312	17,604	19,025	57,937	(7,131)	69,831
Change in Net Assets	186,744	(130,853)	(85,877)	(29,986)	(263)	156,628	(423,363)	(266,998)
Net Assets (Deficits):								
Beginning of year	(1,082,387)	605,997	(337,602)	(813,992)	(1,082,124)	449,369	85,761	(546,994)
End of year	\$ (895,643)	\$ 475,144	\$ (423,479)	\$ (843,978)	\$ (1,082,387)	\$ 605,997	\$ (337,602)	\$ (813,992)

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

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

JUNE 30, 2020 AND 2019

<u>Assets</u>	2020			2019		
	Mission Fund	Custodian Fund	Total	Mission Fund	Custodian Fund	Total
Temporary investments and deposits	\$ 232,113	\$ -	\$ 232,113	\$ 220,386	\$ -	\$ 220,386
Due from other funds	-	81,838	81,838	-	146,867	146,867
Total Assets	\$ 232,113	\$ 81,838	\$ 313,951	\$ 220,386	\$ 146,867	\$ 367,253
Liabilities and Net Assets						
Liabilities:						
Funds held in escrow for others	\$ 104,579	\$ 81,838	\$ 186,417	\$ 106,719	\$ 146,867	\$ 253,586
Due to other funds	45,682	-	45,682	34,767	-	34,767
Total Liabilities	150,261	81,838	232,099	141,486	146,867	288,353
Net Assets:						
Without donor restrictions - designated	81,852	-	81,852	78,900	-	78,900
Total Net Assets	81,852	-	81,852	78,900	-	78,900
Total Liabilities and Net Assets	\$ 232,113	\$ 81,838	\$ 313,951	\$ 220,386	\$ 146,867	\$ 367,253

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

COMBINING SCHEDULES OF DIOCESAN AGENCY FUNDS REVENUES AND EXPENSES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Mission Fund	Custodian Fund	Total	Mission Fund	Custodian Fund	Total
Revenues:						
Investment and endowment income	\$ 11,728	\$ -	\$ 11,728	\$ 11,414	\$ -	\$ 11,414
Other revenues	89,047	-	89,047	77,041	-	77,041
Total revenues	100,775	-	100,775	88,455	-	88,455
Expenses:						
Pastoral	9,585	-	9,585	11,901	-	11,901
Diocesan administrative offices	88,238	-	88,238	77,927	-	77,927
Total expenses	97,823	-	97,823	89,828	-	89,828
Change in Net Assets						
Without Donor Restrictions	2,952	-	2,952	(1,373)	-	(1,373)
Net Assets with Donor Restrictions:						
Net assets released from restrictions	-	-	-	(4,699)	-	(4,699)
Change in Net Assets						
With Donor Restrictions	-	-	-	(4,699)	-	(4,699)
Change in Net Assets	2,952	-	2,952	(6,072)	-	(6,072)
Net Assets:						
Beginning of year	78,900	-	78,900	84,972	-	84,972
End of year	\$ 81,852	\$ -	\$ 81,852	\$ 78,900	\$ -	\$ 78,900

THE DIOCESE OF GREENSBURG, PENNSYLVANIA

CUSTODIAN FUND SCHEDULES OF ADDITIONS AND DEDUCTIONS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Additions:		
Diocesan Lenten Appeal	\$ 4,982,270	\$ 4,795,915
Local flood/tornado relief relief	19	53,832
Children and family services	145,658	146,923
Support for retired priests and religious	88,681	83,330
Seminarian and clergy formation	222,932	238,649
Diocesan Poverty Relief Fund	70,194	74,736
Peter's pence	55,669	53,357
Holy Land	22,762	62,306
Disaster relief	91,604	-
Communications media	18,937	32,753
Catholic University and education	39,161	50,403
Poland special collection	756	615
Archdiocese for Military Services	41,939	20
Benedictine Annual Appeal	29,115	23,177
National Catholic Youth Convention	93,667	76,572
Total additions	5,903,364	5,692,588
Deductions:		
Contribution income for Current Fund	3,644,002	3,561,759
Diocesan Lenten Appeal payments to parishes	1,551,035	1,460,867
Local flood relief	19	53,832
Contribution income for Catholic Charities	137,393	139,577
Support for retired priests and religious	84,061	79,329
Holy Land	22,762	58,649
Peter's pence	53,251	50,186
External collections transferred to Current Fund - designated	35,803	37,506
Disaster relief	91,604	-
Diocesan Poverty Relief Fund	67,958	72,084
Catholic University and education	36,650	48,250
Communications media	16,939	31,721
Poland special collection	718	529
Archdiocese for Military Services	39,842	20
Benedictine Annual Appeal	27,659	21,707
National Catholic Youth Convention	93,667	76,572
Total deductions	5,903,364	5,692,588
Change in Net Assets	-	-
Net Assets:		
Beginning of year	-	-
End of year	\$ -	\$ -