

FINANCIAL REPORT

Diocese of Scranton Fiscal Year 2020-2021



Dear Sisters and Brothers in Christ,

I appreciate this opportunity, along with our new Diocesan Secretary for Financial Services, Eileen Giombetti, to share directly with you the audited financial statements of the Administrative Offices of the Diocese of Scranton for the 2020-2021 fiscal year.

This financial report details our stewardship of the gifts, sacrificial offerings and resources that so many people have generously made over the last year. While our community has continued to deal with the COVID-19 pandemic along with growing division in our world – your incredible generosity has allowed the Church of Scranton to remain a source of help and hope to countless individuals.

Within the last year, it is my hope that many of you have taken the time to read and reflect about our ongoing pastoral planning process called *Vision 2030: Creating Parish Communities Rooted in the Life of Jesus Christ*. As we strive to be a “mission-driven” church, we must all work together in a way that we best live out our baptismal calling in both a world – and local environment – that continues to change.

One of the priority drivers included in the *Vision 2030* process is recognizing the financial realities of our diocese and all of its parishes. Parishes are much more expensive to maintain now than they were in the past. With a fewer number of parishioners supporting the mission of the church overall, parish offertories have not been able to keep up with current realities in some places. Just like in the past, I will continue to stress the need for all pastors to transparently share financial information with their parish communities. We are all co-workers in the Vineyard of the Lord.

Likewise, I wish to share the following financial report on the Diocese of Scranton Administrative Offices with you. As we continue to be good stewards of the resources entrusted to our care, please know we take great care in utilizing our funds in an honest, ethical, compassionate and just manner.

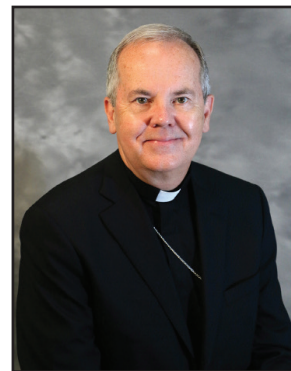
As always, I wish to express my deepest gratitude to everyone supporting the Diocese of Scranton, from employees and volunteers to donors and parishioners. I am thankful for your generous support and for your continued prayers as we work to fulfill our mission to proclaim the Gospel of Jesus.

Many Our Lord Jesus bless you and your families, fill you with his peace and continue to keep you safe.

Sincerely yours in Christ,

+ Joseph C. Bambera

Most Reverend Joseph C. Bambera, D.D., J.C.L.
Bishop of Scranton



The financial information contained on the following pages is derived from the audited financial statements of the Administrative Offices of the Diocese of Scranton as of June 30, 2021 and 2020. The full report is available under the “Financial Services” page at www.dioceseofscranton.org



A message from the Chief Financial Officer of the Diocese of Scranton

Dear Friends,

As the Chief Financial Officer of the Diocese of Scranton, it is my privilege to present the 2020-2021 audited financial report for the Diocese of Scranton Administrative Offices. This report provides an overview of the prudent use of funds that have been received for the period covering July 1, 2020 to June 30, 2021.

This is my first official budget message prepared for the Diocese of Scranton as Diocesan Secretary for Financial Services/Chief Financial Officer. In October 2021, after consultation with the Diocesan Finance Council and the College of Consultors, Bishop Bambera appointed me to succeed Bob Miller in this important role upon his retirement. Having served as Assistant Finance Director under Bob since 2018, the transition was seamless and along with the commitment and dedication of our financial services staff, we have continued to assist every Diocesan office, parish, school and affiliated agency without interruption.

Bishop Bambera continues to stress accountability and transparency regarding financial information. I share his feeling that it is critical to share with you the care and prudence with which we manage the resources that you, the faithful, entrust to the Diocese to make a positive impact in our 11-county region and beyond. To emphasize our commitment in that regard, I think it is important to highlight that the Diocese of Scranton was one of only four dioceses in the United States to receive an overall score of 100% in regards to transparency in 2021 from Voice of the Faithful, a lay organization of faithful Catholics which monitors all U.S. Catholic dioceses' online financial transparency.

While it was our hope that we would have put the effects of the COVID-19 pandemic behind us this past year, that was unfortunately not the case. Our Diocesan ministries, parishes and schools all continued to feel the financial impact of the global pandemic. Due to concerns over variants, some people have remained cautious about returning to Mass in person, which means our overall offertory for many of our parishes still has not rebounded completely. However, we are always thankful for the generous parishioners who continued to provide resources to their parishes, schools, and the diocese, and those that chose to supplement their normal giving.

The key points of the 2020-2021 fiscal report are:

- The Diocese had a net gain from operations in the amount of \$7,480,216. This came primarily from the sale of the Diocese's Educational Broadband Services (EBS) License for \$5 million. In 2019, the Federal Communications Commission adopted new rules governing EBS spectrum that allowed current licensees the ability to sell their

licenses. The Diocese also received proceeds of \$843,000 from the sale of another property. The Diocese used the majority of the income to contribute approximately \$5 million to its Lay Pension Plan.

- Funds raised by the 2020 Diocesan Annual Appeal totaled \$4,076,900. The Diocese returned \$98,209 directly to parishes that exceeded their goal for the campaign. This means the revenue from the Appeal to the Diocese totalled \$3,978,691. Funds raised by the 2019 Diocesan Annual Appeal totaled \$4,106,002. In that year, the Diocese returned \$69,133 directly to parishes that exceeded their goal for the campaign.

- The prior fiscal year (2019-2020) included non-recurring income in the form of a loan from the Paycheck Protection Program (PPP) in the amount of \$1,267,629 and the gain on the sale of the Diocese's long-term care facilities for \$26.6 million. The proceeds from the sale of the long-term care facilities were used to pay claims totaling \$27.6 million under the Independent Survivors Compensation Program (ISCP).

- As in previous years, the financial statements of the Diocesan Administrative Offices have been independently audited by McGrail Merkel Quinn & Associates, P.C., Certified Public Accounts. The statements include activities related to the Diocesan Administrative Offices, not activities related to Catholic Social Services or the Catholic School System. These organizations are audited separately. The statements also do not include parish activities.

I invite you to view the complete audited financial statement for the 2020-2021 fiscal year on the Diocese of Scranton website at dioceseofscranton.org/directory/offices/financial-services.

I want to publicly thank the members of the Diocesan Finance Council for the support they provide to the Bishop and my staff and extend that appreciation to Catholics throughout the Diocese. The continuing generosity of the Catholic community and the sharing of time, talent and treasure make possible the good works of our Church in the Diocese of Scranton.

Sincerely in Christ,

Eileen Giombetti

Eileen Giombetti

Diocesan Secretary for Financial Services



Offices in Support of the Parishes and Diocese include:

Administrative Offices and Chancellor
Catholic Schools
Catholic Social Services
Child Protection/Victim Assistance
Communications
Development Office
Finance Office
Human Resources
Information Technology
Parish Life Office
Pontifical Mission Societies
Property and Risk Management
Tribunal
Vocations/Clergy Formation



DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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McGrail Merkel Quinn & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Independent Auditor's Report

Most Reverend Joseph C. Bambera, D.D., J.C.L.
Bishop of Scranton
Diocese of Scranton
Scranton, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Diocesan Administrative Offices of the Diocese of Scranton which comprise the statements of financial position as of June 30, 2021 and 2020, 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 audit 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.

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Most Reverend Joseph C. Bambera, D.D., J.C.L.
Bishop of Scranton
Diocese of Scranton

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 Diocesan Administrative Offices of the Diocese of Scranton as of June 30, 2021 and 2020, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in Schedules 1 to 5 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 audits 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.

*McGuire Mahoney Quinn
& Associates, P.C.*

Scranton, Pennsylvania
March 8, 2022

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 8,474,047	\$ 12,332,713
Accounts receivable, less allowance for doubtful accounts of \$4,726,135 in 2021 and \$4,060,845 in 2020	6,290,399	6,411,106
Accrued interest receivable	219,879	133,928
Contributions receivable	546,796	1,225,520
Due from Catholic Cemeteries	161,538	324,059
Prepaid expense	138,340	123,270
Cash subject to program restrictions	6,718,515	6,028,305
Notes and loans receivable	3,005,736	3,181,856
Investments	66,151,133	54,710,041
Land, buildings and equipment, net	5,738,323	5,891,743
Other assets	599,340	489,076
Beneficial interest in charitable trust	282,377	-
Total assets	<u>\$ 98,326,423</u>	<u>\$ 90,851,617</u>

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

STATEMENTS OF FINANCIAL POSITION - CONTINUED

JUNE 30, 2021 AND 2020

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 846,517	\$ 963,507
Custodial funds payable	249,732	519,070
Accrued interest expense	-	205,159
Contributions payable	1,140,223	1,128,145
Scholarships payable	595,328	533,015
Liability for pension benefits	7,553,892	11,792,686
Accrued claim expense	3,230,829	3,440,649
Accrued Independent Survivors Compensation Program	-	4,740,027
Accrued postretirement benefit obligation	10,120,732	10,731,428
Refundable advances	-	23,101
Loans payable	3,005,736	3,181,856
Due to Diocese of Scranton Institute	13,239,623	12,882,371
Funds on deposit		
Catholic Cemeteries Perpetual Care and other funds	18,825,933	18,012,149
Other Diocesan organizations Perpetual Care	13,242,819	12,848,068
Total liabilities	<u>72,051,364</u>	<u>81,001,231</u>
Net assets		
Without donor restrictions	16,805,336	1,488,750
With donor restrictions	<u>9,469,723</u>	<u>8,361,636</u>
Total net assets	<u>26,275,059</u>	<u>9,850,386</u>
Total liabilities and net assets	<u>\$ 98,326,423</u>	<u>\$ 90,851,617</u>

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support						
Parish assessments						
Diocesan	\$ 4,210,209	\$ -	\$ 4,210,209	\$ 4,381,933	\$ -	\$ 4,381,933
Clergy Care and Wellness	960,003	-	960,003	955,984	-	955,984
Intra-Diocesan billings						
Self-insurance premiums - General	4,176,672	-	4,176,672	4,102,697	-	4,102,697
Self-insurance premiums - Medical	9,477,855	-	9,477,855	9,795,585	-	9,795,585
Clergy benefit programs	2,031,350	-	2,031,350	2,097,028	-	2,097,028
Diocesan Program Revenues -						
<u>Schedule 1</u>	237,169	-	237,169	696,278	-	696,278
Diocesan Annual Appeal	-	3,978,691	3,978,691	-	4,036,869	4,036,869
Special collections	-	20,614	20,614	-	20,102	20,102
Donations and bequests	770,062	409,009	1,179,071	692,249	707,537	1,399,786
Scholarship Foundation contributions	-	523,336	523,336	-	606,692	606,692
Custodial receipts						
National collections	-	321,457	321,457	-	523,053	523,053
Unemployment	446,452	-	446,452	403,833	-	403,833
Called to Holiness transfers	-	-	-	2,327	-	2,327
Propagation collections	144,300	-	144,300	445,512	-	445,512
Other revenue	297,289	-	297,289	210,512	-	210,512
Paycheck Protection Program loan funds	23,101	-	23,101	1,267,629	-	1,267,629
Investment income, net	1,136,187	121,629	1,257,816	1,060,406	155,907	1,216,313
Net realized gain on sale of						
investments	599,766	31,505	631,271	4,557,708	-	4,557,708
Net realized gain on sale of property	5,690,475	-	5,690,475	26,632,024	-	26,632,024
Net assets released from						
restrictions (Note 6):						
Satisfaction of program						
restrictions	4,933,921	(4,933,921)	-	5,322,231	(5,322,231)	-
Total revenues, gains and						
other support	\$ 35,134,811	\$ 472,320	\$ 35,607,131	\$ 62,623,936	\$ 727,929	\$ 63,351,865

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

STATEMENTS OF ACTIVITIES - CONTINUED

YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Total revenues, gains and other support - carried forward	\$ 35,134,811	\$ 472,320	\$ 35,607,131	\$ 62,623,936	\$ 727,929	\$ 63,351,865
Expenses						
Pastoral - <u>Schedule 2</u>	5,527,917	-	5,527,917	6,041,758	-	6,041,758
Educational - <u>Schedule 3</u>	2,574,638	-	2,574,638	3,524,095	-	3,524,095
Community and Social Service - <u>Schedule 4</u>	2,319,065	-	2,319,065	2,412,620	-	2,412,620
Administrative - <u>Schedule 5</u>	15,753,157	-	15,753,157	19,824,495	-	19,824,495
Called to Holiness transfers	-	-	-	133,071	-	133,071
Custodial disbursements						
National collections	321,457	-	321,457	523,053	-	523,053
Unemployment	631,916	-	631,916	119,813	-	119,813
Interest expense	998,695	-	998,695	845,965	-	845,965
Total expenses	28,126,845	-	28,126,845	33,424,870	-	33,424,870
Excess of revenues over expenses	7,007,966	472,320	7,480,286	29,199,066	727,929	29,926,995
Other changes						
Provision for bad debt	(723,625)	-	(723,625)	(362,007)	-	(362,007)
Other components of net periodic pension cost	(420,000)	-	(420,000)	(320,751)	-	(320,751)
Pension-related changes other than net periodic pension cost	4,413,804	-	4,413,804	(2,319,761)	-	(2,319,761)
Transfer to lay pension plan	(5,119,910)	-	(5,119,910)	(1,357,720)	-	(1,357,720)
Reduction of related party payable	-	-	-	10,000,000	-	10,000,000
Change in net unrealized gains and losses on investments	10,158,351	635,767	10,794,118	(5,619,703)	-	(5,619,703)
Increase in net assets	15,316,586	1,108,087	16,424,673	29,219,124	727,929	29,947,053
Net assets, beginning	1,488,750	8,361,636	9,850,386	(27,730,374)	7,633,707	(20,096,667)
Net assets, ending	\$ 16,805,336	\$ 9,469,723	\$ 26,275,059	\$ 1,488,750	\$ 8,361,636	\$ 9,850,386

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Increase in net assets	\$ 16,424,673	\$ 29,947,053
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized gain on sale of investments	(631,271)	(4,557,708)
Net unrealized (gain) loss on investments	(10,794,118)	5,619,703
Net realized gain on sale of property	(5,690,475)	(26,632,024)
Amortization (accretion) on investments	116,563	(35,829)
Depreciation expense	367,035	369,487
Provision for bad debt	723,625	362,007
Reduction in due to Diocese of Scranton Institute	-	(10,000,000)
Change in beneficial interest in charitable trust	(282,377)	-
Increase in accounts receivable	(602,918)	(1,606,140)
Increase in accrued interest receivable	(85,951)	(7,721)
Decrease (increase) in contributions receivable	678,724	(362,070)
Decrease in due from Catholic Cemeteries	162,521	72,254
(Increase) decrease in prepaid expense	(15,070)	234,435
Increase in other assets	(110,264)	(70,486)
(Decrease) increase in accounts payable	(116,990)	481,815
Decrease in custodial funds payable	(269,338)	(90,714)
Increase (decrease) in accrued interest expense	(205,159)	(96,139)
Increase in contributions and scholarships payable	74,391	296,439
(Decrease) increase in liability for pension benefits	(4,238,794)	1,546,354
(Decrease) increase in accrued claim expense	(209,820)	518,708
Decrease in accrued Independent Survivors Compensation Program	(4,740,027)	(15,259,973)
(Decrease) increase in accrued postretirement benefit obligation	(610,696)	483,490
(Decrease) increase in refundable advances	(23,101)	23,101
(Increase) decrease in due to Diocese of Scranton Institute	357,252	(99,799)
Contributions and interest restricted for long-term investment	(10,724)	(8,279)
Net cash used in operating activities	<u>(9,732,309)</u>	<u>(18,872,036)</u>

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES
OF THE DIOCESE OF SCRANTON
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Investing activities		
Purchase of fixed assets	\$ (213,615)	\$ (71,647)
Proceeds from sale of property	5,690,475	26,632,024
Principal collected-loans receivable	176,120	170,584
Purchase of investments	(29,205,293)	(79,671,594)
Proceeds from sale of investments	29,083,751	81,757,036
Net cash provided by investing activities	<u>5,531,438</u>	<u>28,816,403</u>
Financing activities		
Principal payments on loan	(176,120)	(5,170,584)
Funds on deposit		
Additions	1,244,535	209,137
Withdrawals	(36,000)	(25,036)
Net cash provided by (used in) financing activities	<u>1,032,415</u>	<u>(4,986,483)</u>
Net (decrease) increase in cash	(3,168,456)	4,957,884
Cash, cash equivalents and restricted cash, beginning	<u>18,361,018</u>	<u>13,403,134</u>
Cash, cash equivalents and restricted cash, ending	<u><u>\$ 15,192,562</u></u>	<u><u>\$ 18,361,018</u></u>

The accompanying Notes are an integral part of these Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The accompanying financial statements are limited to reporting financial transactions of the Diocesan Administrative Offices of the Diocese of Scranton (the Diocese). Other organizations, which are owned and operated by the Diocese of Scranton and maintained separately from the Administrative Offices, are not reported on in these financial statements, including Catholic Schools, Catholic Youth Center, Catholic Social Services, Diocese of Scranton Institute and other Diocesan service organizations. These statements also exclude the financial transactions of the parishes and the Diocesan and parish cemeteries.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles; the more significant of which are described below.

Use of Estimates

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

Public Support and Revenue

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. 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. Contributions with donor-imposed restrictions that are met in the same year as received or earned are reported as revenues without donor restrictions. An allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Endowment contributions and investments are restricted by the donor in perpetuity. Investment earnings that are available to be distributed are recorded as support with donor restrictions.

Parish Assessments and Insurance and Benefit Programs

Assessments and billings to parishes, schools and other Diocesan organizations are for parish services, clergy support, property insurance and medical insurance. Revenue is recognized when the service is provided.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Accounts Receivable

Accounts receivable consists of assessments billed to parishes and other Diocesan organizations for insurance, priests' pension and health insurance and Diocesan programs and operations. Based on management's evaluation of collectibility, the Diocese has established an allowance for uncollectible accounts.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statements of Financial Position. Investment income or loss (including realized gains and losses on investments, interest and dividends) is reported in the Statements of Activities as increases or decreases in net assets without donor restrictions unless the income is restricted by donor or law.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost less accumulated depreciation. Donations of land, buildings or equipment are recorded at estimated fair value and are included in support unless restricted to a specific purpose. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. Depreciation is computed on the straight-line method over the estimated useful lives of assets.

Long-Lived Assets

The Diocese reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that carrying amounts of the assets might not be recoverable.

Contributions Payable

Contributions made and unconditional promises to make future contributions to other organizations are recognized when made or the promise conveyed. Contributions payable over more than one year are recorded at their discounted present value. Changes in discounts are recognized over the period of the promise as adjustments to contributions expense.

Excess of Revenues Over Expenses

The Statements of Activities include excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses include provision for bad debt, unrealized gains and losses on investments and transfers of assets to and from affiliates for other than goods and services.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Self-Insurance Programs

Diocesan organizations, including the Diocesan Administrative Offices, parishes and other institutions, are included in a combined plan for property, workers compensation and comprehensive liability insurance. Losses above a specific amount are insured with commercial insurance companies but losses below that amount are self-insured by the Diocese. The Diocese has standby letters of credit in the amount of \$1,800,000 to provide security for future workers' compensation claim payments and \$1,000,000 to provide security for future auto liability claim payments. The Diocese records as a liability, amounts determined by its insurance administrator as the estimated liability for claims filed for insured losses under the program. The actual liability paid may be in excess of or less than the amounts provided. Refer to Note 10 for additional information.

Defined Benefit Plans

The Diocese recognizes the overfunded or underfunded status of its defined benefit plans as an asset or liability in its Statements of Financial Position and recognizes changes in that funded status in the year in which the changes occur through other changes in net assets. Refer to Note 9.

Funds on Deposit

The funds on deposit are Catholic Cemeteries and other Diocesan organizations perpetual care funds. Interest rates range from 3.0% to 6.0%. The funds are invested in separate trust accounts at Comerica Bank.

Advertising

All advertising costs are expensed as incurred. For the years ended June 30, 2021 and 2020, advertising expense amounted to \$58,162 and \$42,568, respectively.

Cash Flows

For the purpose of the Statements of Cash Flows, the Diocese considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in interest-bearing demand accounts and trust accounts at banks.

During the years ended June 30, 2021 and 2020, the Diocese paid interest in the amounts of \$1,203,854 and \$942,104, respectively.

Income Tax Status

The Diocese is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

In accordance with the Financial Accounting Standards Board guidance on accounting for uncertainty in income taxes, management evaluated the Diocese's tax positions and concluded that the Diocese had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Diocese is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2017.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Cost Allocations

The financial statements report certain expense categories that are attributable to more than one function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including general insurance and depreciation are allocated to a functional region based on square-footage. Salaries and wages, employee benefits, and other expenses are allocated to a functional region based on estimated time and effort.

Liquidity

The Diocese regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2021, the following financial assets are available to meet annual operating needs for the year ended June 30, 2022:

Financial assets at year-end:	
Cash and equivalents	\$ 8,474,047
Accounts receivable	6,290,399
Accrued interest receivable	219,879
Investments	<u>66,151,133</u>
	81,135,458
Less amounts not available to be used within one year:	
Funds on deposit	32,068,752
Investments with donor restrictions	<u>3,752,744</u>
Financial assets available to meet general expenditures within one year	<u>\$ 45,313,962</u>

The Diocese has various sources of liquidity at its disposal including cash, certificates of deposits, various receivables, and investments.

Reclassifications

Certain items on the prior year's financial statements have been reclassified to conform to the current year's format.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2019. The adoption of ASU 2014-09 did not have a material impact on the Diocese's financial statements.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Recent Accounting Pronouncements - (Continued)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The adoption of ASU 2018-13 did not have a material impact on the Diocese's financial statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*, which modifies the disclosure requirements for defined benefit pension plans and other post-retirement plans. The amendments in ASU 2018-14 are effective for the Diocese for fiscal years ending after December 15, 2021, with early adoption permitted. The Diocese is currently evaluating the impact of this new standard on its financial statements.

Subsequent Events

The Diocese has evaluated subsequent events through March 8, 2022, the date the financial statements were available to be issued. See Note 20 for a discussion of subsequent events noted.

Note 2 - Cash and Equivalents

Cash and equivalents at June 30, 2021, consisted of the following:

FNCB Bank	\$ 5,370,618
Community Bank	210,138
Citibank self-insurance checking	(127,714)
PNC Bank	7,459,466
Fidelity Bank – Self-insurance	1,726,331
Mid Penn Bank	70,029
KeyBank	9,829
Comerica Bank	404,910
Merrill Lynch	245
Fidelity Bank trust account	65,569
Petty cash	3,141
Total cash and restricted cash shown in the Statement of Cash Flows	15,192,562
Less: Cash subject to program restrictions	6,718,515
Total cash and equivalents	<u>\$ 8,474,047</u>

The above table provides a reconciliation of cash and restricted cash reported within the Statement of Financial Position that amount to the totals shown in the Statement of Cash Flows. Cash subject to program restrictions consists of the cash held to meet the requirements of net assets with donor restrictions and bank loans.

Note 3 - Contributions Receivable

Contributions receivable, net, consisted of the following at June 30:

	2021	2020
Contributions receivable in:		
Less than one year	\$ 346,796	\$ 1,084,471
One year to five years	200,000	141,049
Total contributions receivable, net	<u>\$ 546,796</u>	<u>\$ 1,225,520</u>

Note 4 - Investments

Investments at June 30, 2021 and 2020 are summarized as follows:

	2021		2020	
	Cost	Fair Value (Carrying Value)	Cost	Fair Value (Carrying Value)
Without donor restrictions				
U.S. Obligations	\$ 6,685,692	\$ 6,536,399	\$ 10,572,068	\$ 10,659,347
Corporate Bonds	8,064,337	8,150,478	8,582,362	8,962,296
Mutual Funds	36,054,105	47,711,512	31,023,476	31,992,167
	<u>50,804,134</u>	<u>62,398,389</u>	<u>50,177,906</u>	<u>51,613,810</u>
With donor restrictions				
Cash	364,182	364,182	3,096,231	3,096,231
U.S. Obligations	244,542	301,020	-	-
Corporate Bonds	304,928	375,352	-	-
Mutual Funds	2,203,325	2,712,190	-	-
	<u>3,116,977</u>	<u>3,752,744</u>	<u>3,096,231</u>	<u>3,096,231</u>
Total investments	<u>\$ 53,921,111</u>	<u>\$ 66,151,133</u>	<u>\$ 53,274,137</u>	<u>\$ 54,710,041</u>

The above investments were deposited with Comerica Bank and Fidelity Bank.

The following schedule summarizes the investment return in the Statements of Activities:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income, net of fees of \$90,560	\$ 1,136,187	\$ 121,629	\$ 1,257,816
Net realized gains	599,766	31,505	631,271
Net unrealized gains	10,158,351	635,767	10,794,118
Total investment return	<u>\$ 11,894,304</u>	<u>\$ 788,901</u>	<u>\$ 12,683,205</u>

Note 4 - Investments - (Continued)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income, net of fees of \$252,971	\$ 1,060,406	\$ 155,907	\$ 1,216,313
Net realized gains	4,557,708	-	4,557,708
Net unrealized losses	(5,619,703)	-	(5,619,703)
Total investment return	<u>\$ (1,589)</u>	<u>\$ 155,907</u>	<u>\$ 154,318</u>

Note 5 - Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020	Depreciable Lives
Land, buildings and improvements	\$ 10,206,573	\$ 10,123,888	20-40 Years
Equipment	3,721,556	3,691,716	3-10 Years
Construction in progress	101,090	-	
	<u>14,029,219</u>	<u>13,815,604</u>	
Less: Accumulated depreciation	<u>8,290,896</u>	<u>7,923,861</u>	
Total	<u>\$ 5,738,323</u>	<u>\$ 5,891,743</u>	

Depreciation expense amounted to \$367,035 and \$369,487 for the years ended June 30, 2021 and 2020. Construction in progress at June 30, 2021 includes improvements at St. Peter's Cathedral Convent. Projects are estimated to be complete in Spring 2022 with total estimated costs of \$220,000.

Note 6 - Beneficial Interest in Charitable Trust

The Diocese receives income from a charitable trust held by a third party; it is the sole beneficiary of the trust. Under the terms of the trust, the Diocese has the irrevocable right to receive an annual distribution of 5% of the value of the assets. The beneficial interest in the trust at June 30, 2021 of \$282,377, was recorded at fair value, measured by the present value of estimated future distributions.

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions subject to expenditure for specified purposes or time restraints as of June 30, 2021 and 2020 are as follows:

	Net Assets	
	2021	2020
Saint Pius X Seminary/St. John Vianney	\$ 2,354,882	\$ 2,238,820
Villa St. Joseph	174,847	181,394
Diocese of Scranton Scholarship Foundation	162,136	161,919
Msgr. Paul F. Terracciano Tuition Trust Fund	5,313	4,689
Reverend Niebrzydowski Tuition Fund	10,389	10,260
Msgr. Jordan Tuition Fund	20,803	20,545
Christie D. Shull Fund	2,491,870	2,460,980
Campaign for Human Development Program	12,646	12,646
Beneficial interest in charitable trust	282,377	-
Restricted for program and educational expenditures	847,505	174,152
Total	<u>\$ 6,362,768</u>	<u>\$ 5,265,405</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows:

	Net Assets	
	2021	2020
Diocesan Annual Appeal Program costs	\$ 3,965,513	\$ 4,037,756
Campaign for Human Development Program costs	7,499	19,568
National Collections - collections remitted	321,457	523,053
Beatrice M. Eck Endowment Fund Scholarship	29,000	85,000
Villa St. Joseph Capital improvements	11,415	17,941
Seminary/St. John Vianney Fund improvements	28,466	29,947
Diocese of Scranton Scholarship Foundation Scholarships and program costs	570,571	608,966
Total restrictions released	<u>\$ 4,933,921</u>	<u>\$ 5,322,231</u>

Note 7 - Net Assets With Donor Restrictions - (Continued)

Net assets with donor restrictions not subject to appropriation or expenditure as of June 30, 2021 and 2020 are as follows:

	Net Assets	
	2021	2020
<u>Endowment Funds</u>		
<u>Reverend Charles J. O'Donnell Scholarship Fund</u>		
The income derived from invested funds is to be distributed for Mass stipends and seminarian training. Any remaining income is to be reinvested and become part of the principal.	\$ 106,365	\$ 106,365
<u>Msgr. Paul F. Terracciano Tuition Trust Fund</u>		
The income derived from invested funds is to be distributed for tuition to students attending Diocesan schools.	45,000	45,000
<u>Beatrice M. Eck Endowment Fund</u>		
85% of the income derived from invested funds is to be distributed for Catholic education in Lycoming County.	2,742,773	2,732,049
<u>Fanucci Trust Fund</u>		
The income derived from invested funds is to be distributed for Priest educational or career development including continuing education or Priestly formation.	212,817	212,817
Total	<u>\$ 3,106,955</u>	<u>\$ 3,096,231</u>

Note 8 - Contributions Payable

Contributions payable amounted to \$1,140,223 and \$1,128,145 at June 30, 2021 and 2020, respectively. The balance of the payable at June 30, 2021 will be paid out within the next fiscal year.

Note 9 - Retirement Plans

Priests' Pension Plan

There is a defined benefit pension plan in effect for all incardinated priests in good standing or priests in good standing permanently assigned to the Diocese. The entire cost of the Plan is paid by the parish or institution to which each eligible priest is assigned. The Plan is administered by the Bishop with advisory and consulting services available to him from a Retirement Board.

Note 9 - Retirement Plans - (Continued)

The Diocesan funding policy is to contribute annually amounts determined by actuarial estimates. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

Lay Employee Pension Plan

There is a defined benefit pension plan for the lay employees of the Diocesan Administrative Offices. Prior to June 30, 2009, the cost of the Plan was paid jointly by the Diocesan offices and the employees. The employee contribution was 3% of base salary each year and the employer contribution rate was 7%. In May, 2008, the decision was made to freeze the pension plan as of June 30, 2009. After that date, no further benefits will accrue in the plan.

Postretirement Medical Benefits

The Diocese provides certain health care benefits for all retired priests. The Diocese's share of the estimated costs of benefits that will be paid after retirement is generally being accrued by charges to expense over the priests' service periods to the dates they are fully eligible for benefits.

	Pension Benefits		Postretirement Medical Benefits	
	2021	2020	2021	2020
Obligations and funded status at June 30:				
Fair value of plan assets	\$ 16,030,099	\$ 13,063,532	\$ -	\$ -
Projected benefit obligations	<u>23,583,991</u>	<u>24,856,218</u>	<u>10,120,732</u>	<u>10,731,428</u>
Funded status at end of years	<u>\$ (7,553,892)</u>	<u>\$(11,792,686)</u>	<u>\$(10,120,732)</u>	<u>\$(10,731,428)</u>
Amounts recognized in the Statements of Financial Position consist of:				
Liability for benefits	<u>\$ (7,553,892)</u>	<u>\$(11,792,686)</u>	<u>\$(10,120,732)</u>	<u>\$(10,731,428)</u>
Net amount recognized	<u>\$ (7,553,892)</u>	<u>\$(11,792,686)</u>	<u>\$(10,120,732)</u>	<u>\$(10,731,428)</u>

The accumulated benefit obligation for both defined benefit pension plans was \$23,583,991 and \$24,856,218 at June 30, 2021 and 2020, respectively. Both plans had accumulated benefit obligations in excess of plan assets at June 30, 2021 and 2020.

Note 9 - Retirement Plans - (Continued)

Other Changes and Plan Assets and Benefit Obligations Recognized in Pension-related Changes Other Than Net Periodic Pension Cost:

	Pension Benefits		Postretirement Medical Benefits	
	2021	2020	2021	2020
Net (gain) loss	\$(3,245,078)	\$ 117,260	\$ 146,691	\$ 207,609
Prior service cost	(97,004)	(97,004)	-	-
Change in assumptions	(560,891)	1,677,749	(657,522)	414,147
	(3,902,973)	1,698,005	(510,831)	621,756
Net periodic benefit cost	983,270	882,417	305,727	(138,266)
Total	<u>\$ (2,919,703)</u>	<u>\$ 2,580,422</u>	<u>\$ (205,104)</u>	<u>\$ 483,490</u>

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from net assets into net periodic benefit cost over the next fiscal year are \$489,918 and \$97,004, respectively. The estimated net gain for the other defined benefit postretirement plan that will be amortized from net assets into net periodic benefit cost over the next fiscal year is \$218,550 and there is no prior service cost.

	Pension Benefits		Postretirement Medical Benefits	
	2021	2020	2021	2020
<u>Assumptions</u>				
Weighted-average assumptions used in computing ending obligations:				
Discount rate	3.25%	3.00%	3.25%	3.00%
Rate of compensation increase	N/A	N/A	-	-
Weighted-average assumptions used in computing net cost:				
Discount rate	3.25%	3.00%	3.25%	3.00%
Expected long-term return on plan assets	7.50%	7.50%	-	-
Rate of compensation increase	N/A	N/A	-	-

The expected long-term return on plan assets was determined using average historical returns of the Diocese's plan assets.

Note 9 - Retirement Plans - (Continued)

Assumed health care cost trend rates at June 30:

	<u>2021</u>	<u>2020</u>
Health care cost trend rate assumed for next year	5.50%	5.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.50%	5.50%
Year that the rate reaches the ultimate trend rate	2023	2023

Plan Assets

The assets of the Plans are deposited in separate Comerica Bank trust accounts for the Diocese of Scranton's lay and priest pension plans.

In determining fair value for pension plan assets, the Diocese uses various methods including market, income and cost approaches. The Diocese utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets carried at fair value will be classified and disclosed in one of the following three categories:

Level I – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level II – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level III – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level III valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The asset's 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:

Corporate bonds, U.S. Government and Agencies obligations, Mutual Funds and Money Markets: Valued at the closing price reported on the active market on which the individual securities are traded.

Note 9 - Retirement Plans - (Continued)

The following tables set forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2021 and 2020.

	June 30, 2021			
	Level I	Level II	Level III	Total
Assets:				
U.S. Obligations	\$ 1,263,587	\$ -	\$ -	\$ 1,263,587
Corporate bonds	1,647,767	-	-	1,647,767
Mutual Funds – Equity	10,932,403	-	-	10,932,403
Mutual Funds – Fixed	1,743,947	-	-	1,743,947
Money markets	442,395	-	-	442,395
	<u>\$ 16,030,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,030,099</u>

	June 30, 2020			
	Level I	Level II	Level III	Total
Assets:				
U.S. Obligations	\$ 1,221,420	\$ -	\$ -	\$ 1,221,420
Corporate bonds	1,059,331	-	-	1,059,331
Mutual Funds - Equity	7,738,544	-	-	7,738,544
Mutual Funds – Fixed	1,419,491	-	-	1,419,491
Money markets	1,624,746	-	-	1,624,746
	<u>\$ 13,063,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,063,532</u>

The Diocese’s pension plan weighted-average asset allocations at June 30, 2021 and 2020, by asset category, are as follows:

	Pension Benefits	
	2021	2020
Equity securities	68.00%	60.00%
Debt securities	29.00%	28.00%
Other	3.00%	12.00%
Total	<u>100.00%</u>	<u>100.00%</u>

The Diocese’s investment policies and strategies include:

- 1) The Diocese, in keeping with Canon Law and Catholic philosophy, excludes investments in companies whose products or performances are inconsistent with Catholic teaching.
- 2) Bonds must be rated “A” or better and maturities are limited to a maximum of ten years. Purchases of preferred stock are not permitted.
- 3) The asset allocation policy is 60% for equities and 40% for cash and fixed income.

Note 9 - Retirement Plans - (Continued)

Cash Flows

Contributions

Diocesan contributions:

	<u>Pension Benefits</u>	<u>Other Benefits</u>
2020 (actual)	\$1,034,068	\$ -
2021 (actual)	1,319,091	-
2022 (estimated)	1,000,000	-

There are no participant contributions after June 30, 2009.

Benefit Payments

Benefit payments:

	<u>Pension Benefits</u>	<u>Other Benefits</u>
2020	\$ 1,818,813	\$ 427,276
2021	1,752,421	405,592

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	<u>Pension Benefits</u>	<u>Other Benefits</u>
2022	\$ 1,853,870	\$ 399,021
2023	1,828,908	424,560
2024	1,817,800	453,960
2025	1,775,648	470,713
2026	1,764,049	493,350
Years 2027-2031	8,103,399	2,609,048

403(b) Plan

On July 1, 2009, the Diocese established a 403(b) Plan for employees. The Diocese contributes 2% of gross earnings to all employees and also matches employee deferral contributions up to 4%. For the years ended June 30, 2021 and 2020, the Diocese contributed \$153,717 and \$163,713 respectively, to the 403(b) Plan for the employees of the Administrative Offices.

Note 10 - Self-Insurance Program

General

Under the terms of the general insurance plan, individual claims above a specific amount (\$750,000 for property claims, \$250,000 for liability claims, and \$500,000 for workers compensation claims in 2021 and 2020) are insured with commercial insurance companies. Prior to July 1, 1993, an aggregate loss fund (\$1,250,000 for 1993) was also in place to limit claim expenses for the Diocese to that amount for the claim year. For the years ended June 30, 1994 and thereafter, the loss fund protection was eliminated to reduce excess commercial insurance premium expense.

Medical

As of July 1, 2005, the Diocese instituted a self-insurance medical plan. Under the terms of the plan, there is insurance coverage for individual claims exceeding \$225,000 with an unlimited maximum annual reimbursement.

Note 11 - Loan Payable

In December, 2004, the Diocese entered into a loan agreement with the Monroe County Industrial Development Authority (the Authority) to provide funding for a construction project at Notre Dame Junior Senior High School (the School). The Authority issued a revenue note in the amount of \$7,500,000 and subsequently sold the note to PNC Bank, NA. The proceeds were then loaned to the Diocese, and the Diocese agreed to pay all amounts due by the Authority under the note to the Bank. The note called for monthly payments of \$35,531, including principal and interest of 3.88%, until December, 2014, at which time the note was refinanced. The note was refinanced with the Authority in the amount of \$4,048,000 and was subsequently sold to FNCB Bank. The note calls for payments of \$22,539, including principal and interest of 3.00%, until January 2025. The Bank has a security interest in the property, and the Diocese is subject to various covenants; refer to the agreements for details. As disclosed in Note 1 to the financial statements, the School is an organization not reported on in these financial statements. Therefore, a loan receivable from the School has been recorded in the Statement of Financial Position in the same amount as the Loan Payable. The balance at June 30, 2021 and 2020 amounted to \$3,005,736 and \$3,181,856, respectively.

Note 12 - Diocesan Annual Appeal

The Diocesan Annual Appeal is a Diocesan program started as a means of supporting the charitable, educational and pastoral services of the Diocese. Campaigns for the years ended June 30, 2021 and 2020 had budget goals of \$4,500,000 and \$5,000,000, respectively, which would be used to finance various Diocesan programs.

Based on the terms of the Appeal, each parish was assigned a "Parish Goal", which represented its portion of the overall Diocesan goal. Parishes shared in the success of the campaign to the extent that they received seventy-five percent of the funds which were raised in excess of their goal.

Note 12 - Diocesan Annual Appeal - (Continued)

Funds raised by the 2020 Diocesan Annual Appeal totaled \$4,076,900. The Diocese returned to parishes \$98,209 representing seventy-five percent of the funds raised in excess of the individual parish goals for the 2020 campaign. Also, contributions receivable of \$32,524 were recorded at their net realizable value in connection with the 2020 campaign; these contributions were collected within one year.

Funds raised by the 2019 Diocesan Annual Appeal totaled \$4,106,002. The Diocese returned to parishes \$69,133 representing seventy-five percent of the funds raised in excess of the individual parish goals for the 2019 campaign. Also, contributions receivable of \$41,239 were recorded at their net realizable value in connection with the 2019 campaign; these contributions were collected within one year.

Appeal contributions were committed to the following Diocesan programs and expenditures were made accordingly:

	2021		2020	
	Budgeted	Actual	Budgeted	Actual
Direct aid to schools and Religious				
Education Grants	\$ 720,000	\$ 634,482	\$ 800,000	\$ 646,041
Communication and Evangelization	765,000	674,137	850,000	686,418
Parish Faith Formation Grants	135,000	118,965	150,000	121,133
Social services	810,000	713,792	900,000	726,796
Clergy formation, education and				
Retirement	855,000	753,448	950,000	767,174
Parish Ministries	855,000	753,448	950,000	767,174
Campaign Cost	360,000	317,241	400,000	323,020
	<u>\$ 4,500,000</u>	<u>\$3,965,513</u>	<u>\$ 5,000,000</u>	<u>\$4,037,756</u>

Interest income earned on Appeal funds amounted to \$572 and \$24,229 for the years ended June 30, 2021 and 2020.

Note 13 - Called to Holiness

Parish Restructuring

Called to Holiness is the consolidation of parishes within the Diocese. Through this consolidation, whenever an ethnic parish closes and has net assets, part of the net assets will be given to the territorial parish which has assumed care of the former members of the closed parish. The part of the net assets not passed on, approximately 42%, will be retained by the Diocese to cover the net liabilities of closed ethnic parishes which become the responsibility of the Diocese. During the year ended June 30, 2020, the Diocese received assets in the amount of \$2,327 and made transfers and debt reductions in the amount of \$133,071. The consolidation was completed at June 30, 2020.

Note 14 - Paycheck Protection Program

The Diocese received a Paycheck Protection Program (PPP) loan of \$1,290,730 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are considered conditional contributions, with a right-of-return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. The Diocese recognized the amount received as grant revenue as qualified expenses occurred. The Diocese met the criteria and the full amount of the loan was forgiven on December 8, 2020.

Note 15 - Contingencies

Related Party Loans

The Diocese is a co-borrower on the Catholic Social Services of the Diocese of Scranton Line of Credit Note with PNC Bank. The note a \$700,000 line of credit with interest at the Daily LIBOR rate plus 3.13%, and borrowings amounted to \$543,366 at June 30, 2021. The Diocese was required to reserve collateral to cover the line of credit. A separate money market account is maintained at PNC Bank by the Diocese in the amount of \$700,000 and is included in cash subject to program restrictions.

Litigation

The Diocese has several claims and pending legal proceedings that generally involve personal liability and employment issues. In the opinion of management and outside legal counsel, such proceedings are substantially covered by insurance, and the ultimate disposition of such proceedings are not expected to have a material adverse effect on the Diocese's financial position, results of operations or cash flows.

In August, 2016, the Diocese was one of six Roman Catholic Dioceses in the Commonwealth of Pennsylvania to be served with a subpoena from the Pennsylvania Attorney General's Office requiring production of documents related to allegations of childhood sexual abuse. The Diocese provided documentation in response to the subpoena. Findings were reported in August 2018 to support abuse victims. The Diocese established an Independent Survivors Compensation Program. The Fund was administered by a third party with an independent oversight committee. The last date for submitting a claim was September 30, 2019. As of June 30, 2021, \$27,617,832 has been expensed related to the Independent Survivors Compensation Program claims, with no further claims accrued. To provide funds for these claims, in March 2019, the Diocese entered into a promissory note agreement with the Diocese of Scranton Institute in the amount of \$5,000,000. Also, Little Flower Manor and St. Luke's Villa were sold in September 2019 for approximately \$17,750,000. In connection with the sale and subsequent transfer of assets, the Diocese received approximately \$26,000,000. The proceeds from this sale were also used to pay off the note with the Institute.

Note 16 - Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Diocese uses various methods including market, income and cost approaches. Based on these approaches, the Diocese often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Diocese utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Diocese is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level I – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level II – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level III – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level III valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The asset's 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:

Corporate bonds, U.S. Government and Agencies obligations and Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods 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.

Note 16 - Fair Value Measurements - (Continued)

The following tables set forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2021 and 2020.

	June 30, 2021			
Assets:	Level I	Level II	Level III	Total
U.S. Obligations	\$ 6,837,419	\$ -	\$ -	\$ 6,837,419
Corporate Bonds				
Aa2 credit rating	-	287,826	-	287,826
A1 credit rating	-	707,543	-	707,543
A2 credit rating	-	1,817,909	-	1,817,909
A3 credit rating	-	1,155,996	-	1,155,996
Baa1 credit rating	-	1,776,248	-	1,776,248
Baa2 credit rating	-	2,138,053	-	2,138,053
Baa3 credit rating	-	495,493	-	495,493
Ba1 credit rating	-	146,762	-	146,762
Total Corporate Bonds	-	8,525,830	-	8,525,830
Mutual Funds – Fixed	8,789,025	-	-	8,789,025
Mutual Funds – Equity	41,634,677	-	-	41,634,677
Restricted cash	364,182	-	-	364,182
	<u>\$ 57,625,303</u>	<u>\$ 8,525,830</u>	<u>\$ -</u>	<u>\$ 66,151,133</u>

	June 30, 2020			
Assets:	Level I	Level II	Level III	Total
U.S. Obligations	\$ 10,659,347	\$ -	\$ -	\$ 10,659,347
Corporate Bonds				
Aa1 credit rating	-	207,371	-	207,371
Aa2 credit rating	-	841,530	-	841,530
Aa3 credit rating	-	50,393	-	50,393
A1 credit rating	-	474,296	-	474,296
A2 credit rating	-	1,432,203	-	1,432,203
A3 credit rating	-	1,453,195	-	1,453,195
Baa1 credit rating	-	1,968,998	-	1,968,998
Baa2 credit rating	-	1,990,558	-	1,990,558
Baa3 credit rating	-	427,836	-	427,836
Ba1 credit rating	-	115,916	-	115,916
Total Corporate Bonds	-	8,962,296	-	8,962,296
Mutual Funds – Fixed	5,389,972	-	-	5,389,972
Mutual Funds – Equity	26,602,195	-	-	26,602,195
Restricted cash	3,096,231	-	-	3,096,231
	<u>\$ 45,747,745</u>	<u>\$ 8,962,296</u>	<u>\$ -</u>	<u>\$ 54,710,041</u>

Note 17 - Endowments

The Diocese's endowment funds consist of approximately 8 individual funds established primarily for student scholarships that are donor-restricted funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions.

Endowment Net Asset Composition by type of fund as of June 30, 2021 and 2020 is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment Funds	<u>\$ -</u>	<u>\$ 6,518,959</u>	<u>\$ 6,518,959</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment Funds	<u>\$ -</u>	<u>\$ 5,771,371</u>	<u>\$ 5,771,371</u>

Changes in Endowment Net Assets for the years ended June 30, 2021 and 2020, are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 5,771,371	\$ 5,771,371
Investment return:			
Investment income	-	106,456	106,456
Realized and unrealized gains	<u>-</u>	<u>667,272</u>	<u>667,272</u>
Total investment return	-	773,728	773,728
Contributions	-	526,196	526,196
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(552,336)</u>	<u>(552,336)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 6,518,959</u>	<u>\$ 6,518,959</u>

Note 17 - Endowments - (Continued)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 5,736,148	\$ 5,736,148
Investment return:			
Investment income	-	114,885	114,885
Total investment return	-	114,885	114,885
Contributions	-	606,728	606,728
Appropriation of endowment assets for expenditure	-	(686,390)	(686,390)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 5,771,371</u>	<u>\$ 5,771,371</u>

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

The donor-restricted endowment assets earn a fixed rate of return in the Diocesan Deposit Fund.

Note 18 - Functional Expenses

Expenses by functional classification for the years ended June 30, 2021 and 2020, respectively, consist of the following:

	2021					
	Pastoral Expenses	Community and Educational Expenses	Self- Insurance Program Expenses	Total Program	General & Administrative	Total
Salaries and benefits	\$2,951,714	\$ 929,669	\$ -	\$ 3,881,383	\$ 1,811,690	\$ 5,693,073
Clergy support	898,777	-	-	898,777	-	898,777
Grants and contributions	-	3,189,160	-	3,189,160	321,457	3,510,617
Supplies and program	873,802	508,678	-	1,382,480	1,819,949	3,202,429
Occupancy	284,091	183,981	-	468,072	113,849	581,921
Legal and professional fees	262,731	5,235	1,316,346	1,584,312	278,667	1,862,979
Insurance premiums & claims	-	-	12,010,014	12,010,014	-	12,010,014
Depreciation	256,802	76,980	-	333,782	33,253	367,035
Total	<u>\$5,527,917</u>	<u>\$ 4,893,703</u>	<u>\$ 13,326,360</u>	<u>\$ 23,747,980</u>	<u>\$ 4,378,865</u>	<u>\$28,126,845</u>

	2020					
	Pastoral Expenses	Community and Educational Expenses	Self- Insurance Program Expenses	Total Program	General & Administrative	Total
Salaries and benefits	\$3,302,468	\$ 924,000	\$ -	\$ 4,226,468	\$ 1,881,803	\$ 6,108,271
Clergy support	794,972	-	-	794,972	-	794,972
Grants and contributions	-	4,264,046	-	4,264,046	656,124	4,920,170
Supplies and program	1,124,107	502,718	2,078	1,628,903	1,182,882	2,811,785
Occupancy	225,425	168,217	-	423,642	134,346	557,988
Legal and professional fees	308,490	-	1,412,815	1,721,305	277,012	1,998,317
Insurance premiums & claims	-	-	15,863,880	15,863,880	-	15,863,880
Depreciation	256,296	77,734	-	334,030	35,457	369,487
Total	<u>\$6,041,758</u>	<u>\$ 5,936,715</u>	<u>\$ 17,278,773</u>	<u>\$29,257,246</u>	<u>\$ 4,167,624</u>	<u>\$33,424,870</u>

Note 19 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020 declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States. It is uncertain how long these conditions will last and what the complete financial effect will be to the Diocese. It is reasonably possible that estimates made in the financial statements have been, or will be materially and adversely impacted in the near term as a result of these conditions.

Note 20 - Subsequent Events

In January, 2022, the Diocese of Scranton Institute approved the transfer of cemetery perpetual care deposit accounts and investments from the Diocesan Administrative Offices to the Institute. The balance of these accounts amounted to \$32,068,752 at June 30, 2021.

SUPPLEMENTARY INFORMATION

DIOCESAN ADMINISTRATIVE OFFICESSCHEDULE 1OF THE DIOCESE OF SCRANTONSCHEDULE OF PROGRAM REVENUESYEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Parish Ministry	\$ 71,864	\$ 153,486
The Catholic Light	42,473	78,094
Communications Office	116,997	445,387
Matrimonial Tribunal	3,964	3,398
Catholic Schools Office	125	4,771
Pastoral Center	<u>1,746</u>	<u>11,142</u>
	<u>\$ 237,169</u>	<u>\$ 696,278</u>

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

SCHEDULE 2

SCHEDULE OF PASTORAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	Matrimonial Tribunal		Parish Ministry		Communications Office		The Catholic Light	
	2021	2020	2021	2020	2021	2020	2021	2020
Salaries and benefits:								
Compensation - clergy and religious	\$ 22,141	\$ 35,169	\$ 9,167	\$ 9,501	\$ -	\$ -	\$ -	\$ -
Benefits - clergy and religious	1,000	1,250	450	450	-	-	-	-
Salaries and wages - lay persons	91,011	108,199	421,192	530,796	211,926	230,289	129,917	154,086
Benefits - lay persons	58,639	76,652	178,657	199,548	55,982	68,235	74,120	87,320
Total salaries and benefits	172,791	221,270	609,466	740,295	267,908	298,524	204,037	241,406
Supplies, office and program expense	4,040	5,012	117,141	202,046	3,123	6,989	2,221	1,815
Telephone, postage and printing	5,106	4,754	7,808	18,753	1,660	2,726	103,250	155,571
Conferences, meetings and travel	425	2,273	9,589	23,825	4,380	5,584	-	-
Legal and professional fees	11,603	10,802	-	-	7,724	6,614	42,573	43,226
Advertising	-	-	-	-	-	-	-	-
Publishing	-	-	-	-	-	-	67,439	94,355
Dues and subscriptions	1,709	1,540	1,875	2,548	3,839	3,846	840	1,288
Other	-	-	-	-	-	-	-	3,380
Insurance	704	701	31,956	34,776	9,674	8,911	4,383	4,214
Building occupancy and maintenance expense	-	-	-	-	1,217	1,217	-	-
Depreciation expense	-	-	4,423	4,665	7,831	7,831	2,941	2,941
Utilities	-	-	-	-	1,422	1,648	-	-
Priests' medical expense	-	-	-	-	-	-	-	-
Clergy medical assistance and maintenance	-	-	-	-	-	-	-	-
Seminary and clergy education	-	-	-	-	-	-	-	-
Pennsylvania Catholic Conference dues	-	-	-	-	-	-	-	-
United States Catholic Conference dues	-	-	-	-	-	-	-	-
Other dues	-	-	-	-	-	-	-	-
	<u>\$ 196,378</u>	<u>\$ 246,352</u>	<u>\$ 782,258</u>	<u>\$ 1,026,908</u>	<u>\$ 308,778</u>	<u>\$ 343,890</u>	<u>\$ 427,684</u>	<u>\$ 548,196</u>

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

SCHEDULE 2

SCHEDULE OF PASTORAL EXPENSES - CONTINUED

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>Vicar for Priests</u>		<u>Episcopal Vicars</u>		<u>Clergy and Religious</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Salaries and benefits:						
Compensation - clergy and religious	\$ 88,685	\$ 82,333	\$ 36,667	\$ 37,378	\$ 164,812	\$ 209,528
Benefits - clergy and religious	34,933	33,954	1,000	1,000	611,705	571,621
Salaries and wages - lay persons	97,766	93,220	-	-	-	-
Benefits - lay persons	19,224	18,622	-	-	-	-
Total salaries and benefits	<u>240,608</u>	<u>228,129</u>	<u>37,667</u>	<u>38,378</u>	<u>776,517</u>	<u>781,149</u>
Supplies, office and program expense	6,216	4,505	-	-	81,685	43,343
Telephone, postage and printing	5,333	6,805	577	919	1,788	2,158
Conferences, meetings and travel	3,553	11,722	246	1,023	11,655	27,732
Legal and professional fees	-	-	-	-	24,830	34,068
Advertising	-	-	-	-	-	-
Publishing	-	-	-	-	-	-
Dues and subscriptions	405	406	-	-	-	-
Other	-	-	-	-	105	47
Insurance	1,322	1,272	-	-	4,848	4,662
Building occupancy and maintenance expense	-	-	-	-	47,715	46,341
Depreciation expense	1,235	1,678	-	-	4,173	4,173
Utilities	-	-	-	-	-	-
Priests' medical expense	-	-	-	-	556,168	534,028
Clergy medical assistance and maintenance	-	-	-	-	38,443	11,146
Seminary and clergy education	-	-	-	-	304,166	249,798
Pennsylvania Catholic Conference dues	-	-	-	-	-	-
United States Catholic Conference dues	-	-	-	-	-	-
Other dues	-	-	-	-	-	-
	<u>\$ 258,672</u>	<u>\$ 254,517</u>	<u>\$ 38,490</u>	<u>\$ 40,320</u>	<u>\$ 1,852,093</u>	<u>\$ 1,738,645</u>

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES
OF THE DIOCESE OF SCRANTON
SCHEDULE OF PASTORAL EXPENSES - CONTINUED
YEARS ENDED JUNE 30, 2021 AND 2020

SCHEDULE 2

	<u>Diocesan Annual Appeal</u>		<u>Diocesan Properties Facility Operating Costs</u>		<u>Pastoral Center</u>		<u>Other Programs</u>		<u>Total Pastoral Expenses</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Salaries and benefits:										
Compensation - clergy and religious	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,640	\$ 134,273	\$ 435,112	\$ 508,182
Benefits - clergy and religious	-	-	-	-	-	-	35,760	46,725	684,848	655,000
Salaries and wages - lay persons	297,421	341,911	-	-	11,353	22,954	39,745	35,576	1,300,331	1,517,031
Benefits - lay persons	111,651	137,594	-	-	976	2,702	32,174	31,582	531,423	622,255
Total salaries and benefits	409,072	479,505	-	-	12,329	25,656	221,319	248,156	2,951,714	3,302,468
Supplies, office and program expense	55,544	55,662	-	-	2,211	11,855	43,317	45,268	315,498	376,495
Telephone, postage and printing	47,159	101,272	-	-	254	837	2,562	3,826	175,497	297,621
Conferences, meetings and travel	5,427	8,055	-	-	-	158	2,140	15,912	37,415	96,284
Legal and professional fees	172,197	208,070	-	-	-	-	3,804	5,710	262,731	308,490
Advertising	-	400	-	-	-	-	983	1,700	983	2,100
Publishing	-	-	-	-	-	-	-	-	67,439	94,355
Dues and subscriptions	3,545	1,567	-	-	-	-	1,886	2,086	14,099	13,281
Other	-	-	-	-	-	-	-	-	105	3,427
Insurance	1,322	1,272	56,647	56,252	-	-	661	636	111,517	112,696
Building occupancy and maintenance expense	-	-	119,820	91,123	-	-	2,400	2,400	171,152	141,081
Depreciation expense	284	284	235,915	234,724	-	-	-	-	256,802	256,296
Utilities	-	-	-	-	-	-	-	-	1,422	1,648
Priests' medical expense	-	-	-	-	-	-	-	-	556,168	534,028
Clergy medical assistance and maintenance	-	-	-	-	-	-	-	-	38,443	11,146
Seminary and clergy education	-	-	-	-	-	-	-	-	304,166	249,798
Pennsylvania Catholic Conference dues	-	-	-	-	-	-	126,407	107,096	126,407	107,096
United States Catholic Conference dues	-	-	-	-	-	-	67,688	66,744	67,688	66,744
Other dues	-	-	-	-	-	-	68,671	66,704	68,671	66,704
	<u>\$ 694,550</u>	<u>\$ 856,087</u>	<u>\$ 412,382</u>	<u>\$ 382,099</u>	<u>\$ 14,794</u>	<u>\$ 38,506</u>	<u>\$ 541,838</u>	<u>\$ 566,238</u>	<u>\$ 5,527,917</u>	<u>\$ 6,041,758</u>

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

SCHEDULE 3

SCHEDULE OF EDUCATIONAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	Catholic Schools Office		Educational Grants		Total Educational Expenses	
	2021	2020	2021	2020	2021	2020
Salaries and benefits:						
Compensation - clergy and religious	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits - clergy and religious	-	-	-	-	-	-
Salaries and wages - lay persons	446,499	449,326	-	-	446,499	449,326
Benefits - lay persons	164,829	155,899	-	-	164,829	155,899
Total salaries and benefits	611,328	605,225	-	-	611,328	605,225
Supplies, office and program expense	8,869	25,718	-	-	8,869	25,718
Telephone, postage and printing	4,194	12,220	-	-	4,194	12,220
Conferences, meetings and travel	1,451	12,257	-	-	1,451	12,257
Legal and professional fees	500	-	-	-	500	-
Advertising	43,142	34,160	-	-	43,142	34,160
Dues and subscriptions	1,300	1,400	-	-	1,300	1,400
Depreciation expense	668	655	-	-	668	655
Contributions and program grants	6,995	6,464	367,434	518,692	374,429	525,156
Educational grants:						
Diocesan Catholic Schools	-	-	1,509,346	2,287,918	1,509,346	2,287,918
Catholic University of America	-	-	18,750	18,750	18,750	18,750
Insurance	661	636	-	-	661	636
	<u>\$ 679,108</u>	<u>\$ 698,735</u>	<u>\$ 1,895,530</u>	<u>\$ 2,825,360</u>	<u>\$ 2,574,638</u>	<u>\$ 3,524,095</u>

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

SCHEDULE 4

SCHEDULE OF COMMUNITY AND SOCIAL SERVICE EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	Villa St. Joseph		Social Service Grants		Propagation of the Faith		Total Community and Social Service Expenses	
	2021	2020	2021	2020	2021	2020	2021	2020
Salaries and benefits:								
Compensation - clergy and religious	\$ 14,949	\$ 14,975	\$ -	\$ -	\$ 13,726	\$ 16,335	\$ 28,675	\$ 31,310
Benefits - clergy and religious	8,858	10,613	-	-	8,859	8,614	17,717	19,227
Salaries and wages - lay persons	168,202	174,534	-	-	-	-	168,202	174,534
Benefits - lay persons	103,747	93,704	-	-	-	-	103,747	93,704
Total salaries and benefits	295,756	293,826	-	-	22,585	24,949	318,341	318,775
Supplies, office and program expense	40,062	28,068	-	-	124,830	124,813	164,892	152,881
Telephone, postage and printing	5,370	5,314	-	-	154	144	5,524	5,458
Dues and subscriptions	591	770	-	-	121	54	712	824
Food service	278,386	255,106	-	-	-	-	278,386	255,106
Utilities	62,817	63,736	-	-	-	-	62,817	63,736
Building occupancy and maintenance	85,001	69,686	-	-	-	-	85,001	69,686
Depreciation expense	76,312	77,079	-	-	-	-	76,312	77,079
Insurance	35,502	34,159	-	-	-	-	35,502	34,159
Conferences, meetings and travel	21	1,843	-	-	187	851	208	2,694
Legal and professional fees	4,735	-	-	-	-	-	4,735	-
Social Service Grants:								
Catholic Social Services	-	-	642,827	653,663	-	-	642,827	653,663
Saint Peter's Cathedral	-	-	162,000	162,000	-	-	162,000	162,000
United Way Campaigns	-	-	31,125	24,400	-	-	31,125	24,400
Commissions for Catholic Missions	-	-	18,750	18,750	-	-	18,750	18,750
Secretariat for Latin America	-	-	7,500	7,500	-	-	7,500	7,500
Contributions	-	-	398,108	345,019	26,325	220,890	424,433	565,909
	<u>\$ 884,553</u>	<u>\$ 829,587</u>	<u>\$ 1,260,310</u>	<u>\$ 1,211,332</u>	<u>\$ 174,202</u>	<u>\$ 371,701</u>	<u>\$ 2,319,065</u>	<u>\$ 2,412,620</u>

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

SCHEDULE 5

SCHEDULE OF ADMINISTRATIVE EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	Chancery Office		Finance Office		Self-Insurance Program - General		Self-Insurance Program - Medical	
	2021	2020	2021	2020	2021	2020	2021	2020
Salaries and benefits:								
Compensation - clergy and religious	\$ 71,335	\$ 71,462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits - clergy and religious	17,967	17,227	-	-	-	-	-	-
Salaries and wages - lay persons	176,398	198,239	397,932	385,556	-	-	-	-
Benefits - lay persons	70,230	85,371	149,692	144,863	-	-	-	-
Total salaries and benefits	335,930	372,299	547,624	530,419	-	-	-	-
Supplies, office and program expense	57,704	63,903	25,061	21,436	-	-	-	-
Telephone, postage and printing	13,130	18,096	5,157	5,753	-	-	-	-
Conferences, meetings and travel	7,033	18,567	2,022	7,541	-	-	-	-
Legal and professional fees	69,656	110,783	142,998	123,973	1,316,346	1,412,815	-	-
Advertising	2,675	300	-	-	-	-	-	-
Dues and subscriptions	2,576	4,897	1,612	-	-	-	-	-
Depreciation expense	6,761	6,824	599	824	-	-	-	-
Miscellaneous	-	-	-	-	-	2,078	-	-
Self-insurance premiums	-	-	-	-	1,679,118	1,657,808	-	-
Claims expense	-	-	-	-	751,806	2,325,038	7,855,347	8,989,919
Independent Survivors Compensation Program	-	-	-	-	(41,923)	1,097,105	-	-
Administrative fees	-	-	-	-	202,916	242,094	1,562,750	1,551,916
Occupancy expense	-	-	-	-	-	-	-	-
Repairs and maintenance expense	-	-	-	-	-	-	-	-
Insurance	7,908	5,821	661	636	-	-	-	-
	<u>\$ 503,373</u>	<u>\$ 601,490</u>	<u>\$ 725,734</u>	<u>\$ 690,582</u>	<u>\$ 3,908,263</u>	<u>\$ 6,736,938</u>	<u>\$ 9,418,097</u>	<u>\$ 10,541,835</u>

The accompanying Notes are an integral part of these Financial Statements.

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

SCHEDULE 5

SCHEDULE OF ADMINISTRATIVE EXPENSES - CONTINUED

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>Facilities Manager</u>		<u>Other Administrative Expenses</u>		<u>Total Administrative Expenses</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Salaries and benefits:						
Compensation - clergy and religious	\$ -	\$ -	\$ -	\$ -	\$ 71,335	\$ 71,462
Benefits - clergy and religious	-	-	-	-	17,967	17,227
Salaries and wages - lay persons	125,255	144,442	566,911	593,886	1,266,496	1,322,123
Benefits - lay persons	42,073	44,476	193,897	196,281	455,892	470,991
Total salaries and benefits	<u>167,328</u>	<u>188,918</u>	<u>760,808</u>	<u>790,167</u>	<u>1,811,690</u>	<u>1,881,803</u>
Supplies, office and program expense	-	762	37,970	36,824	120,735	122,925
Telephone, postage and printing	1,158	2,142	14,505	19,627	33,950	45,618
Conferences, meetings and travel	849	3,110	4,779	6,393	14,683	35,611
Legal and professional fees	8,026	10,296	57,987	31,960	1,595,013	1,689,827
Advertising	-	-	11,362	6,008	14,037	6,308
Dues and subscriptions	425	425	1,320	1,320	5,933	6,642
Depreciation expense	4,831	5,563	21,062	22,246	33,253	35,457
Miscellaneous	-	-	-	-	-	2,078
Self-insurance premiums	-	-	-	-	1,679,118	1,657,808
Claims expense	-	-	-	-	8,607,153	11,314,957
Independent Survivors Compensation Program	-	-	-	-	(41,923)	1,097,105
Administrative fees	-	-	-	-	1,765,666	1,794,010
Occupancy expense	-	-	86,284	103,157	86,284	103,157
Repairs and maintenance expense	-	-	15,797	21,635	15,797	21,635
Insurance	-	-	3,199	3,097	11,768	9,554
	<u>\$ 182,617</u>	<u>\$ 211,216</u>	<u>\$ 1,015,073</u>	<u>\$ 1,042,434</u>	<u>\$ 15,753,157</u>	<u>\$ 19,824,495</u>

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